



Institut Català
de Finances

ICF

Annual Report

2020



Generalitat
de Catalunya



How to browse this PDF

This PDF is programmed for optimum viewing using Acrobat Reader 11 or later versions.

If you have previous versions, you will be able to read the document perfectly, but some browsing features will be lost.

So we recommend you download Acrobat Reader completely free of charge at

<https://get.adobe.com/reader/>. 

Functions and commands for using this PDF



Back to
contents



Previous
page



Next page



Print

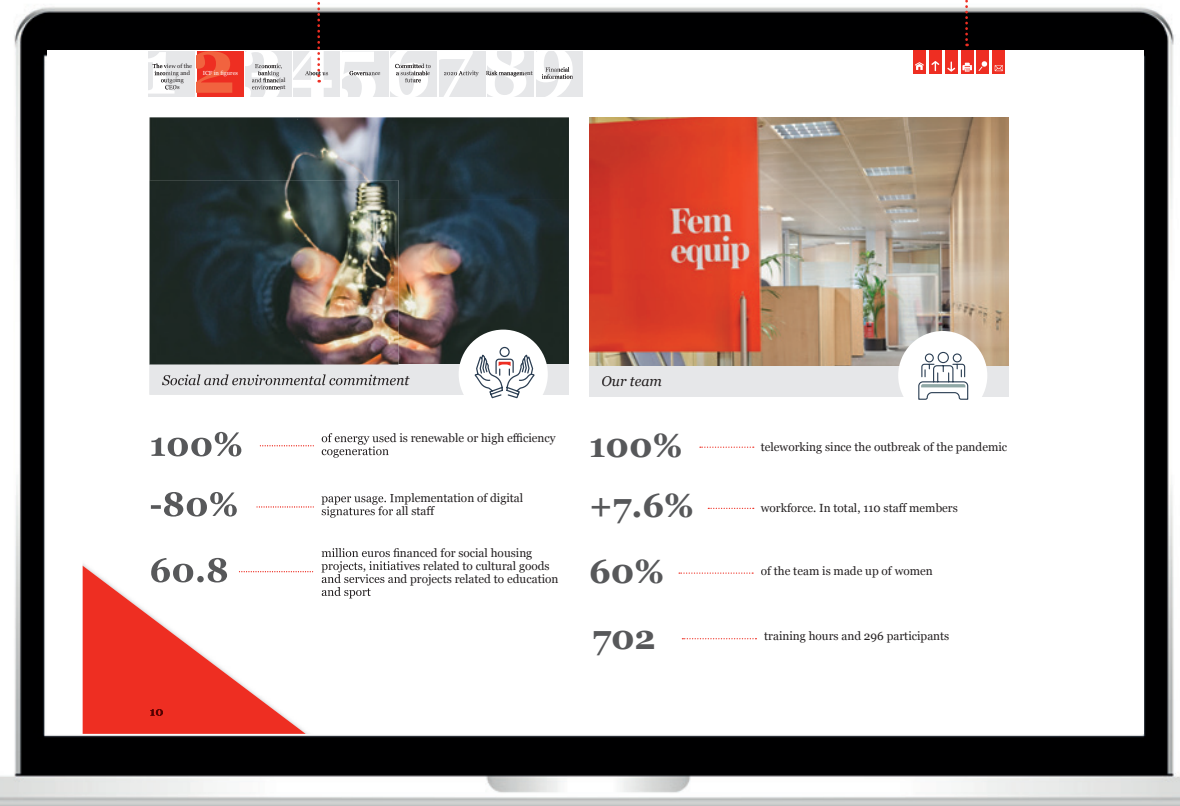


Search



Email

Contents on each page. Access to chapters

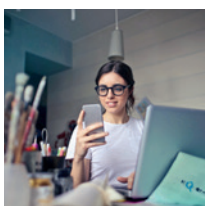


Note: the abbreviation €m means millions of euros

Contents



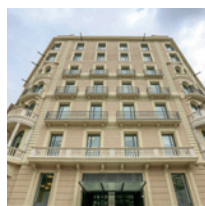
1
The view of the
incoming and
outgoing
CEOs



2
ICF in figures



3
Economic,
banking
and financial
environment



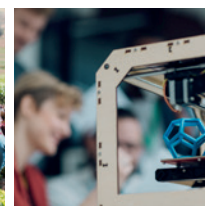
4
About us



5
Governance



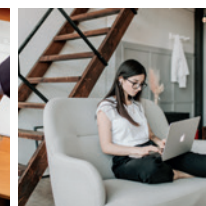
6
Committed to a
sustainable future



7
2020 Activity



8
Risk management



9
Financial
information

Interview with Josep-Ramon Sanromà Celma

“

In 2020 we have stepped up our operations, mindful that as a public bank we needed to support the business community.

How would you take stock and evaluate 2020 in the context of the Covid-19 crisis?

2020 has been a very challenging year from a health, economic and social standpoint. In March, few probably thought that the Covid-19 crisis would have the impact that it is in fact having.

For the ICF Group it has been an eventful year in which we have stepped up our operations, mindful that as a public bank we needed to support the business community. In total **we have financed 3,781 companies in a total amount of EUR 1,328.9 million, which has enabled us to help maintain and/or create 123,479 jobs.** This has been an extraordinary year in terms of business operations, one which can only be grasped if seen against the backdrop of the health crisis. In fact, 80% of the companies financed and 68.4% of the total volume financed are a direct consequence of Covid-19.

In venture capital, **we have committed EUR 33.5 million in eight new funds and have invested EUR 7.6 million through direct investments and equity loans.**

In terms of results, the ICF closed the year with earnings before provisions standing at EUR 26.1 million and net profit coming to EUR 5.4 million. This is after applying a prudent risk classification policy given the uncertainty of the current economic situation and allocating EUR 10.4 million to extraordinary provisions to address the impact of the pandemic on the hardest hit sectors.

What solutions or initiatives would you single out from all the ones that have been implemented in 2020?

Apart from specific financing facilities, with the support of the Generalitat **we have made more than EUR 1,000 million available to the self-employed, SMEs, companies and organisations** to meet liquidity needs and secure jobs. We have managed European funds for SMEs and supported all segments and sectors, especially those hardest hit by the pandemic such as retail, tourism, culture and sport.

In addition to driving access to credit, we have made the repayment schedule for current loans more flexible and we have advised investee companies and start-ups to help them manage and cope with the pandemic.

It has been an exceptional year in which you have been closer than ever to businesses. How have you done it?

Unquestionably owing to a **committed team of professionals** who have put in a lot of hard work to make it happen. We have stepped up the customer service provided by our sales teams and analysts to deliver a better response to companies. We have also increased our activity on social media, which are another information channel for keeping up to speed with ICF news, listening to customers and addressing their needs.

Another avenue for direct contact with companies has been the fifty webinars in which we have taken part, forums which have enabled us to bring financing solutions closer to companies, answer their questions and provide information directly and clearly.

How has the ICF adapted to meet the needs of the business community?

The application channel has been digital for years through our website, which makes it easier for companies to apply for loans any day from anywhere.

In addition to this, the ICF has also been able to keep its operations going, despite having to shift to doing so remotely overnight, as a result of the **digital transformation process** which we kicked off in late 2018. It has furnished us with the tools and systems we need to continue with our daily operations with no disruptions. They include digital signatures and CRM to proactively manage our relationship with customers and campaigns.

“

We have stepped up the customer service provided by our sales teams and analysts to deliver a better response to companies.



Interview with Víctor Guardiola Flores

What is the ICF's role in the current situation?

The Covid-19 crisis has underscored the need for an **institution such as the ICF with a public banking mission** which adds to other public and private financing sources in order to significantly enlarge the resources available to businesses. We have two key features which the pandemic has brought to the fore: we are **countercyclical** and **patient capital**. In other words, we drive access to credit when commercial banks are squeezing it more or when there are greater needs, as there are now. Likewise, **we finance and invest over the long term** in segments or sectors which the financial system finds it more difficult to reach and we support small businesses that have greater difficulties in getting credit.

The ICF is a public financial institution. What are the implications of this and how do you create value?

We operate a public banking model designed to meet the financing needs of Catalonia's business community. The fact that we are a public entity enables us to operate as a **catalyst for the economy, a driver of investment and a multiplier of resources**. We therefore invest in projects which have a constructive impact not only on the economy but also on society and the environment.

Our goal is to reach more companies and entities and **reinvest the profits in the business community** by setting up new credit facilities and investing in growth.

The main challenge for the business community is economic recovery. How will the ICF help to make this happen?

The road to economic recovery and revival calls for a clear **commitment to digitalising companies and the economy**, enhancing technological innovation as an ongoing process, and **fast-tracking**

the transition to a more sustainable and resilient economic model.

At the ICF we are fully aligned with these strategic goals. By creating synergies with other entities and players in the ecosystem, we will make more resources and instruments available to the business community to enable it to, for example, transform its business model, commit to the circular economy and digitalisation, and conduct research in innovation. **We need a more robust, competitive and open economy**, and here at the ICF we will join forces to accomplish this through new credit facilities, managing European funds and promoting fresh investment in strategic growth sectors.

Looking to the future, what are the ICF's challenges in the medium and long term?

This year marks the end of the current Strategic Plan, and so we are already starting to map out the new one, mindful of the current and future needs of the production sector and the Catalan economy.

As a public bank, we will continue to push financing and investment towards **driving forces of the economy, such as innovation, sustainability, internationalisation, etc.** We face the challenge of supporting businesses on the road to recovery. However, once this first stage has been completed we will also then need to turn our attention to the growth of SMEs and to fostering the entrepreneurial and digital ecosystem.

Sustainability and digital transformation will continue to be two key areas. As for the former, we will have to work towards mainstreaming environmental and social issues in financing and investment decisions. In terms of digitalisation, and although we have taken great strides, we will need to bring in new tools, platforms and channels so as to enhance our customers' experience.

Internally, our commitment to **professional development** remains unchanged. We will carry on working to equip our staff with the right tools to enhance their skills and deliver better, more accessible and more flexible service to the business community.



“

We need a more robust, competitive and open economy, and the ICF will join forces to accomplish this.

2

ICF in figures



2.1 The figures for 2020

Support for the business community



3,781 self-employed, SMEs, companies and entities
financed in 2020

1,328.9 million euros in financing in loans and
guarantees

123,479 jobs helped to create and/or maintain

97% of the financing earmarked for entrepreneurs,
micro-enterprises and SMEs

Covid-19 Special

68.4%
of the financing to tackle Covid-19
909.2 million euros

80%
of companies financed for Covid-19
3,013 companies

10
new financing facilities to address the
economic consequences of the pandemic

+50
webinars to bring financing solutions closer
to the business community



Social and environmental commitment



100% of energy used is renewable or high efficiency cogeneration

-80% paper usage. Implementation of digital signatures for all staff

60.8 million euros financed for social housing projects, initiatives related to cultural goods and services and projects related to education and sport



Our team



100% teleworking since the outbreak of the pandemic

+7.6% workforce. In total, 110 staff members

60% of the team is made up of women

702 training hours and 296 participants

Financial figures



2,608.3

million euros

Total assets

883.6

million euros

Equity

5.4

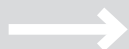
million euros

Profit for the year after tax

2,403.9

million euros

Investment and risk portfolio



1,848.4

million euros

private sector loans and
guarantees

404.0

million euros

public sector loans and
guarantees

151.5

million euros

financial investments and
venture capital

43.8%

solvency ratio (BIII)

16.7%

Sector (EBA)

Figures at 12/20

6.2%

NPL ratio

5.0%

Sector (BoS)

Companies segment figures 12/20

130.9%

coverage ratio

72.2%

Sector

Figures at 12/20

2.2 Loans and guarantees portfolio at 31 December 2020



4,526
companies



212575
jobs



2,252.4
million euros

Public sector

251		5.5 %
21,508		10.1%
404.0		17.9 %

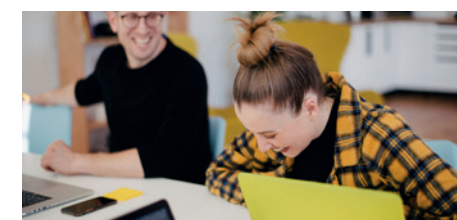
Private sector



Entrepreneurs
and micro-enterprises



SMEs



Companies

Companies	4,275 94.5%	2,916 64.5 %
Jobs	191,067 89.9 %	11,906 5.6 %
Millions of euros	1,848.4 82.1 %	352.8 15.7 %

1,219 26.9%
82,349 38.8 %
966.1 42.9 %

140 3.1 %
96,812 45.5 %
529.5 23.5 %

2.3 Venture capital investment portfolio at 31 December 2020

Indirect investment

Venture capital funds

50
instruments

329.5 €m
ICF commitments

3,374.6 €m
commitments other investors

Direct investment

ICF Funds

Capital Expansió II

Cumulative investment

5.25 €m

Investees **2**

ICF Venture Tech II

Cumulative investment

5.0 €m

Investees **6**

Capital Expansió I (in divestment period)

Cumulative investment

16.7 €m

Investees **11**

Divested companies **4**

Capital MAB (in divestment period)

Cumulative investment

6.5 €m

Investees **8**

Divested companies **4**

Divested in part companies **2**

Equity loans

IFEM - Innovation

Number of start-ups

130

Investment by other investors

59.0 €m

ICF investment

20.9 €m

Total co-investment

79.9 €m

3



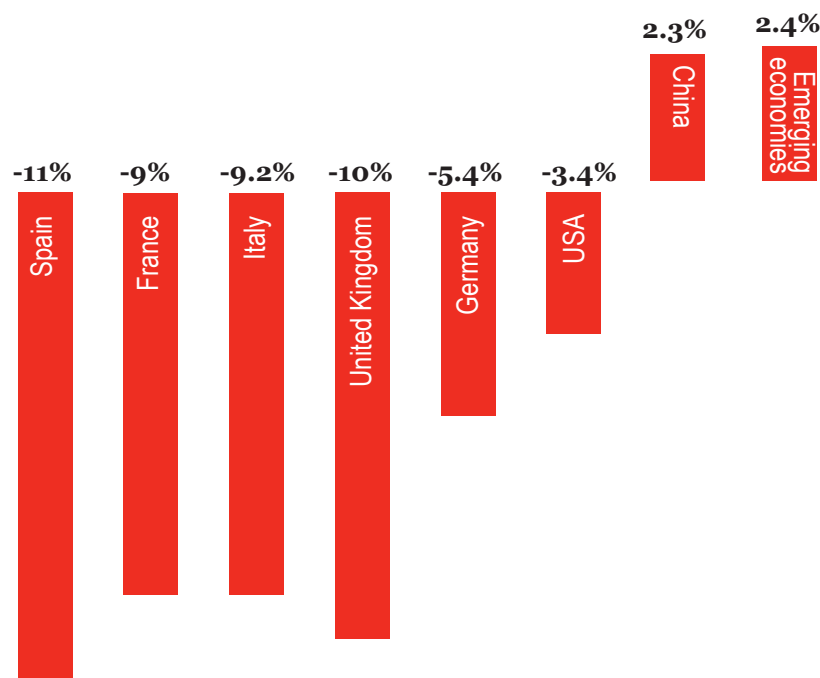
**Economic,
banking
and financial
environment**

3.1 Economic and financial environment

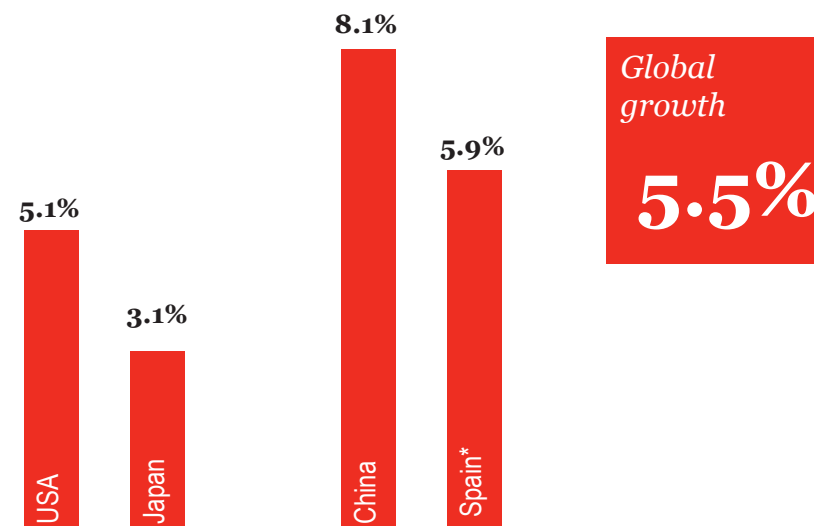
The world economy has been severely shaken by Covid-19. Although it picked up in the last quarter, **GDP has declined by 3.5% in 2020**. The slump has had a greater impact in advanced economies, and particularly in the euro area (-6.9%), due to the greater weight in them of the activities hardest hit by the health measures. The average has been influenced by China's growth (2.3%). In Spain, the impact of the pandemic translated into an 11% fall with a severe knock-on effect on business activity, employment and spending among other factors.

The outlook for 2021 is uncertain and the IMF forecasts **uneven recovery across economies**. It will largely hinge on epidemiological developments, the effectiveness of vaccination, the impact of economic policy and structural features. European funds play an important role in this recovery process, a key factor in transforming the production sector and making it greener, more resilient and digital.

Fall in GDP



Expected growth



*Above France, Germany and Italy

In **Catalonia**, the health crisis has led to a sharp drop in Catalan GDP coming to 11.4%. The economic fallout from Covid-19 and the restrictions to prevent infections are two of the main reasons.

Quarter-on-quarter GDP growth in Catalonia

1st quarter

-5.8%

2nd quarter

-17%

3rd quarter

+16.2%

4th quarter

-0.5%

Statistical Institute of Catalonia (Idescat)

Catalan GVA continued to shrink during the fourth quarter with year-on-year falls in all the major sectors of activity. The agricultural sector's GVA presents the smallest drop (-0.8% year-on-year) followed by industry, which continues to slow its rate of decline to 5.0% year-on-year. By contrast, construction and services show larger falls coming to 15.5% and 10.8% year-on-year, respectively.

Employment has fallen less sharply than GDP and also less than in other recessions.

As for **central banks**, the ones in the most advanced economies have maintained their quantitative easing monetary policies and the ECB adjusted its instruments in December. Its measures have included increasing the Pandemic Emergency Purchase Programme (PEPP) by EUR 500 billion to EUR 1.85 trillion.

The Euribor continues to slide after rising at the start of the pandemic, and has been at monthly lows since June.

GVA by sector



Industry. It performed better than other sectors and mitigated the decline in its GVA. Some branches, such as the chemical industry or other non-metallic mineral products, have seen positive growth.



Services. The least buoyant performance has been in the services worst hit by the restrictions, such as accommodation, catering, artistic activities, leisure and retail. Professional and technological activities have improved.



Tourism. It is still in an exceptional situation shaped by the global slowdown in tourism flows. The inflow of foreign tourists has fallen while domestic tourism has performed less adversely.



Exports of goods. They were down by 11.6% year-on-year between January and November 2020 while imports slumped by 19.5%.

3.2 Banking and business environment



The economic recession triggered by the **Covid-19 pandemic has underlined the importance of a robust banking system** which delivers financing and liquidity solutions in exceptionally difficult times. The role of the ICF, as well as other sources of public financing such as the ICO and private commercial banks, has been crucial in breathing new life into the business community through fresh loans and guarantees which have made it possible to safeguard jobs.

Against this background, **public banking has been one of the main sources of financing**. In the case of the ICF, in addition to making loans available to the business community to cover liquidity needs, the payment schedule for transactions with customers that had been negatively impacted by the crisis has been made more flexible.

The work undertaken by the banking sector has been possible mainly due to the enormous efforts made since the previous recession to shore up its capital and liquidity position. Digital transformation has been a key factor in keeping close to customers against a background of social distancing.

Despite the financing solutions, **Covid-19 has been a challenge for companies that have had to adjust their forecasts, investments, strategic plans and workforce in an uncertain and unstable environment**. This crisis has undoubtedly been a turning point for many of these companies and the start of an unprecedented transformation, opting for more resilient production models and moving forward in their digitalisation and operational improvement processes.

“

Digital transformation has been a key factor in keeping close to customers against a background of social distancing.

A photograph of a tall, multi-story building with a light-colored facade and many windows. A large red diagonal overlay covers the left side of the image. The number '4' is written in white on the red background. The text 'About us' is written in white on the red background near the bottom.

4

About us

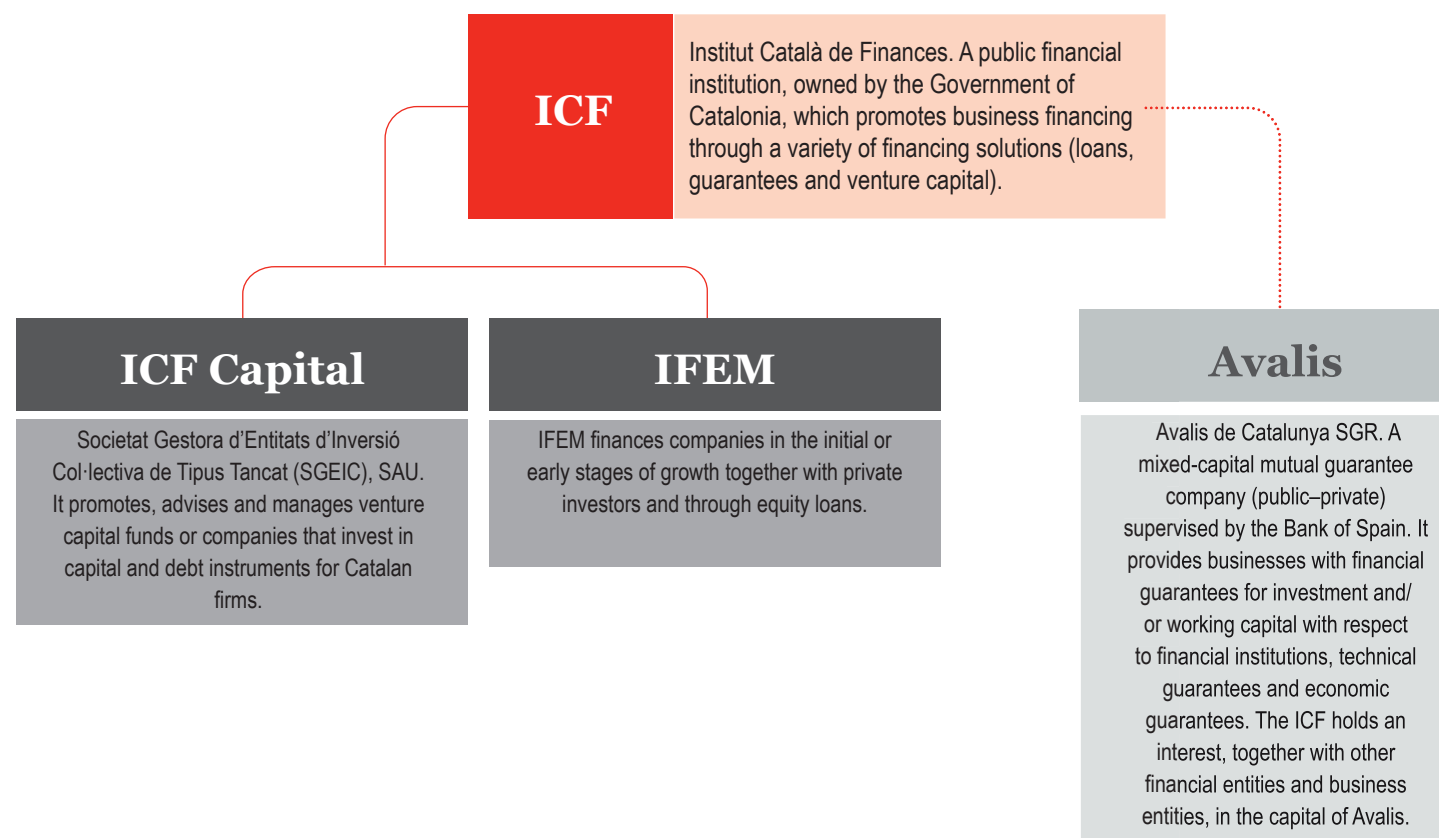
4.1 About us

The ICF Group is a financial group operating a **public banking model designed to meet the needs of Catalonia's business community as a whole**. To achieve our mission, we provide a wide range of financial solutions mainly involving loans, guarantees and venture capital investment.

This public banking approach enables us to act as a **catalyst for the economy, a driver of investment and a multiplier of resources**. Our aim is to contribute to the growth, innovation and sustainability of the Catalan economy through financing and investment and by reinvesting our profits to do more for the Catalan economy. We are therefore fully committed to strategic projects which have a constructive impact not only on the economy but also on society and the environment.

The ICF Group operates through several companies that make it possible to provide the self-employed, start-ups, SMEs and entities with a range of financial solutions tailored to their needs.

ICF Group companies



*Incloem totes les persones professionals autònomes, independentment del seu gènere

About us

Mission and values

Mission

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

At the ICF we strive to help self-employed professionals, entrepreneurs, companies and organisations to drive their strategic projects by offering them financing that adds to other public or private financial sector financing. **Our aim is to expand the resources available to businesses so they can continue growing and innovating with a social and sustainable perspective.**

To this end **we support companies and entities throughout their lifecycle** from their creation to their expansion and consolidation stages. We listen to their needs and provide them with the solutions that best suit them.

Vision

To be the public bank of Catalonia

Our ambition is to be the public bank of Catalonia, a **committed bank** that supports companies and entities in their development and growth, while adding value to society and the Catalan economy as a whole.

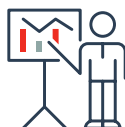
Our role is based on identifying needs and market niches and delivering specific solutions which meet these requirements. We seek to add value and help through our funding and investment to build a prosperous, responsible and sustainable economy.

Values



Commitment.

Because we want our operations to generate added value for the economy, society and the environment.



Professionalism.

Because through thoroughness, drive and efficiency, we seek excellence in all our projects.



Accessibility

Because we work alongside businesses, we listen to their needs and we support them throughout their lifecycle with utmost confidence.



Honesty

Because we operate with integrity and transparency, providing fair service and thinking in the long term.

About us

Public banking in Europe

In Catalonia, the ICF is the leading example of public banking. The public banking model is widespread in Europe and crucial to diversifying the sources of financing and investment for companies and institutions by adding to the private financial sector. Its commitment to long-term financing and distinctive strategic projects, such as industry 4.0, energy transition, sustainable tourism and social housing, make it into an essential player.

Since 2014 the ICF has been a member of the EAPB (European Association of Public Banks), the benchmark institution for this model which has been contributing to European banking union for twenty years. The institution brings together and represents nearly a hundred banks, financial institutions and associations of public banks from seventeen countries across Europe

Covid-19 Special

Covid-19 and public banking

The Covid-19 pandemic has had severe economic and social consequences worldwide. **Public banks have proved to be crucial partners** in supporting regions and states in their role of helping businesses and tackling emerging challenges with greater prospects of success. This crisis, like the one in 2007-08, has demonstrated the **countercyclical role of public banks** in providing financing through loans and guarantees to SMEs at a time of liquidity shortfalls.

As a public bank, the ICF has supported more than a thousand Catalan companies by offering new credit facilities designed to meet their liquidity needs and ensure jobs are safeguarded in the various production sectors. It has also adjusted the payment schedule of hundreds of companies to provide them with greater financial stability in these uncertain times.

The EAPB in figures



Nearly
30 public banks in
17 European countries

It indirectly represents
the interests of nearly
90 financial
institutions

3.2
billion euros
global assets

Public banking has a
15%
market share of the
European financial sector

83,000
professionals

4.2 Our strategy



Business model

Our business model **addresses the financing and investment needs of the business community** through a wide range of bespoke financial solutions.

Range of financial solutions

Loans

Financing for the self-employed, companies and institutions for investment and working capital

Guarantees

Providing guarantees to financial institutions to ease access to credit

Venture capital and equity loans

Venture capital investment through independent fund managers and direct investment in companies and start-ups

This extensive array of financing and investment solutions allows us to reach diverse segments of companies to drive their **growth, innovation and sustainable development**. We also help to build a more prosperous economy and a fairer, more equal society.

In making this happen we have the **support and assistance of numerous economic and business organisations and entities**. Here we partner European institutions, Government of Catalonia ministries and other financial and venture capital entities. Business entities also work with us.

Our strategy

Strategic pillars

Overall goals of our operations

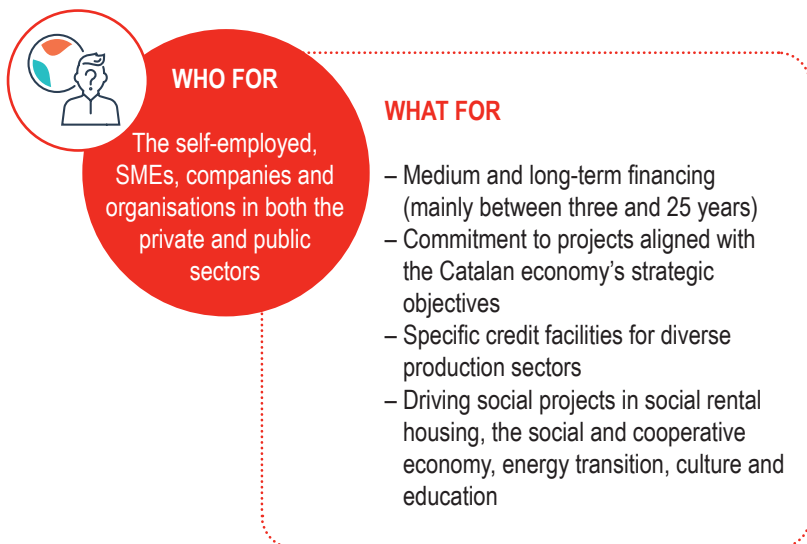


Covid-19 Special

During Covid-19, we have adapted to the new requirements of the business community in order to continue supporting it. With the backing of the Government of Catalonia, we have made available to the business community **more than EUR 1,000 million to meet liquidity needs**. We have thus set up more than a dozen new credit facilities to provide direct liquidity to companies and ensure that jobs are safeguarded. We have also made the payment schedule more flexible for customers who have been adversely affected by the pandemic, while at the same time we have advised companies to support them in exceptional circumstances in which they have had to adjust plans, redirect projects and design new business strategies.

Lines of business

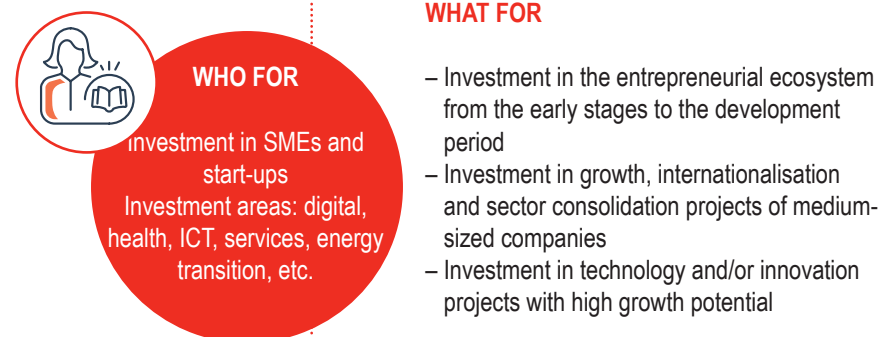
Loans



Guarantees



Venture capital and equity loans



Our strategy

Strategic lines

The Strategic Plan 2018-2021 is the roadmap that has allowed us to continue to move forward as a public bank working for the business community.

In this respect, at the ICF we aim to cover with our value proposition the entire cycle of companies and entities operating in Catalonia, either through financing in the form of loans and guarantees or through venture capital operations.

Main strategic strands, priorities and achievements over the last year

1. To consolidate the ICF as a public bank

PRIORITIES

- Move forward in the process of legal approval of the institution
- Consolidate public banking in Catalonia as an additional source of financing
- Drive the growth of the Catalan economy with our solutions
- Help to achieve the SDGs

ACHIEVEMENTS

- Financing more than 6,800 companies for almost EUR 2,600 million*
- Helping to maintain and/or create 256,000 jobs*
- Setting up 10 new credit facilities to address Covid-19
- Internal and external assessment of contribution to the SDGs and drawing up our Action Plan
- Signing up to the United Nations Global Compact

*In the last 3 years

2. To enhance the knowledge, awareness and recognition of the ICF

PRIORITIES

- Increase awareness of the ICF in Catalonia
- Enhance communication channels
- Build relationships of trust with stakeholders

ACHIEVEMENTS

- Taking part in close to 50 webinars, both our own and also ones run by others
- Growth in social media followers: Twitter 176% and LinkedIn 41%
- Posting around 30 new videos to present solutions and success stories
- Launching the entity's institutional newsletter
- Increased presence in local, financial and general media

Our strategy

Strategic lines

3. To complete the ICF's digital transformation process with a customer-centric approach, improving our product and service offering

PRIORITIES

- Enhance the customer experience
- Upgrade technological platforms
- Adapt our organisational structure to improve efficiency and internal performance
- Innovate in our business model

ACHIEVEMENTS

- Digitalising all signatures
- Implementing Microsoft Dynamics CRM (database)
- Implementing the role of customer manager
- Starting up RPA (Robotic Process Automation)
- Changes in internal processes to ramp up efficiency in decision-making



Customer Area

In 2020, the ICF has been working on the specification and design of its digital banking service which is called the Customer Area. This new channel's main objective is to improve the experience of companies with the ICF through a flexible, user-friendly and state-of-the-art platform. Almost fifty customers took part in devising it, helping to shape its features, structure and usability.

Options in the Customer Area include:

- Applying for new financing and tracking the status of the application
- Checking the updated status of your position with the institution (forthcoming payments, the repayment schedule, interest rate changes, etc.)
- Getting in touch directly with an assigned manager
- Using the recommender to find the ideal financing solution

The new platform will be launched soon and is available on both our mobile app for iOS and Android and also the espaiclient.icf.cat website.

New core banking

The digital transformation plan included a firm commitment to cloud models, which kick-started the transformation of the technology platform.

Under the leadership of technology provider RSI, the bank worked throughout 2020 to ensure that the migration to the new platform was a success.

This Banking as a Service (BaaS) solution means we can use a platform which complies with banking and cybersecurity regulations while at the same time enabling us to expand our product catalogue in a customer-centric approach.

This project will be concluded in 2021 and migration to the IRIS Core Banking platform, a solution to which more than 60 financial institutions are connected, will be accomplished.

Our strategy

Strategic lines

4. To identify and develop in-house talent to harness the full capabilities of ICF professionals

PRIORITIES

- Draw up and update the talent map to leverage resources
- Enhance communication
- Encourage the development of talent and support equal opportunities
- Promote new ways of working which are more collaborative and agile

ACHIEVEMENTS

- Equality plan
- Evaluation and prevention of psychosocial risks
- New “Our Area” Human Resources portal
- Bimonthly in-house webinars during Covid-19

Covid-19 Special

The health crisis has led us to tailor our strategy to the new circumstances, mindful that we had to put all our efforts and resources into supporting the hardest hit people. Not only those who have a business and have seen how the pandemic has impacted them directly, but also those who are part of the ICF and who have worked tirelessly in a completely new scenario to bring financing solutions to the business community.

Financing nearly 3,800 companies has been made possible by a number of factors including a **digital platform open 24/7** which companies could use to apply for financing. This innovative system has enabled us to handle all the formalities and transactions and conclude an unprecedented amount of loans.

Apart from the technology, it would not have been feasible to achieve this volume of operations without a **committed team which has demonstrated its ability to rise to**

the challenge of new ways of working. The improvements brought about as a result of the digital transformation plan have enabled us to work entirely remotely without any disruption to our service.



Our strategy

Sustainable development

In 2020, the ICF has signed up to the **United Nations Global Compact**, the world's largest corporate social responsibility initiative, thereby stepping up its commitment to sustainable development through its lending, guarantee and venture capital operations.

As a public bank, the ICF confirms its responsibility to promote projects which have a constructive impact on the economy, society and the environment. Joining the Compact is one of the initiatives set out in the Action Plan drawn up by the bank to promote and foster its contribution to the SDGs.



United Nations Global Compact

Promote the implementation of the Ten Principles of the Global Compact among member entities

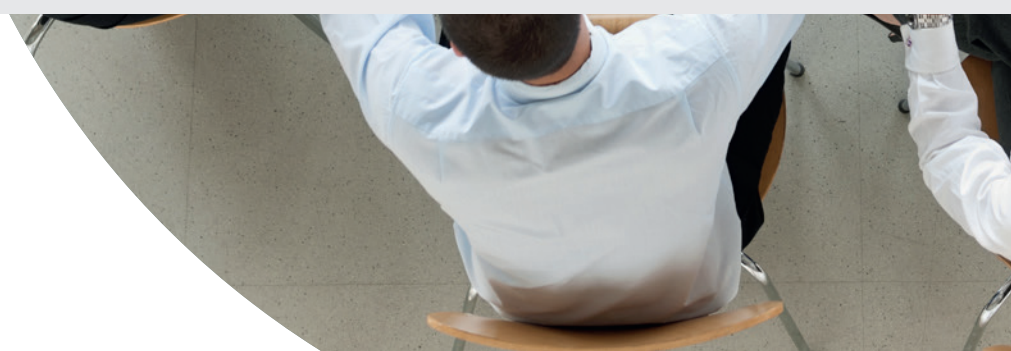
Help achieve the Sustainable Development Goals (SDGs).

+13,500 signatories to the

Priority Objectives



Strategic Objectives



4.3 The team



One of the ICF's core assets is its staff, an indispensable driving force in achieving the organisation's mission. Their role is always underpinned by the prevailing values that form part of the essence of the ICF: **the professionalism, honesty, commitment and accessibility** with which they carry out their work.

People management is a key aspect of the 2021 Strategic Plan. In keeping with its principles, the ICF seeks to ensure a **quality working environment**, promote equal opportunities between women and men, foster the development of talent and professional careers and encourage **continuous learning**, while also promoting attributes such as adaptability and collaboration.



People



Training
and talent
development



Equal
opportunities



Wellbeing and
safety

“

*People management is
a key aspect of the 2021
Strategic Plan.*

The team

People

Our aim is **to put people at the heart of the entity**, mindful that we will only be able to fulfil the organisation's mission if we take care of them, provide them with the tools they require and listen to their needs.

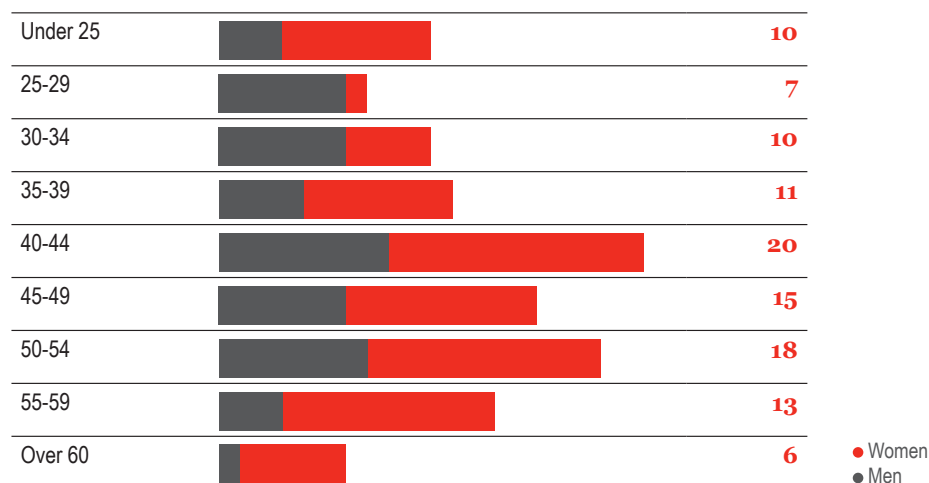
At present the ICF Group has **110 professionals**, 7.56% more than in 2019. This increase in staff numbers has made it possible to deliver enhanced service to businesses and also undertake new strategic projects for the ICF. In line with our commitment to diversity and equal opportunities, **our workforce is made up of 66 women (60%) and 44 men (40%).**

The ICF is committed to providing a **stable working environment that fosters the professional development** of people. Proof of this commitment is that 90% of our staff has a permanent contract, 94.55% work fulltime and the average length of service is 11 years.

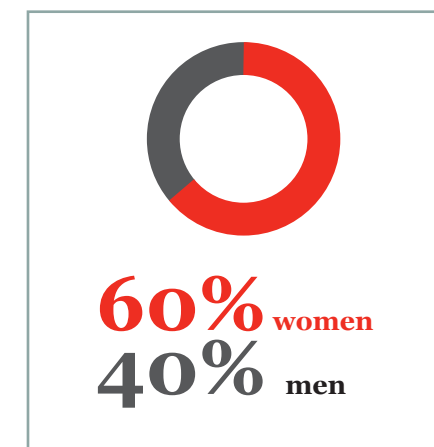


People

Breakdown of staff by age group



Breakdown of staff by gender

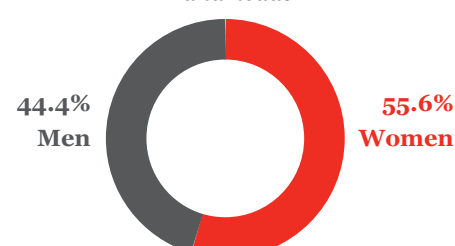


Breakdown of staff by gender and occupational category

Management Committee



Other management, coordinators and heads



Technical and administrative staff



The team

Training and talent development



Training and talent development

One of the top priorities in the ICF's strategy is to **enhance and promote in-house talent**. Accordingly, it fosters the development of its staff through in-house and external training programmes to prepare its teams across a range of areas.

Our team also has several types of financing available to access training which enhances personal and professional development.

Financing options

- Training **financed entirely by the company**
- Training **co-financed with the employee**
- Training financed by the **employee that can be channelled through the flexible compensation plan**

In 2020, training has been tailored to the **online option** and has been closely aligned with the organisation's strategic projects: digital transformation, the Sustainable Development Goals and Covid-19 prevention. The number of training courses was lower than in previous years due to the increase in business resulting from the pandemic and staff adaptation to telecommuting.

IRIS

Training has been one of the strategic cornerstones of the platform migration project. To ensure in-depth knowledge of the platform, a team of trainers was set up in 2020 who, together with the supplier RSI, have led the general and specific training sessions that were held in 2020 and in early 2021.

General training

124

 participants

208

 hours

40

 sessions

Specific training

96

 participants

68

 hours

16

 actions

Training in figures

23

training actions

96%

of training financed by the ICF.
4% co-financed

702

hours of training

296

participants



The team

Health, safety and wellbeing



Safeguarding the health, safety and wellbeing of the people who make up its team has always been a priority for the ICF. So we comply with occupational health and safety legislation, run specific training on related issues and foster healthy habits among our staff.

In late 2019, we carried out a **psychosocial risk survey** to identify potential health risk factors related to the conditions in which work is performed. The survey was answered by 71% of the ICF's staff and yielded excellent results while also allowing us to identify areas for improvement.

In 2020, we have worked together with the Health and Safety Committee to implement measures and recommendations to mitigate risks and address the areas for improvement identified.

Covid-19 Special

In a year shaped by the Covid-19 crisis, people and their wellbeing have been more important than ever. Consequently, since the outbreak of the pandemic **remote working has been implemented for all members of the team** and continues today, made possible by the completion of the Digital Workplace project.



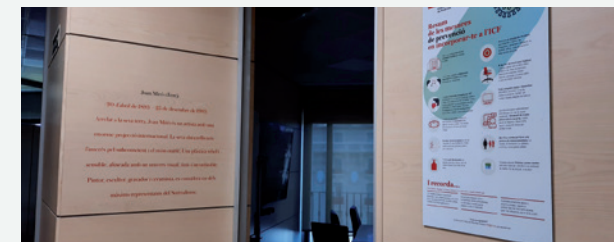
With the aim of **improving the new conditions of working from home**, essential tools, recommendations and technologies were provided.

- Additional screen and wireless keyboard and mouse
- Option of using ICF chairs at home
- Recommendations on ergonomics, posture, correct use of the laptop, distance from the screen, etc.



The unfolding of the pandemic also fast-tracked **changes at ICF headquarters**.

- Replacing the HVAC system
- Complete remodelling of the ground floor and refurbishing areas
- Setting up meeting rooms for meetings with third parties



In lockstep, work was done to **adapt our facilities** for the return to face-to-face work in the offices.

- Drawing up protocols and general guidelines with measures to be considered by the Health and Safety Committee together with an external consultant
- Adapting the rest of the areas to comply with current regulations
- Training for staff on Covid-19 safety and prevention measures in addition to the annual medical check-up
- Antigen tests offered to all our employees.

The team

Equal opportunities

In line with its commitment to equal opportunities between women and men, in 2020 the ICF worked on its **first Equality Plan** which was adopted in early 2021. Its purpose is to continue promoting gender equality in the workplace following the principles of the Global Compact and the Sustainable Development Goals (SDGs) set out in the United Nations Agenda 2030.

This plan has been made possible by an in-house survey conducted to ascertain the team's perception in relation to equality. This survey has allowed us to analyse and assess various areas of action such as internal policies, communication, women's representation, development, remuneration, working conditions and work-life balance.

The measures agreed in the Plan ramp up the ICF's commitment in this area. Indeed, Article 4 in the institution's Code of Conduct includes a number of principles addressing non-discrimination, work-life balance and repudiation of any form of harassment.

The **Equality Plan Committee** is made up of six members, four of whom are women, and will monitor and evaluate the results achieved with a view to promoting continuous improvement.



86%

of the ICF team believe there are equal opportunities at the ICF

60%

of the ICF team is made up of women

55.6%

women in managerial and decision-making positions

50/50
Management
Committee

Equal
promotion
during the last
year

Action plan: key points



Training.

New in-house and external training and awareness campaigns



Communication.

Non-sexist communication model and neutral language guide



Emphasis.

Emphasising the role of women in finance



Enhancement.

Enhancing the role of women in the entity

5

Governance



5.1 Our entity

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

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

Legal framework

The ICF is regulated by Legislative Decree 4/2002, of 24 December, approving the recast text of the Law on the Institut Català de Finances, of 14 January 1985, subsequently amended on a number of occasions, most significantly by Decree Law 2/2015, of 28 July, and afterwards by Decree Law 4/2015, of 29 December, and by Law 5/2017, of 28 March, on tax, administrative, financial and public sector measures.

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 institutions and therefore is only subject to basic regulations and those issued by the regulatory bodies of the European Union that apply to it, taking into account its special operations and nature. The annual Catalan budget law sets out the maximum annual lending limit to which the ICF can commit and where necessary the appropriations to its equity fund.

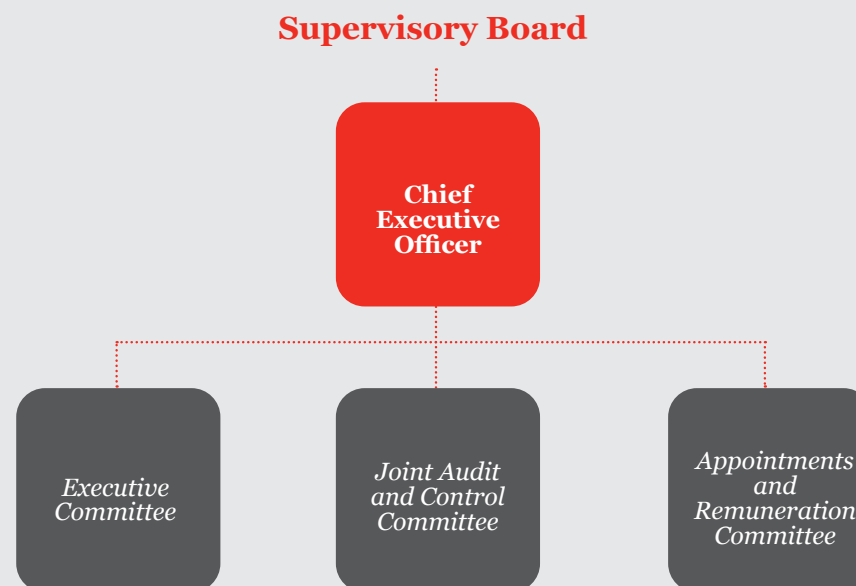
The institution's internal governance, structure, procedure and operations are in accordance with the criteria laid down by **European banking regulations** (mainly Directive 2013/36/EU, Regulation No 575/2013 and Basel III) and **national regulations** (Law 10/2014, of 26 June, on the planning, supervision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



5.2 Corporate governance

The ICF's governing bodies are the Supervisory Board and the Chief Executive Officer. The Board is made up of a **majority of independent members**, in accordance with European regulations for credit institutions. Both the Supervisory Board and its delegated committees look after the interests and good governance of the institution and operate under the **principles of efficiency, independence, ethics and transparency**.

At the end of the 2020 financial year and since 22 February 2011, the CEO of the ICF was Josep-Ramon Sanromà Celma. On 1 February 2021, Víctor Guardiola Flores was appointed as the new CEO of the ICF.



Corporate governance

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 operations. Its functions include submitting budget proposals, the notes, balance sheet and income statement and the proposed distribution of profit/application of losses for the approval of the Generalitat, the entity's owner. Its responsibilities also include making decisions regarding the organisation, operation and legal relationships, and it is informed about the actions of the rest of the entity's bodies.

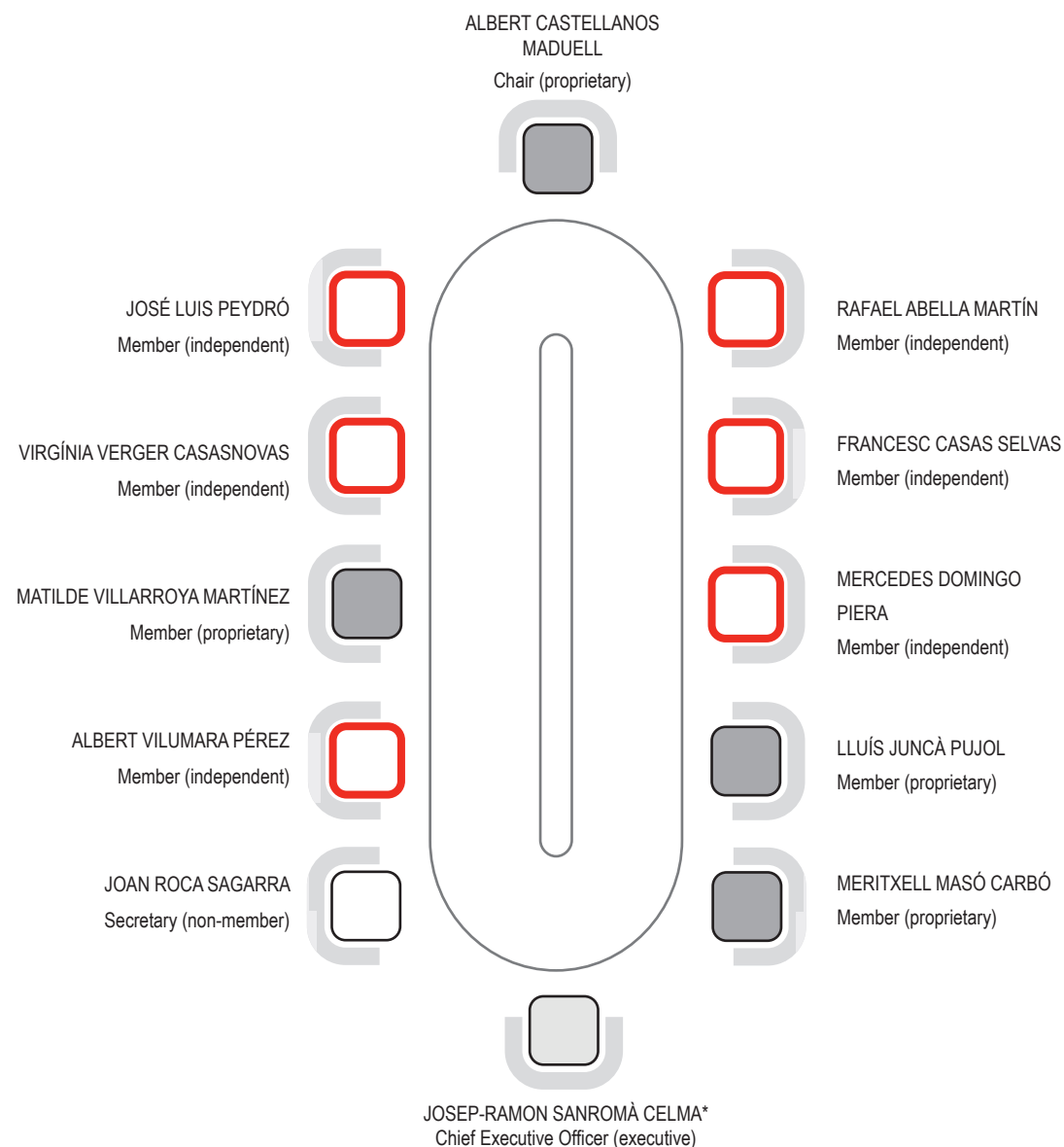
The Supervisory Board comprises the Chair, the Chief Executive Officer, a non-member Secretary and between five and ten members. There is a majority of independent members, as stated in the regulations on public credit institutions.

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

Composition at 31/12/2020



*On 01/02/2021, the position was taken over by Víctor Guardiola Flores

Corporate governance

Supervisory Board

Delegated committees (at 31/12/2020)

Executive Committee

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

Since 2014, in the specific area of governance and in accordance with Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, the ICF has delegated specific powers to the Appointments and Remuneration Committee and the Joint Audit and Control Committee, which report directly to the highest 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 under the BGB to analyse, validate and make proposals to the Supervisory Board regarding issues relating to appointments – good repute, suitability, etc. – and remuneration of the members of the governing bodies of the entity and of its key personnel.

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

Composition

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

*On 28/01/2021, the Board agreed that the Executive Committee is to be chaired by the Chair of the Supervisory Board, Mr Albert Castellanos Maduell, and to maintain the rest of the members, i.e. the CEO, three independent members and secretary (non-member). Subsequently, on 01/02/2021, Víctor Guardiola Flores was appointed as the new CEO, replacing Josep-Ramon Sanromà Celma.

Corporate governance

Supervisory Board

Governing bodies of ICF subsidiaries: ICF Capital and IFEM (at 31/12/2020)

Composition IFEM

Josep-Ramon Sanromà Celma* - Chair
 Anna Álvarez 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-member)

Composition ICF CAPITAL

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

Management Committee (at 31/12/2020)

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

Composition

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

* On 01/02/2021, Víctor Guardiola Flores became CEO of the ICF, becoming a member of the Management Committee; on 24/02/2021, he became Chair of ICF Capital; on 17/03/2021, he became Chair of IFEM.

Corporate governance

Functional organisation chart



Corporate governance

Three lines of defence model

The ICF Group has 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.

Three lines of defence model



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

Responsibilities:

- Develop and maintain effective controls over their activities.
- Identify, manage, monitor and mitigate the 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:

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

3. Internal Audit and Control

Responsibilities:

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

6



**Committed to
a sustainable
future**

6.1 Committed to a sustainable future

At the ICF Group we strive to promote financing with a **constructive impact** on both society and the environment while always safeguarding sustainable development. This commitment to **ethical and responsible management** is part of our DNA and reflected across the board in all our activities, products, work systems and initiatives, consistent with our mission, vision and values.

In this respect, we have further cemented our Action Plan for promoting and contributing to the **Sustainable Development Goals (SDGs) and the United Nations 2030 Agenda**, as we reported last year through our first SDG Contribution Report.

Below we share the main 2020 indicators concerning our business operations, portfolio and other key internal management factors. In relation to operations, each transaction has been assigned at most three SDGs based on the project and its purpose. This multi-assignment means that the operations data differ from those presented in chapter seven of this annual report as the same project may impact several goals.

3,781
companies financed

41.1
million euros invested

1,328.9
million euros in loans and
guarantees

123,479
jobs helped to create and/
or maintain

*Action Plan for
promoting and
contributing to
the Sustainable
Development Goals
(SDGs) and the
United Nations
Agenda 2030*



Committed to a sustainable future



2020 ACTIVITY

- €68.6 million financed.
- €7.3 million invested in 3 funds in the health sciences sector.
- €0.7 million directly invested.

PORTFOLIO

308.5€m
14.6% of the total

- €9.4 million directly invested.
- €51.5 million invested in 13 funds in the health sciences sector.

OTHER 2020 INDICATORS

- Participation of **80% of the workforce** in occupational health and safety training.
- Participation of **70% of the workforce** in the Psychosocial Risk Assessment.
- Accreditation of the **Contingency Plan** for the prevention of the risk of infection in the work environment against Covid-19.



2020 ACTIVITY

- €15.7 million financed.
- €0.7 million directly invested.

PORTFOLIO

81.9€m
3.9% of the total

- €1.3 million directly invested.

OTHER 2020 INDICATORS

- **23 training actions**
- **702 hours of training**
- **296 cumulative attendees.**
- **10 internship agreements** with Catalan universities.



2020 ACTIVITY

- **€109 million** financed through financing facilities featuring specific equal treatment and equal opportunities clauses.

PORTFOLIO

127€m
6% of the total

OTHER 2020 INDICATORS

- Setting up an **Equal Opportunities Plan.**
- **Remuneration to staff** through salary scales and collective agreement.
- Almost **60% of staff** are women.
- **50/50 management committee.**

Committed to a sustainable future



2020 ACTIVITY

– €25.2 million financed.

PORTFOLIO

67.4€m
3.2% of the total

- – €7 million directly invested.
- – €10 million invested through 1 investment fund.

OTHER 2020 INDICATORS

- **100% of the energy used** by the ICF in its offices is renewable or high efficiency cogeneration.
- Replacing the **HVAC system** in the ICF building by a **new generation, more energy-efficient one**
- **40% reduction in electricity used** in 2020.



2020 ACTIVITY

- **€243 million** to finance retail, tourism and transport.
- **€214 million** to finance manufacturing industries.
- **€57.8 million** to finance the agri-food industry and the primary sector.
- **€33.5 million** invested through 8 investment funds.
- **€5.3 million** invested directly in 5 companies.
- **€2.3 million** committed in equity loans in 10 start-ups.

PORTFOLIO

2,252.4€m

- – €329.5 million invested in venture capital funds, attracting €3,374.6 million from other investors.
- – Every €1 invested has helped mobilise €11.20 from other investors.

OTHER 2020 INDICATORS

- Almost **90% of staff** has a permanent contract and 94.11% of them are fulltime.
- **Increase in the workforce** by almost 8%.
- **87.5% of new hires** were under 30 years of age.
- The **average length of service** of the workforce is 11 years.

Committed to a sustainable future

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



2020 ACTIVITY

- €408.7 million financed.
- €41.1 million invested.
- €23.7 million invested in 4 funds in the digital, technological and innovation sectors.

PORTFOLIO

1,381.6€m
65.5% of the total

- €33.2 million directly invested.
- €138 million invested in 30 investment funds in the digital, technological and innovation sectors.

OTHER 2020 INDICATORS

- The first **stage of the ICF's Digital Transformation Plan completed**, implementing tools such as digital signature, CRM and RPA.

11 SUSTAINABLE CITIES AND COMMUNITIES



2020 ACTIVITY

- €95.9 million financed.
- €22.1 million through specific lines to finance access to and development of social housing.
- €35 million to finance the promotion of sport, culture and education.

PORTFOLIO

440€m
20.9% of the total

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



2020 ACTIVITY

- €57 million financed.

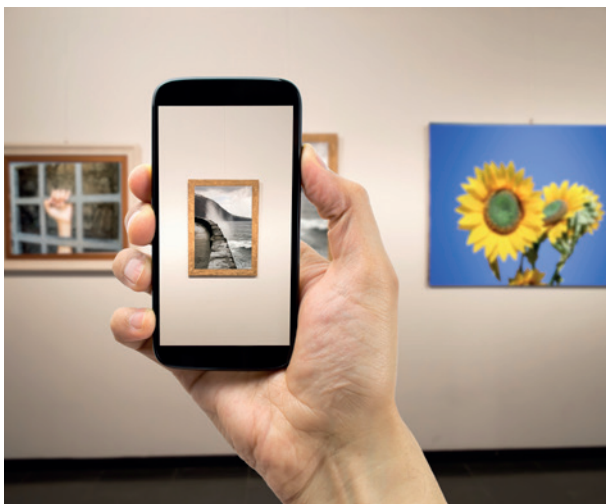
PORTFOLIO

81.2€m
3.85% of the total

- €0.2 million directly invested.

OTHER 2020 INDICATORS

- **63% are local suppliers** (tax residence in Catalonia).
- Local suppliers account for **70.45% of invoicing**.
- **Almost 80% reduction in the use of paper** printed or photocopied compared to 2019 (from 678,203 to 139,187 pages).
- **Most of the paper used is recycled**, which represents a 70% saving in the energy needed to produce it.



Committed to a sustainable future



2020 ACTIVITY

- **€24.5 million** financed.
- **€7.3 million** in specific facilities to finance energy efficiency, self-consumption and green and circular economy projects.
- **€1 million** directly invested

PORTFOLIO

61€m

2.9% of the total

OTHER 2020 INDICATORS

- **487.6 kg reduction** of CO₂ into the atmosphere owing to the implementation of the digital signature.



2020 ACTIVITY

- **10 new financing facilities set up** to tackle Covid-19.
- **Renewal and/or amendment of 10 financing facilities** with agreements with Catalan Government ministries

OTHER 2020 INDICATORS

- Joining the **United Nations Global Compact**
- **Agreement with CECOT** to promote the energy transition of companies.
- **Founders and members of the Board of Trustees** of the Executive Committee of the Catalonia Culture Foundation, the Institute of Financial Studies (IEF), the Change2Grow (C2G) association and the Barcelona European Financial Centre (BCFE).
- **Members of the European Association of Public Banks (EAPB).**
- Active partners in the **Financial Education in Catalan Schools (EFEC)** programme sponsored by the Government of Catalonia and the Institute of Financial Studies (IEF).
- Partnering **campaigns and projects run by NGOs and associations** with an impact in Catalonia.

7





2020 Activity

7.1 2020 Activity

At the ICF Group we have financed **3,781 entrepreneurs, the self-employed, companies and entities** through our loan and guarantee operations in a total amount of EUR 1,328.9 million. Some **EUR 41.1 million** has been invested in the area of venture capital.

In a year shaped by the crisis triggered by Covid-19, the entity has reaffirmed its role as a public bank and **diversified and added to other sources of financing** while relaxing the payment schedule for current customer transactions that have been adversely impacted by Covid-19.

ICF Group

	ICF	Avalis	ICF Group total
 Companies	1,817	1,964	3,781
 Amount	1,046.1 €m	282.9 €m	1,328.9 €m
 Jobs	85,799	37,680	123,479
 Transactions	2078	2655	4733

Venture capital

33.5€m

committed in 8 investment funds

5.3€m

in direct investment in
5 companies/2 restructurings

2.3€m

in equity loans to 10 start-ups/22
restructurings

7.2 Lending activity

The ICF Group has targeted its efforts on meeting the liquidity needs of the business community in the wake of the pandemic. Its operations in 2020 can only be grasped by taking into consideration this contextual framework, and they demonstrate the ability of public banking to increase the resources available, help mitigate the consequences of this situation for companies and keep economic activity going during and after the crisis.

2020 Activity related to Covid-19

909.2€m

68.4% of the total

3,013
companies

80%



While most operations have been related to Covid-19 in 2020, the ICF has continued driving **investment projects** along with others in **social rental housing**, **industry 4.0** and other areas.

2020 Activity

31.6€m

of financing earmarked for investment projects and/or financing needs not related to Covid-19

23.4€m

to finance the development and acquisition of social rental housing

22.4€m

to finance projects related to industry 4.0

Lending activity

New specific financing facilities to address the crisis, some of them expressly for the sectors hardest hit by the pandemic

Financing from €12,500 to €1 million for the self-employed, SMEs and micro-enterprises.

- ICF Avalis Liquidity
- Avalis-ICF B·Credits
- Avalis-ICF Catering and Commerce

Financing from €250,000 to €5 million for SMEs and companies

- ICF Credit COVID-19 (loans and guarantees)
- ICF Eurocredit COVID-19

By sectors

- ICF Culture Liquidity
- ICF Sports Liquidity
- ICF Media Liquidity
- ICF Clusters Liquidity
- ICF Primary Sector Liquidity

Over

1,000€m
in financing made available to the business community

700 €m

ICF Credit COVID-19

loans for the self-employed and companies up to EUR 2.5 million and guarantees for loans granted by financial institutions

300 €m

ICF Avalis Liquidity

loans with 100% guarantee from Avalis de Catalunya for the self-employed and SMEs for amounts up to EUR 1 million.

70 €m

ICF Eurocredit COVID-19

loans entirely financed by the European Union's European Regional Development Fund (ERDF).










Purpose: meet liquidity needs and preserve jobs

Lending activity

Segmentation by type of business

SMEs are the main players in Catalonia's production structure. They account for 99.8% of existing companies and 62.3% of Catalan GVA, with the exception of public administration, defence and social security.

Based on this weighting, **97% of the year's financing has been earmarked for supporting the business projects of entrepreneurs, the self-employed, micro-enterprises and SMEs.** Unlike other years and as a direct consequence of Covid-19, the number of companies financed with a turnover of less than EUR 2 million has increased. In total, they account for 61% of the total financing.

SEGMENT	ICF			AVALIS			TOTAL		
	 Companies	 Amount	 Jobs	 Companies	 Amount	 Jobs	 Companies	 Amount	 Jobs
Entrepreneurs and micro-enterprises (<€2m)	1,048	202.6	6,348	1,271	91.4	8,117	2,319	294.0	14,465
SMEs (€2–50m)	678	561.2	44,649	682	182.4	27,670	1,360	743.5	72,319
Companies (>50 M)	79	228.9	33,643	11	9.1	1,892	90	238.0	35,535
PRIVATE SECTOR TOTAL	1,805	992.7	84,640	1,964	282.9	37,680	3,769	1,275.5	122,320
PUBLIC SECTOR TOTAL	12	53.4	1,159	0	0.0	0	12	53.4	1,159
ACTIVITY TOTAL	1,817	1,046.1	85,799	1,964	282.9	37,680	3,781	1,328.9	123,479

Lending activity

Sector distribution

In terms of sector distribution and in line with the composition of Catalonia's production sector and gross value added (GVA), **retail, tourism, transport and industry have been the main recipients of ICF Group funding**. In general terms, and bearing in mind the increase in financing achieved this year, all the production sectors impacted have considerably increased their total investment figures to cover the needs generated by the economic and social situation in 2020.

“

One third of the financing provided by the ICF Group has gone to retail, tourism and transport, three of the sectors hardest hit by Covid-19.



Retail, tourism and transport

1,998 transactions

427.9 €m

ICF | 29%
Avalis | 44%

32%



Manufacturing industry

937 transactions

373.5 €m

ICF | 29%
Avalis | 23%

28%



Construction and public works

244 transactions

83.5 €m

ICF | 6%
Avalis | 7%

6%

Lending activity

Sector distribution



*Education, culture
and sport*

466 transactions

88.3 €m

ICF | 6%
Avalis | 8%

7%



*Public
administration*

52 transactions

46.6 €m

ICF | 4%
Avalis | 1%

4%



*Healthcare and social
services*

109 transactions

22.2 €m

ICF | 2%
Avalis | 2%

2%



*Agri-food industry and
primary sector*

253 transactions

74.6 €m

ICF | 6%
Avalis | 3%

6%



*Extractive industries,
energy and utilities*

44 transactions

33.9 €m

ICF | 3%
Avalis | 1%

3%



Other services

630 transactions

178.4 €m

ICF | 14%
Avalis | 10%

13%

Lending activity

Geographical distribution

In a year in which the number of transactions carried out has almost doubled compared to the previous year, **the ICF Group's financing has reached the whole of Catalonia**. In line with its economic weight in Catalonia's GDP and concentration of business activity, the Barcelona area accounted for 73% of the total volume of investment.

As for the other areas, el Penedès (5%) and Central Catalonia (4%) have the highest volume of investment closely followed by Girona and Camp de Tarragona.

In 2020, we have worked hard to reach out as much as possible to companies throughout Catalonia. To this end, it has been crucial to maintain our **network of sales representatives** covering the whole province of Barcelona, Tarragona and Terres de l'Ebre, Girona, Lleida and Central Catalonia.

“

In 2020, we have worked hard to reach out as much as possible to companies throughout Catalonia.



Total

1,328.9 €m

4,733 transactions

ICF | 1,046.1 €m
Avalis | 282.9 €m

Lleida

49.9 €m | 4%
246 transactions

ICF | 35 €m | 3%
Avalis | 15 €m | 5%

Terres de l'Ebre

20.4 €m | 2%
44 transactions

ICF | 18.7 €m | 2%
Avalis | 1.7 €m | 1%

Investment outside Catalonia

50.1 €m | 4%
82 transactions

Tarragona

54.1 €m | 4%
209 transactions

ICF | 43.4 €m | 4%
Avalis | 10.7 €m | 4%

Alt Pirineu and Aran

4.8 €m | 0.4%
24 transactions

ICF | 3 €m | 0.3%
Avalis | 1.9 €m | 0.7%

Central Catalonia

57.1 €m | 4%
218 transactions

ICF | 40.7 €m | 4%
Avalis | 16.4 €m | 6%

Girona

55.7 €m | 4%
331 transactions

ICF | 36.5 €m | 3%
Avalis | 19.2 €m | 7%



Penedès

61.7 €m | 5%
217 transactions

ICF | 45.4 €m | 4%
Avalis | 16.3 €m | 6%

Barcelona

975.1 €m | 73%
3,362 transactions

ICF | 778.2 €m | 74%
Avalis | 196.9 €m | 70%

7.3 Venture capital business

Venture capital investment is the strategic channel through which the ICF seeks to **promote the growth and consolidation of existing companies and the creation of new ones** that can undertake innovation projects.

At 31 December 2020, the ICF's venture capital investment commitments totalled EUR 329.5 million through **50 equity instruments**. A further EUR 3,374.6 million committed by other investors brought total investment capacity to nearly EUR 3,704.1 million.



We are an investment driver in venture capital. For every €1 invested by the ICF, other investors allocate €11.20.

Equity instruments

	Number of instruments	Cumulative commitments (€m)			
		ICF GROUP TOTAL	ICF GROUP TOTAL	Other investors	Total
Seed Venture Capital	16	36.9	427.9	464.8	12.6
Development Venture Capital	26	170.2	2,660.5	2,830.6	16.6
Growth Venture Capital	6	122.5	286.3	408.8	3.3
Total Venture Capital 31/12/2020	50	329.5	3,374.6	3,704.1	11.2



Venture capital business

Investments in venture capital funds

Despite the uncertain situation in 2020, **the Group continued to drive its activity through investment funds**. It has **invested EUR 33.5 million** through eight funds in strategic sectors, such as life sciences and healthcare, where it has invested a total of EUR 7.3 million, and digital and technology and innovation, in which it has invested EUR 23.7 million.

By investment segments, investment commitments in the **venture segment**, which has accumulated more than 75% of the commitments this year, have been particularly significant.

In addition to the ICF's investment commitments, other investors committed EUR 398.5 million to give a total investment capacity coming to EUR 432.1 million.

	Funds	ICF commitments (€m)	Segment
Nauta V Tech Invest, FCR	13.2	Venture	Digital, technology and innovation
Sabadell Asabys Health Innovation Fund, SCR, SA	2.3	Seed	Health sciences
YSIOS BIOFUND III. FCRE	4.0	Venture	Health sciences
Healthequity, SCR, SA	1.0	Seed	Health sciences
K Fund II, FCRE	2.5	Seed	Digital, technology and innovation
SC GROWTH FUND II PLUS. FCRE	2.5	Growth	Growth
Kibo Ventures Fund III, FCRE	3.0	Venture	Digital, technology and innovation
Seaya Ventures III Fons de Capital Risc, FCRE	5.0	Venture	Digital, technology and innovation



Venture capital business

Direct investments

The ICF manages through ICF Capital two funds of its own: ICF Capital Expansió II and ICF Venture Tech II. In addition, the entity has two funds in the divestment period.

Own funds

ICF Capital Expansió II

Investing in SMEs with organic and inorganic growth projects

ICF Venture Tech II

Addressed to technology and/or innovation projects with high growth and appreciation potential in early advanced stage and series A rounds

In 2020, the ICF has directly invested EUR 5.3 million. EUR 4.9 million of this volume relates to new transactions in five companies with high growth potential.

Company	Amount (€m*)	Sector	Instrument
Eneritika	0.19	Energy efficiency	Capital Expansió
Goin	0.5	Fintech	ICF Venture Tech II
Ray Electric	1	Industrial	ICF Venture Tech II
Semillas Batlle	3	Agriculture	ICF Capital Expansió II
Inbiomotion	0.25	Bio	Capital MAB



Venture capital business

IFEM Innovació

Since 2012, the ICF has co-invested in new companies through **IFEM Innovació**. This **public-private co-investment** takes the form of equity loans of up to EUR 200,000 designed to promote and foster the development of Catalan start-ups. Our goal is to be an **investment driver and promote the growth** of these early-stage companies through diverse sources of fundraising.

In total, **the entity has invested in 10 new start-ups**, mainly in the ICT/E-commerce sector, in an amount of EUR 2 million and has restructured 22 operations in an amount of EUR 302,000. In addition to the ICF's investment, EUR 5.2 million was invested by other investors to give an investment capacity coming to EUR 7.5 million.

Covid-19 Special

This year, the situation brought about by Covid-19 has put many of the growth, internationalisation and innovation projects of Catalan companies on hold.

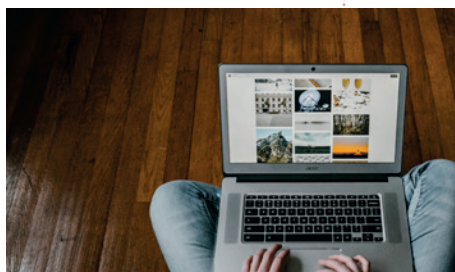
Even so, the ICF has maintained its position in 2020 as a driving force for investment in Catalonia and significantly increased the resources from other investment sources which are allocated to each business project. We have further partnered with the specialised private sector to identify market gaps and continued to assist and advise companies so that together we can tackle the crisis caused by Covid-19 with every assurance.

Moreover, since the onset of the pandemic the ICF has put in place numerous facilities to support the companies and start-ups that are our investees. In particular, repayments were deferred and more than twenty transactions were restructured in order to tailor the payment schedule as closely as possible to the situation.

New investments

10 start-ups

2€m



ICT/E-commerce sector

ICF: €1 million
Other investors: €2.4 million
Total: €3.4 million



Services sector

ICF: €0.6 million
Other investors: €1 million
Total: €1.6 million



Bio sector

ICF: €0.4 million
Other investors: €1.8 million
Total: €2.2 million

8

**Risk
management**



8.1 Risk management

The ICF sets out the broad guidelines of its risk monitoring and control system through policies which are integrated into a common risk management framework (Risk Appetite Framework). This framework, together with the risk appetite statement, makes it possible to control and manage the risks to which the entity is exposed. It also allows several levels of responsibility to be established for each risk, which are explicitly assigned to specific decision-making bodies and committees.

The Group 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.



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

- Ensuring that risks which may affect the entity's strategies and objectives are appropriately identified, analysed, assessed, managed and controlled.
- Achieving strategic objectives with regard to risks and returns.
- Building the risk and opportunity approach into risk monitoring.
- Ensuring financial instruments are used properly in accordance with investment goals and risk coverage principles and in compliance with applicable legislation.
- Reporting in a transparent manner on the entity's risks to the various committees and governing bodies in accordance with the powers assigned to them.

“

The ICF sets out the broad guidelines of its risk monitoring and control system through policies which are integrated into a common risk management framework (Risk Appetite Framework).

Risk management

Credit risk

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

Main indicators

6.2%

NPL

130.9%

coverage

2,121

RWA (€m)⁽¹⁾

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

Liquidity and financing risk

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

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

Main indicators

253.2

Liquid assets⁽¹⁾

1372.9

Wholesale liabilities (€m)⁽¹⁾

399%

Liquidity coverage ratio (LCR)

125%

Net Stable Funding Ratio (NSFR)

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

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

Risk management

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.

+26.4% / -0.2%

Sensitivity to net interest margin

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

-0.3% / +0.01%

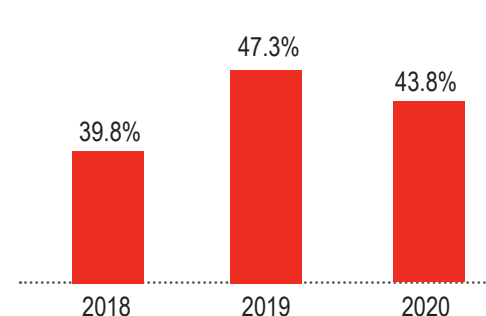
Sensitivity to economic value

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

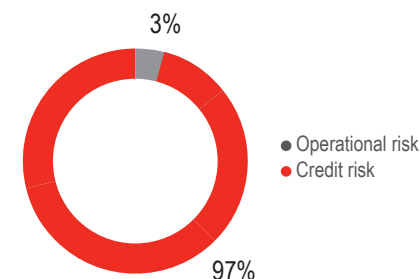
Solvency

The ICF Group closed the 2020 financial year with eligible capital of EUR 928.4 million and a total capital ratio of 43.8%, which provides the Group with robust solvency and levels well above the regulatory minimums (10.5%, consisting of the minimum total capital plus conservation buffer as set out in Directive 2013/36/EU, as amended by Directive 2019/878 and Regulation No 575/2013 as amended by Regulation (EU) No 2019/876). The 3.5 point drop in the total capital ratio at year-end 2020 compared to the previous year (47.3% in 2019) is mainly due to the increase in risk-weighted assets as a result of the high volume of operations in 2020. The Group uses the standardised approach for calculating capital requirements for credit risk, the original exposure method for counterparty credit risk and the basic indicator approach for operational risk.

Total capital ratio



2020 Capital requirements



Main indicators

43.8%

Total capital ratio

42.8%

CET1 ratio

928.4

Eligible capital

34.6%

Leverage Ratio (LR)

9



**Financial
information**

9.1 Balance sheet

The ICF Group closed 2020 with a total asset volume of more than EUR 2,600 million, an increase of 25% over the previous year, as a result of making available to production sectors the loan and guarantee facilities tied to the health emergency. This increase is mainly in “Loans and advances” where the Group’s loan portfolio is recorded and, specifically, in financing to the small and medium-sized enterprise segments, which have increased by 49% and 44%, respectively, compared to the end of 2019. “Equity instruments”, which mainly records the Group’s venture capital operations, also saw a significant relative increase coming to 37%. Debt securities, corresponding to the bank’s fixed income portfolio which is diversified and entirely composed of investments classified as investment grade, remained in line with the previous year.

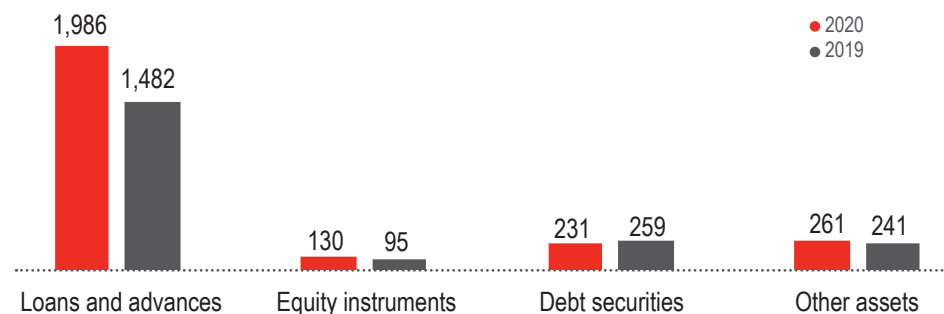
“

25% increase in the balance sheet as a result of the Covid-19 loan facilities, with growth focused on financing for small and medium-sized enterprises.

Assets



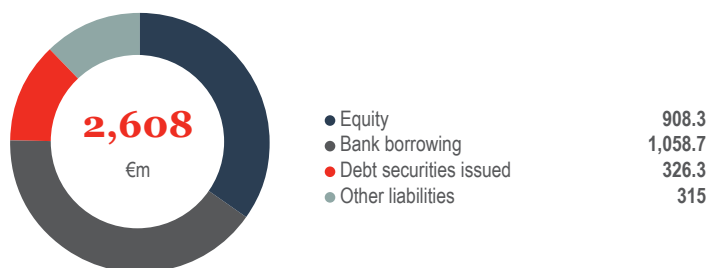
Change in assets 2019 - 2020



This growth has been mainly financed by wholesale borrowings from public and private financial institutions. This borrowing has been undertaken on terms that not only complement the Group's capacity to generate funds and maintain a solid cash position, but also improve the average conditions of liabilities. The increase in operations has been achieved while maintaining levels of capitalisation and solvency appreciably higher than the sector average and the minimums set by regulators of credit institutions despite the increase in activity, with equity maintaining its historical upward trend mainly as a result of the generation of gains.

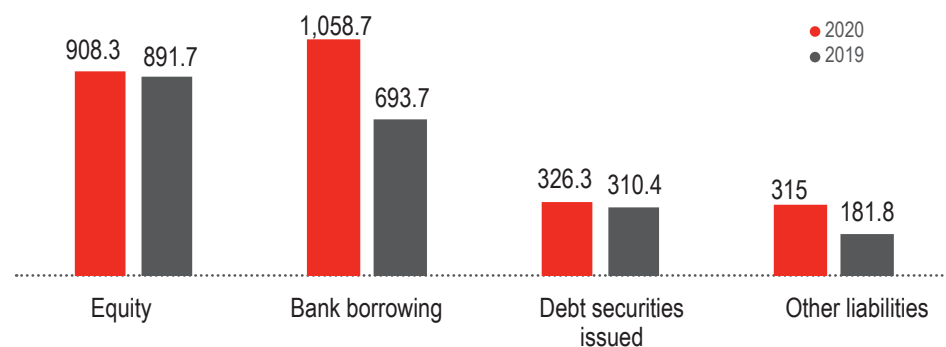
As for off-balance sheet commitments, the Group has EUR 172.8 million in funds available to third parties and EUR 107.4 million in financial guarantees granted.

Liabilities and equity



The increase in operations was achieved while maintaining levels of capitalisation and solvency appreciably higher than the sector average.

Change in liabilities 2019 - 2020

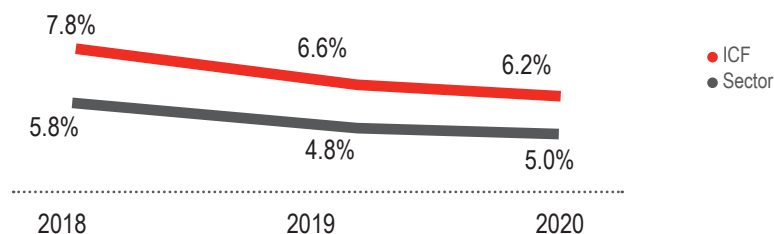


As regards non-performing loans, the Group ended the year with a ratio of 6.2%, compared with 6.6% in the previous year. The variation is the result of two opposing effects. Firstly, an increase in doubtful assets in absolute terms, from EUR 111.3 to 140.1 million, mainly for reasons other than non-performing loans, the result of a prudent risk classification policy given the uncertainty of the current economic environment. Secondly, the growth of the portfolio, substantially higher than for the sector in relative terms, has the effect of reducing the NPL ratio.

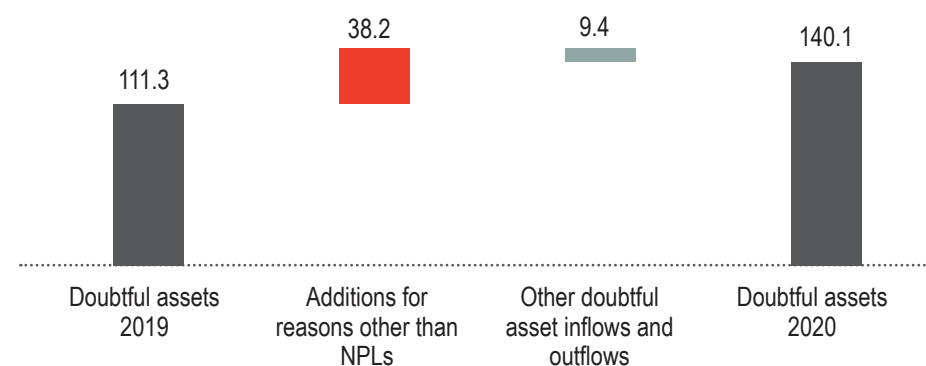
NPL coverage levels remain well above those of the sector despite the increase in doubtful assets to close the year at 130.9%, which means maintaining the historical policy of prudence in terms of credit risk coverage.



Change in the NPL ratio



Change in doubtful assets 2020 (millions of euros)



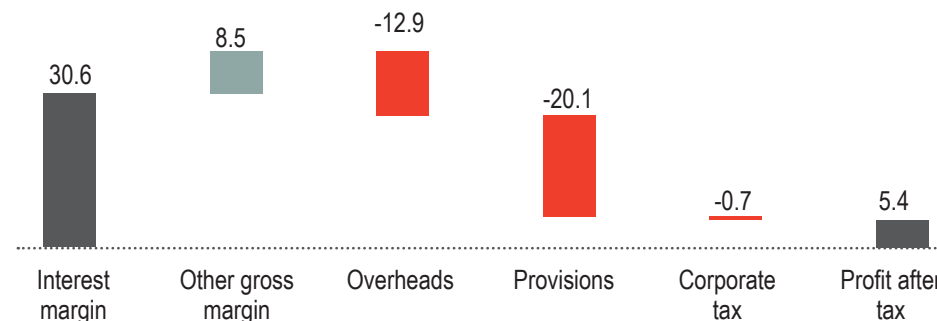
9.2 Income statement

The ICF Group closed 2020 with profit after tax totalling EUR 5.4 million. The income statement for the year shows two main trends. Firstly, **growing operating profit**, mainly due to the higher volume of operations and which translates into a profit before provisions 37% higher than in 2019. Secondly, an **increase in provisions for credit risk**. Setting up provisions for greater expected loss on the loan portfolio, based on a prudent portfolio management perspective and against the backdrop of the health emergency and its impact on the business community which is the basis of the Group's portfolio, has used up a large part of the profit previously generated. The change in the economic situation compared with the previous year, when there had been extraordinary recoveries in the loan portfolio that had resulted in a positive risk cost, was the most significant difference in the year-on-year comparison of results.

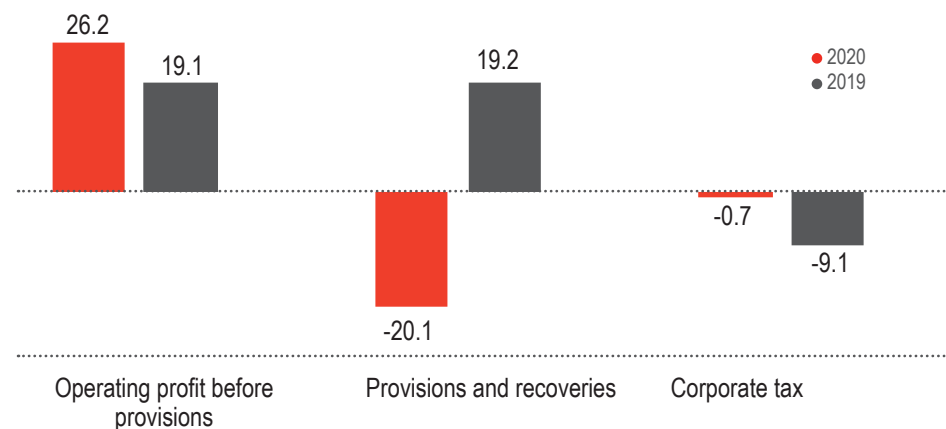
“

Positive profit generation despite the Group's efforts, related to the health emergency, to anticipate provisions.

ICF Group 2020 Profit/(Loss)



Change in profit/(loss) 2019-2020





**Institut Català
de Finances**



**Generalitat
de Catalunya**