FIRST DEPUTY PRIME MINISTER

MINISTRY OF FINANCE

COMPTROLLER GENERAL OF THE STATE ADMINISTRATION

AUDIT OF CONSOLIDATED ANNUAL ACCOUNTS ICO - INSTITUTO DE CRÉDITO OFICIAL (CONSOLIDATED GROUP) 2025 Audit Plan - Financial Year 2024 AUDInet Code 2025/111 PUBLIC AUDIT DIVISION I

Free translation of the auditor's report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

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AUDITOR'S REPORT OF CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY THE COMPTROLLER GENERAL OF THE STATE ADMINISTRATION (IGAE)

To the Chairman of the General Council of the Instituto de Crédito Oficial:

Opinion

The Comptroller General of the State Administration (IGAE), using the powers conferred upon it by article 168 of the General Budget Law, has audited the consolidated annual accounts of Instituto de Crédito Oficial (hereinafter, the Parent Company or the Institute) and its subsidiaries (together, the Group), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated profit and loss account, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated notes thereto for the year then ended.

In our opinion, based on our audit and the report of the other auditors listed in Appendix I, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group, and its results and cash flows, all of them consolidated, for the year then ended, in accordance with the regulatory financial reporting framework applicable to the Group (identified in note 1.2 of the consolidated annual accounts) and, in particular, with accounting principles and criteria set forth therein.

Basis for opinion

We conducted our audit in accordance with the audit regulations that apply to the Public Sector in Spain. Our responsibilities in accordance with these regulations are further described in the Auditor's responsibilities for the audit of consolidated annual accounts R2I section, of our report.

We are independent of the Group in accordance with ethical and independence protection requirements that apply to our audit of the consolidated annual accounts for the Public Sector in Spain, as required by the regulations governing the audit activity of the Public Sector.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Estimated impairment losses of the portfolio of loans and advances</u>

The impairment estimate of Financial Assets at Amortised Cost is one of the most significant estimates in preparing the accompanying consolidated annual accounts.

In order to estimate credit risk allowances, provisions of Circular 4/2017, of 27 November, and other mandatory rules approved by the Bank of Spain are taken into consideration.

In general, the Institute estimates objective evidence of impairment when, after initial recognition, an event or the combined effect of several events cause a negative impact on the future cash flows from loans and advances to customers. Objective evidence of impairment is determined individually for those debt instruments that the Institute has identified as significant and collectively for the others. The Institute's collective assessment includes groups of debt instruments that have similar risk characteristics, indicative of the debtors' ability to pay principal and interest amounts, the type of instrument, the debtor's sector of activity, the type of collateral and the ageing of past due amounts, among others.

The main audit procedures carried out have included the following:

- Verifying the different internal control policies and procedures established in accordance with applicable regulatory requirements.
- Examining the different databases used, reviewing their reliability and the consistency of data sources used in calculations.
- For the detailed tests, for a sample of individualised loans, reviewing their proper accounting records and classification and, where applicable, the corresponding impairment.
- Recalculating the provisions for loans classified as Normal risk or Normal risk under Special Surveillance, valued on the basis of alternative solutions established in the mentioned Bank of Spain Circular.

Valuation criteria used and the detail of information relating to the aforementioned items are included in notes 2 and 10 of the accompanying consolidated report.

Risks associated with Information Technology

The very nature of the Group's activity and the process of the flow of financial information greatly depends on information systems.

The overall internal control framework for information systems in relation to the processing and recording of financial information is considered key to our internal control assessment.

In this context, it is considered necessary to assess the effectiveness of General Controls over internal control on Information Technology Systems, regarding the processes that support the accounting registration and closing of the Group in collaboration with our internal information systems specialists.

Our audit approach has included the following procedures:

- The evaluation of the most relevant general controls carried out by the Parent Group in key processes. The main procedures carried out have consisted of general control tests on the main applications, reviewing the following:

- Change management.
- Logical access

- IT Systems Operations.

- Review of the existing interfaces between the main applications in the accounting reporting process.
- Analysis of the manual journal entry generation process, and selective testing of extraction and filtering of unusual entries in the financial information systems.

The results of procedures have provided us with sufficient and adequate evidence to consider that our conclusion on these facts as a key matter is appropriate.

Other matter paragraph

The audit firm Forvis Mazars Auditores, S.L.P., by virtue of the contract entered into with the Ministry of Finance, at the proposal of the Comptroller General of the State Administration, has carried out the audit work referred to in the first section. In this work, the Comptroller General of the State Administration has applied the Technical Standard for relations with auditors in the public sector of December 30, 2020.

The Comptroller General of the State Administration has drawn up this report on the basis of the work carried out by the auditing firm Forvis Mazars Auditores, S.L.P.

Likewise, Forvis Mazars Auditores, S.L.P., in accordance with the stipulations of the second additional provision of Law 22/2015, of 20 July, on Auditing, has issued, on April 9, 2025, another auditor's report on the consolidated annual accounts of the Institute and its subsidiaries, applying audit regulations in force in Spain (ISA-ES). This report, intended to meet certain requirements laid down in sectoral regulations, as well as for other commercial or financial reasons, has been issued with the prior authorisation of the Comptroller General of the State Administration, by virtue of the provisions of the collaboration contract.

The auditor's report on the Institute's consolidated annual accounts includes the "Report on other legal and regulatory requirements - Single European Electronic Format", where the auditor expresses an opinion on the digital files examined and whether they correspond in full with the audited annual accounts, which are presented and have been marked up, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Other information

The other information comprises the consolidated management report for the 2024 financial year, the formulation of, which is the responsibility of the Institute's Chairman and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the management report. Our responsibility regarding the management report, in conformity with the audit regulation, consists of:

a) Verifying solely that the non-financial information statement has been provided in the form stipulated in the applicable legislation and, otherwise, reporting that fact.

b) Assessing and reporting the consistency of the other information included in the management report with the consolidated annual accounts, based on the knowledge of the Group obtained by us during the audit of the aforementioned consolidated accounts, as well as reporting whether the content and presentation of this part of the management report are compliant with applicable regulations.

If, based on the work that we have performed, we conclude that a material misstatement exists, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, we have checked that the information referred to in section a) above is provided in the manner stipulated by the applicable regulations, and that the remaining information contained in the management report is consistent with that in the consolidated annual accounts for the 2024 financial year and that its content and presentation are in accordance with applicable regulations.

Management's responsibility for the consolidated annual accounts

The Institute's Chairman is responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the Group's equity, financial position and results, in accordance with the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the management committee is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis, unless the management committee either intends or has a legal obligation to liquidate the Group or cease operations, or has no realistic alternative.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our work did not include audits of the annual accounts of AXIS Participaciones Empresariales Sociedad Gestora de Entidades de Capital Riesgo, S.A., Compañía Española de Reafianzamiento, S.M.E., S.A., and COFIDES, Compañía Española de Financiación del Desarrollo, S.A., investees; whose information is detailed in Appendix I of the consolidated annual accounts, and whose net book value represents 0.10% and 4.10% of the Group's total assets and net results, respectively.

The aforementioned annual accounts have been audited by the audit firm Ernst & Young, S.L., in the case of AXIS Participaciones Empresariales Sociedad Gestora de Entidades de Capital Riesgo, S.A., and by Forvis Mazars Auditores S.L.P., in the case of Compañía Española de Reafianzamiento, S.M.E., S.A., and COFIDES, Compañía Española de Financiación del Desarrollo, S.A., and our opinion expressed in this report on the consolidated annual accounts is based, as regards the shareholding indicated, solely on the report of the other auditors.

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

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

As part of an audit in accordance with audit regulations for the Public Sector in Spain, we exercise our professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of the internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related disclosures made by management.
- Conclude on the appropriateness of the management committee of the audited entity's use of the going concern basis of accounting is appropriate and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report on the related disclosures in the consolidated annual accounts or, if such disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and performing the audit of the Group as outlined at the beginning of this section. We are solely responsible for our audit opinion.

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

From the matters communicated to the Institute's Chairman, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, the key audit matters.

We describe these matters in our auditor's report unless laws or regulations preclude public disclosure about the matter.

This auditor’s report was signed electronically through the CICEP.red application of the Comptroller General of the State Administration by the Audit Director and the Head of the Public Audits Division I of the National Audit Office in Madrid on April 9, 2025.

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INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

Independent Auditor's Report

Consolidated annual accounts and consolidated Management Report for the year ended 31 December 2024

Oficinas en: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

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Free translation of the auditor's report originally issued in Spanish based on our work performed in accordance with audit regulations in force in Spain and of consolidated annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see note 1.2 to the accompanying consolidated annual accounts). In the event of a discrepancy, the Spanish-language version prevails.

Independent Auditor's Report on the Consolidated Annual Accounts

To the General Council of
Instituto de Crédito Oficial

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Instituto de Crédito Oficial (hereinafter, the Parent Company or the Institute) and subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated income statement, consolidated statement of recognised income and expenses, consolidated statement of total changes in equity, consolidated cash flows statement and the consolidated notes thereto for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other provisions of the regulatory financial reporting framework in Spain (identified in note 1.2 to the accompanying consolidated annual accounts) and, in particular, the accounting principles and criteria therein contained.

Basis for opinion

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

We are independent of the Group in accordance with ethical requirements, including those regarding independence, that are relevant to our audit of consolidated annual accounts in Spain pursuant to audit regulations in force. In this regard, we have not provided any services other than the audit of the annual accounts, nor have any situations or circumstances arisen that, under the aforementioned audit regulations, might have affected the required independence in such a way as to compromise our independence.

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

Most relevant audit matters

Most relevant audit matters are those matters that, in our professional judgement, have been assessed as the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Estimate of impairment losses in the loan portfolio and advances

The estimate of impairment for credit risk of Financial Assets at Amortised Cost is one of the most significant estimates made when preparing the accompanying consolidated annual accounts.

In estimating credit risk hedges, Circular 4/2017, of 27 November, and other compulsory standards approved by Bank of Spain are considered.

In general, the Institute estimates an objective impairment evidence when, after initial recognition, there is an event or the combined effect of several events that entail a negative impact on future cash flows of loans and advances granted. The objective impairment evidence is individually determined for debt instruments identified by the Institute as significant, and collectively for the rest. In the collective assessment, the Institute includes groups of debt instruments with similar risk features, indicating the debtors' ability to pay the amounts of principal and interests, the type of instrument, the debtor's sector of activity, the type of guarantee and the ageing of overdue amounts, among others.

The main audit procedures have included, among others, the following:

- Verification of the different internal control policies and procedures established by the Institute, according to applicable regulatory requirements.

- Examination of the different databases used, with a review of the reliability and coherence of data sources used in calculations.

- For tests of detail, we have reviewed, for a sample of individualised loans, their appropriate accounting registration and classification and, where applicable, the corresponding impairment.

- Recalculation of provisions for loans classified as Normal or Normal Watch-list, valued based on alternative solutions established by the abovementioned Bank of Spain Circular.

Valuation criteria used and disclosures related to these items are included on notes 2 and 10 to the accompanying consolidated financial statements.

Information Technology risks

The nature of the Group's activity and the financial reporting process largely depend on Information Systems.

The Information Systems' general internal control framework related to the financial reporting processing and accounting registration is considered key in our internal control assessment.

In this context, we believe it is necessary to evaluate the effectiveness of IT general controls, on processes that support the Group's accounting recording and closing in collaboration with our in-house information systems specialists..

Our audit approach has included the following procedures:

- Assessment of the most relevant general controls performed by the Parent Company in key processes. The main procedures have consisted in general control tests on the main applications, evaluating the following:

- Change management.
- Logical access.
- Information Systems' operations.

- Review of existing interfaces between the main applications in the accounting reporting generation process.

- Analysis of the manual journal entry generation process, and selective testing of extraction and filtering of unusual entries in financial information systems.

Other matters

Article 168 of Law 47/2003 General Budget allocated to the General Intervention Board of the State Administration (IGAE) the audit of the consolidated annual accounts of INSTITUTO DE CRÉDITO OFICIAL, with the consequent issuance of the auditor's report, according to International Audit Standards adapted to the Spanish Public Sector (ISA-ES-SP). Both the contract entered into by Forvis Mazars Auditores S.L.P. and the Ministry of Finance and Public Administration, to collaborate with the IGAE in the performance of the audit of the Group's consolidated annual accounts, and the contract entered into by Forvis Mazars Auditores S.L.P. and INSTITUTO DE CRÉDITO OFICIAL, establishes the issuance of the present auditor's report in application of the regulations on auditing in force in Spain, as established therein.

Other information: Consolidated Management Report

Other information exclusively comprises the consolidated management report for 2024, the formulation of which is the responsibility of the Institute's Chairman and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the management report, in accordance with the requirements set in the audit regulation in force in Spain, consists of the following:

a) Solely assessing that the consolidated non-financial information statement has been provided as established in the applicable regulations and, otherwise, reporting on that fact;

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated annual accounts, based on the Group's knowledge obtained by us during the audit of the aforementioned consolidated annual accounts, as well as assessing and reporting on whether the content and presentation of this part of the consolidated management report are in accordance with applicable regulations. If, based on the work we have performed, we conclude that a material misstatement exists, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information mentioned in the section a) above is provided as established in applicable regulations, and that the remaining information included in the consolidated management report is consistent with that disclosed in the consolidated annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the Institute's Chairman for the consolidated annual accounts

The Institute's Chairman is responsible for the preparation of the accompanying consolidated annual accounts, such that they express the true and fair view of the Group's consolidated equity, consolidated financial position and consolidated financial performance in accordance with the IFRS-EU and other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Institute's Chairman is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis unless the Institute Chairman either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related disclosures made by the Institute's Chairman.

- Conclude on the appropriateness of the use by the Institute's Chairman of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and execute the Group's audit to obtain sufficient appropriate audit evidence regarding the financial information of the Group's entities or business units as basis to form an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the work for the Group audit's purposes. We remain solely responsible for our audit opinion.

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

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

We describe these risks in our auditor's report unless laws or regulation preclude public disclosing about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have analysed the digital files of the European single electronic format (ESEF) of Instituto de Crédito Oficial and subsidiaries of the financial year 2024, which comprise the XHTML file, which includes the consolidated annual accounts of the year, and the XBRL files with the tagging made by the Institute, which will be part of the annual financial report.

The Chairman of Instituto de Crédito Oficial is responsible for presenting the annual financial report of 2024, in accordance with the formatting and marking requirements established in the Delegated Regulation EU 2019/815, of 17 December 2018, of the European Commission (hereinafter, ESEF Regulation).

Our responsibility is to analyse the digital files prepared by the Institute's Chairman, in accordance with audit regulations in force in Spain. Such regulation requires us to plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in said digital files fully corresponds with that of the audited consolidated annual accounts, and whether their formatting and marking and that of the abovementioned files have been made, in all material respects, in agreement with requirements set in the ESEF Regulation.

In our opinion, the analysed digital files fully correspond to the audited consolidated annual accounts, and these are presented and have been marked, in all material respects, in accordance with the requirements set in the ESEF Regulation.

Madrid, 9 April 2025

Forvis Mazars Auditores, S.L.P.
ROAC no. S1189

(signed in the original in Spanish)

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Breogán Porta Macía
ROAC no. 22.151

INSTITUTO DE CRÉDITO OFICIAL
AND SUBSIDIARIES

Consolidated Financial Statements at 31 December 2024 and Consolidated Management Report for the 2024 financial year

Free translation of consolidated annual accounts originally issued in Spanish.
In the event of a discrepancy, the Spanish language version prevails.

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2024 AND 2023
(Expressed in thousands of euros)

ASSETS	2024	2023
Cash, balances with central banks and other demand deposits (Note 6)	**2 684 929**	**2 158 748**
Financial assets held for trading (Note 7)	**15 448**	**24 197**
Derivatives	15 448	24 197
Memorandum item: Loaned or pledged as collateral	-	-
Non-trading financial assets mandatorily measured at fair value, through profit or loss (Note 8)	**-**	**-**
Financial assets at fair value, through other comprehensive income (Note 9)	**3 337 302**	**1 624 558**
Equity instruments	1 933 852	1 533 557
Debt securities	1 403 450	91 001
Loans and advances		
Memorandum item: Loaned or pledged as collateral		
Financial assets at amortised cost (Note 10)	**30 804 340**	**27 204 578**
Debt securities	7 429 279	6 302 584
Loans and advances	23 375 061	20 901 994
Credit institutions	10 477 256	8 300 598
Clientèle	12 897 805	12 601 396
Memorandum item: Loaned or pledged as collateral		
Derivatives – hedge accounting (Note 11)	**354 479**	**302 772**
Investments in joint ventures and associates (Note 12)	**94 383**	**89 486**
Joint Ventures	-	-
Associates	94 383	89 486
Tangible assets (Note 13)	**81 337**	**82 291**
Tangible assets		
For own use	81 337	82 291
Memorandum item: Acquired under lease	-	-
Intangible assets (Note 14)	**12 516**	**8 340**
Other intangible assets	12 516	8 340
Tax assets (Note 15)	**401 907**	**171 206**
Current tax assets	877	22 236
Deferred tax assets	401 030	148 970
Other assets (Note 16)	**31 320**	**23 127**
Other assets	**31 320**	23 127
Non-current assets and disposal groups classified as held for sale (Note 17)		**-**
TOTAL ASSETS	**37 817 961**	**31 689 303**

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2024 AND 2023
(Expressed in thousands of euros)

LIABILITIES	2024	2023
Financial liabilities held for trading (Note 7)	**14 723**	**23 610**
Derivatives	14 723	23 610
Financial liabilities designated at fair value, through profit or loss	**-**	**-**
Financial liabilities at amortised cost (Note 18)	**30 018 193**	**23 492 409**
Deposits	7 854 371	6 457 514
Central Banks	-	327 075
Credit institutions	7 285 837	5 722 623
Clientele	568 534	407 816
Debt securities issued	21 865 199	16 920 632
Other financial liabilities	298 623	114 263
Derivatives – hedge accounting (Note 11)	**1 201 481**	**583 796**
Provisions (Note 19)	**862 957**	**1 581 740**
Pensions and other defined benefit retirement obligations	910	836
Procedural issues and pending tax litigation	-	-
Commitments and guarantees given	60 204	50 579
Remaining provisions	801 843	1 530 325
Tax liabilities (Note 15)	**183 311**	**174 420**
Current tax liabilities	3 971	1 439
Deferred tax liabilities	179 340	172 981
Other liabilities (Note 16)	**54 556**	**57 257**
TOTAL LIABILITIES	**32 335 221**	**25 913 232**
NET EQUITY		
Capital and reserves (Note 20)	**5 836 355**	**5 585 418**
Paid-in capital	4 314 901	4 314 901
Retained earnings	-	-
Revaluation reserves	16 305	17 216
Other reserves	1 255 101	1 001 036
Profit attributable to owners of the parent	250 048	252 265
Less: Interim dividends	-	-
Other accumulated comprehensive income (Note 21)	**(353 615)**	**190 653**
Items not to be reclassified to profit or loss	371 765	365 729
Changes in fair value of equity instruments at FV through other comprehensive income	371 765	365 729
Items that can be reclassified to profit or loss	(725 380)	(175 076)
Hedging derivatives. Cash flow hedge reserve	(734 902)	(175 795)
Changes in fair value of debt instruments at FV through other comprehensive income	9 522	719
TOTAL NET EQUITY	**5 482 740**	**5 776 071**
TOTAL EQUITY AND LIABILITIES	**37 817 961**	**31 689 303**

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2024 AND 2023
(Expressed in thousands of euros)

MEMORANDUM ITEM	2024	2023
Financial guarantees granted (Note 22)	749 994	553 986
Other commitments granted (Note 22)	4 861 883	4 286 994

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

	2024	2023
Interest income (Note 24)	**1 320 078**	**1 003 522**
Interest expense (Note 25)	**(1 063 516)**	**(712 032)**
NET INTEREST INCOME	**256 562**	**291 490**
Dividend income (Note 26)	**172**	**107**
Income from companies carried by the equity method (Note 27)	**4 739**	**4 791**
Commissions income (Note 28)	**75 604**	**75 474**
Commissions expense (Note 28)	**(7 324)**	**(9 467)**
Gains or (losses) from derecognition of financial assets and liabilities not measured at fair value, through profit or loss, net (Note 29)	**(1 535)**	**(21 446)**
Financial assets at fair value, through other comprehensive income	-	(20 946)
Financial assets at amortised cost	(1 535)	(500)
Other financial assets and liabilities	-	-
Gains or (losses) on financial assets and liabilities held for trading, net (Note 30)	**(818)**	**940**
Gains or (losses) from assets and liabilities measured at fair value, through profit or loss, net (Note 31)	**-**	**-**
Gains or (losses) resulting from hedge accounting, net (Note 32)	**45 580**	**45 568**
Net exchange differences (Note 2.4)	**6 300**	**(3 744)**
Other operating income and expenses (Note 33)	**1 063**	**1 092**
Administration costs	**(52 452)**	**(47 843)**
Staff costs (Note 34)	(29 712)	(26 977)
Other administrative expenses (Note 35)	(22 740)	(20 866)
Amortisation	**(5 044)**	**(4 653)**
Tangible assets (Note 13)	(2 186)	(2 268)
Intangible assets (Note 14)	(2 858)	(2 385)
Provisions or reversal of provisions (Note 19)	**(9 646)**	**9 138**
Impairment (or reverse impairment) of financial assets not measured at fair value through profit and loss or net gains or losses upon adjustment	**36 391**	**12 777**
Financial assets at fair value, through other comprehensive income (Note 9)	(20)	1 270
Financial assets at amortised cost (Note 10)	36 411	11 507
Impairment (or reverse impairment) on non-financial assets, net	**(81)**	**(4)**
Goodwill and other intangible assets (Note 14)	-	
Other assets (Note 17)	(81)	(4)
Profit (loss) on derecognition of non-financial assets, net	**-**	**-**
Gains or (losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (Note 17)	**66**	**2 764**
PRE-TAX PROFIT OR (LOSS) FROM CONTINUING OPERATIONS	**349 577**	**356 984**
Income tax expense (income) on going concerns (Note 23)	**(99 529)**	**(104 719)**
AFTER-TAX PROFIT OR (LOSS) FROM CONTINUING OPERATIONS	**250 048**	**252 265**
AFTER-TAX PROFIT OR (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**-**
CONSOLIDATED INCOME FOR THE YEAR	**250 048**	**252 265**
Income attributable to the parent company	250 048	252 265
Memorandum item: GROSS MARGIN	380 343	384,805

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

	2024	2023
Balance for the year	**250 048**	**252 265**
Other comprehensive income	**(544 268)**	**62 026**
Items not to be reclassified to profit or loss	**6 036**	**16 094**
Changes in fair value of equity instruments measured at fair value, through other comprehensive income (Note 21)	8 623	22 991
Hedge accounting gains or losses		
Income tax on items that will not be reclassified	(2 587)	(6 897)
Items that can be reclassified to profit or loss	**(550 304)**	**45 932**
Cash flow hedges, effective portion (Note 21)	(798 724)	24 143
Debt instruments at fair value through other comprehensive income (Note 21)	12 576	41 474
Income tax on items that can be reclassified to profit or loss	235 844	(19 685)
Total comprehensive income for the year	**(294 220)**	**314 291**
Attributable to the owners of the parent	(294 220)	314 291

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

At 31 December 2024	OWN FUNDS											
			RESERVES									
	Capital / Endowment fund	Share premium	Accumulated Reserves (Losses)	Reserves (Losses) of entities carried by the equity method	Other equity instruments	Less: Proprietary securities	Income for the year attributable to the parent company	Less: dividends and remuneration	Total Own Funds	Other accumulated comprehensive income	Minority Interests	Total Net Equity
Closing balance at 31 December 2023	**4 314 901**		**988 718**	**29 534**			**252 265**		**5 585 418**	**190 653**		**5 776 071**
Total income and expenditure recognised	-						250 048		250 048	(544 268)		(294 220)
Other variations in net equity:	**-**	**-**	**248 079**	**5 075**			**(252 265)**		**889**	**-**		**889**
Capital increases / endowment fund												
Capital reductions												
Transfers between net equity items												
Other increases or (decreases) net equity			248 079	5 075			(252 265)		889			889
Closing balance at 31 December 2024	**4 314 901**	**-**	**1 236 797**	**34 609**			**250 048**		**5 836 355**	**(353 615)**	**-**	**5 482 740**

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

At 31 December 2023	OWN FUNDS											
			RESERVES									
	Capital / Endowment fund	Share premium	Accumulated Reserves (Losses)	Reserves (Losses) of entities carried by the equity method	Other equity instruments	Less: Proprietary securities	Income for the year attributable to the parent company	Less: dividends and remuneration	Total Own Funds	Other accumulated comprehensive income	Minority Interests	Total Net Equity
Closing balance at 31 December 2022	**4 314 687**		**973 102**	**25 770**			**146 832**		**5 460 391**	**128 627**		**5 589 018**
Total income and expenditure recognised							252 265		252 265	62 026		314 291
Other variations in net equity:	**214**		**15 616**	**3 764**			**(146 832)**		**(127 238)**	**-**		**(127 238)**
Capital increases / endowment fund	214								214			214
Capital reductions												
Transfers between net equity items												
Other increases or (decreases) in net equity			15 616	3 764			(146 832)		(127 452)			(127 452)
Closing balance at 31 December 2023	**4 314 901**		**988 718**	**29 534**			**252 265**		**5 585 418**	**190 653**		**5 776 071**

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

	2024	2023
A. CASH FLOWS FROM OPERATING ACTIVITIES	**534 439**	**(473 359)**
1. Consolidated income for the year	**250 048**	**252 265**
2. Adjustments to obtain cash flows from operating activities	**(64 927)**	**86 545**
Amortisation	5 044	4 653
Other adjustments	(69 971)	81 892
3. Net increase/(decrease) in operating assets	**(5 550 378)**	**(2 367 005)**
Financial assets held for trading	7 930	6 440
Other financial assets at fair value, through profit or loss	-	-
Financial assets at fair value, through other comprehensive income	(1 697 905)	835 633
Financial assets at amortised cost (2019)	(3 564 906)	(3 337 908)
Other operating assets	(295 497)	128 830
4. Net increase/(decrease) in operating liabilities	**5 959 752**	**1 581 590**
Financial liabilities held for trading	(8 887)	(6 104)
Other financial liabilities at fair value, through profit or loss	-	-
Financial liabilities at amortised cost	6 525 783	1 858 370
Other operating liabilities	(557 144)	(270 676)
5. Income tax receivables/(payables)	**(60 056)**	**(26 754)**
B. CASH FLOWS FROM INVESTING ACTIVITIES	**(8 258)**	**(5 597)**
6. (Payables)	**(8 264)**	**(6 395)**
Tangible assets (Note 13)	(1 239)	-
Intangible assets (Note 14)	(7 025)	(1 474)
Investments in subsidiaries and associates (Note 12)	-	(4 921)
Non-current assets and associated liabilities held for sale (Note 17)		-
Other payables related to investment activities		-
7. Receivables	**6**	**798**
Tangible assets (Note 13)	6	798
Intangible assets (Note 14)	-	-
Holdings (Note 12)	-	-
Non-current assets and associated liabilities held for sale (Note 17)	-	-
Debt securities at amortised cost (Note 10.1)	-	-
Other payables related to investing activities	-	-

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2024 AND 2023

(Expressed in thousands of euros)

	2024	2023
C. CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**215**
8. (Payables)	**-**	**-**
Dividends	-	-
Subordinated liabilities	-	-
Amortisation of equity instruments	-	-
Acquisition of equity instruments	-	-
Other payables related to financing activities		
9. Receivables	**-**	**215**
Subordinated liabilities	-	-
Issuance of equity instruments	-	-
Disposal of equity instruments	-	-
Other receivables related to financing activities (Note 20)	-	215
D. EFFECT OF EXCHANGE RATE CHANGES		
E. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**526 181**	**(478 741)**
F. CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**2 158 748**	**2 637 489**
G. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**2 684 929**	**2 158 748**
MEMORANDUM ITEM		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash (Note 6)	**7**	**7**
Cash equivalents at central banks (Note 6)	**2 664 864**	**2 123 983**
Other financial assets (Note 6)	**20 058**	**34 758**
Less: bank overdrafts repayable on demand	-	-

INSTITUTO DE CRÉDITO OFICIAL
AND SUBSIDIARIES

Consolidated Notes to the Financial Statements for the financial year ended 31 December 2024

1. INTRODUCTION, BASIS OF PRESENTATION AND OTHER INFORMATION

1.1 Introduction

Instituto de Crédito Oficial, E.P.E. (the Institute or ICO), created by Law 13/1971 on the Official Credit System and Organisation, was regulated, until the publication of Royal Decree-Law 12/1995 on urgent budgetary, tax and financial measures, by the provisions of Article 127 of Law 33/1987 on the General State Budget for 1988 and certain non-repealed provisions of the aforementioned Law 13/1971.

The registered offices of the Institute are located at Paseo del Prado, 4, in Madrid, Spain, where it carries out all its activities, having no network of offices.

The Institute is a public business entity as provided for in Article 103 of Law 40/2015, on the Public Sector Legal System, attached to the Ministry of Economy, Trade and Enterprise, through the Secretary of State for Economy and Business Support; in legal terms, it is a credit institution and is considered a State Financial Agency, with its own legal personality, assets and treasury, as well as management autonomy for the fulfilment of its purposes.

The Secretary of State for the Economy and Business Support is responsible for the strategic direction of the Institute, as well as for evaluating and monitoring the results of its activities.

The Institute is governed by the provisions of the aforementioned Law 40/2015, on the Public Sector Legal System; by the Sixth Additional Provision of Royal Decree Law 12/1995, on urgent budgetary, tax and financial measures; by the applicable provisions of General Budgetary Law 47/2003; by its Articles of Association, approved by Royal Decree 706/1999, adapting Instituto de Crédito Oficial to Law 6/1997 of 14 April and approving its Articles of Association; and, where not provided for in the above regulations, by the special rules governing credit institutions and the general rules of private civil, commercial and labour law.

With regard to Corporate Governance, in addition to the aforementioned Law 40/2015, the provisions of Royal Decree 1149/2015 of 18 December apply to the Institute. Since its entry into force, its General Council is made up of the Chair and ten Members (nine up to that point), who are appointed through the application of objective selection criteria, such as prestige and qualifications, with incompatibilities being regulated and for a period of three years, extendable for a further three years (once only). Independent Directors have a double vote when dealing with financial business matters and will therefore form a majority on the ICO General Council . The appointment and dismissal of the members is the responsibility of the Council of Ministers, at the proposal of the Minister of Economy, Trade and Enterprise.

The requirements for appointment as an independent director include: recognised commercial and professional integrity, appropriate knowledge and experience, no potential ongoing conflicts of interest, and no activities for their own account or for the account of others that are in effective competition with ICO. It is also required not to be linked to credit institutions, financial credit institutions, investment services companies, collective investment undertakings and venture capital companies, nor to their subsidiaries, groups to which these belong or associations.

The members of the General Council shall perform their duties in the interests of ICO at all times, and shall keep secret any confidential information, data, reports or background information to which they have had access in the performance of their duties, even after they have ceased to hold office. Their term may be terminated by resignation accepted by the Minister of Economy, Trade and Enterprise, by expiry of their term of office in the case of independent members, or by resignation in the case of members from the public sector. The supervening lack of suitability in the case of independent directors shall also be grounds for removal, as well as for serious breach of the confidentiality duties or incurring in conflict of interest.

The purposes of the Institute are the support and promotion of economic activities that contribute to the growth and improvement of the distribution of national wealth and, in particular, those activities that, due to their social, cultural, innovative or ecological importance, deserve to be encouraged.

In order to achieve these aims, the Institute shall comply with its principles to operate in full compliance with the principles of financial equilibrium and the adequacy of means and ends.

In addition, the Institute's functions are to:

a) Contribute to alleviating the economic effects produced by situations of serious economic crisis, natural catastrophes or other similar events, in accordance with the instructions received for this purpose from the Council of Ministers or the Government Delegate Commission for Economic Affairs.

b) Act as an instrument for the implementation of certain economic policy measures, following the fundamental lines established by the Council of Ministers or the Government Delegate Commission for Economic Affairs, or the Minister of Economy, Trade and Enterprise, subject to the rules and decisions adopted in this respect by its General Council.

Within the framework of these purposes and functions are the following types of operations:

1. Direct activity and mediation, modalities that have a wide range of financing and guarantee products whereby ICO contributes to promoting viable business projects, favouring the companies' growth, their long-term investments and their international activity, with the aim of fostering sustainable growth, job creation and wealth distribution.

2. Reciprocal Interest Adjustment Contract (hereinafter CARI, for its Spanish initials). This export backing system ensures a return to the member financial institution, domestic or foreign, which adheres to it. The Institute acts in these operations as a mere intermediary, passing on its management costs to the State, in accordance with the provisions of the General State Budget Law for each financial year.

   The net result of interest adjustments with member banks is periodically offset or credited to the Institute by the State, depending on whether the result is a debit or a credit, respectively.

3. Development Promotion Fund (hereinafter FONPRODE). It was created in 2010, under Law 36/2010, its activity consists of providing credit for development projects and programmes, on a state-to-state basis, in less developed countries. The Institute acts as an agent of the Government and the implementation, administration and accounting of these operations is conducted separately from its other operations, in separate accounts from the Institute, with ICO receiving, in accordance with the General State Budget Law for each financial year, the costs for managing these operations. In December 2010, this Fund absorbed the Microcredit Fund, also managed by the Institute since 1998 until its integration into FONPRODE.

4. Fund for the Internationalisation of Enterprises (hereinafter, FIEM). It was created in 2010, in accordance with Law 11/2010, its activity consists of repayable project financing, on concessional or market terms, linked to the acquisition of Spanish goods and services or to the execution of Spanish investment projects or projects of national interest. The Institute also acts as an agent of the Government and the instrumentation, administration and accounting of these operations is conducted separately from its other operations, in separate accounts from the Institute, with ICO receiving, in accordance with the General State Budget Law for each financial year, the costs for managing these operations.

5. Water and Sanitation Cooperation Fund, created through the Sixty-first Additional Provision of

Law 51/2007 of 26 December, on the 2008 General State Budget, to finance projects in the areas of water and sanitation, under a co-financing system with the national authorities of Latin American countries which are priorities for Spanish cooperation.

6. Local Entity Financing Fund, created through Royal Decree Law 17/2014 of 26 December, on measures for the financial sustainability of Autonomous Communities, Local Entities and other economic measures, with the aim of guaranteeing the financial sustainability of the member municipalities, by meeting their financial needs. The assets of this Fund are funded by the proceeds from the settlement of the Supplier Payment Financing Mechanism (created by Royal Decrees 4/2012 and 7/2012), in the portion corresponding to Local Entities, to which it succeeds in all its rights and obligations, taking effect at 1 January 2015. ICO acts as the operations manager, without these operations forming part of its accounts. For this activity, the Institute receives the corresponding management fee.

7. Autonomous Community Financing Fund, created by Royal Decree Law 17/2014 of 26 December, on measures for the financial sustainability of Autonomous Communities and Local Entities and other economic measures, with the aim of guaranteeing the financial sustainability of the member Autonomous Communities. The assets of this Fund are funded by the proceeds from the settlement of the Autonomous Community Liquidity Fund (created by Royal Decree 21/2012), to which it succeeds in all its rights and obligations, taking effect at 1 January 2015. Also included in its assets is the portion of the Supplier Payment Financing Mechanism that corresponds to the Autonomous Communities. ICO acts as the operations manager, without these operations forming part of its accounts. For this activity, the Institute receives the corresponding management fee.

8. ICO COVID-19 guarantee facilities, established and regulated by RD Law 8/2020 of 17 March 2020, RD Law 25/2020 of 3 July 2020, RD Law 11/2020 of 31 March, RD Law 34/2020 of 17 November, and RD Law 5/2021 of 12 March. These regulations, implemented through the corresponding Council of Ministers' Agreements, approved the establishment of several State guarantee facilities, subject to EU State aid regulations, amounting to more than EUR 140 billion, with the aim of facilitating the maintenance of employment and alleviating the economic effects of the COVID-19 health crisis. Guarantees were issued for the financing granted by financial institutions to facilitate access to credit and liquidity for companies and the self-employed (liquidity guarantee facility), as well as to meet the financial needs arising from new investments (investment guarantee facility). In the same way, specific tranches were made available in which guarantees are established for promissory note issues by companies in the Alternative Fixed Income Market (MARF for its Spanish initials). These guarantees have a maximum term of 10 years. Finally, a guarantee facility intended for tenants was also envisaged, in the form of liquidity loans guaranteed and subsidised by the State, in order to help households in renting their primary residence. The Council of Ministers Agreement (CMA) of 21 June 2022 enabled the possibility of extending the maturity of the guarantees managed on behalf of the State in liquidity and investment facilities for the entire life of the operations. In this activity, ICO acts in the name and on behalf of the State, performing management and administration functions for which the Institute earns the corresponding fees, which are recorded as income in the profit and loss account.

9. UKRAINE Guarantee facility. This facility is included in the Response Plan to Russia's war in Ukraine and is endowed with up to EUR 10 billion. The facility is subject to EU state aid rules and is regulated by RD Law 6/22 of 19 March and, regarding the tranches managed by ICO, by the CMA of 10 May 2022 (subsequently amended by the CMA of 11 October 2022), and by the CMA of 22 November 2022, the CMA of 27 December 2022 and the CMA of 5 December 2023, subsequently amended by the CMA of 27 December 2023. In this activity, ICO also acts in the name and on behalf of the State, performing management and administration functions for which the Institute earns the corresponding fees, which are

recorded as income in the profit and loss account.

10. FIRST HOME guarantee facility for the purchase of the first home for young people under 35 years of age and families with dependent minors. By Council of Ministers Agreement of 9 May 2023, the Ministry of Housing and Urban Agenda (MIVAU) and ICO were urged to create a guarantee facility for the partial coverage on behalf of the State of the financing for the purchase of the first home intended for primary and permanent residence by young people and families with dependent minors. Royal Decree-Law 5/2023 of 28 June approved the implementation of the guarantee facility for the partial coverage on behalf of the State of the financing for the purchase of the first home intended for primary and permanent residence by young people and families with dependent minors. The subsequent Council of Ministers Agreement of 13 February 2024 established the terms and conditions of the guaranteed operations. Finally, by the Council of Ministers Agreement of 9 April 2024, the MIVAU, through the General Secretariat of the Urban Agenda, Housing and Architecture, was authorised to sign an agreement with ICO for the management of the aforementioned guarantee facility. The agreement was signed by the parties on 23 April 2024 and published in the State Bulletin (BOE) on 7 May 2024. In this activity, ICO also acts in the name and on behalf of the State, performing management and administration functions for which the Institute earns the corresponding fees, which are recorded as income in the profit and loss account.

11. RESIDENTIAL BUILDING REHABILITATION Guarantee Facility. Law 10/2022, of 14 June, on urgent measures to drive building renovation in the context of the PRTR (Recovery, Transformation and Resilience Plan), regulates a series of measures for renovating and improving the existing housing stock, including the approval of a guarantee facility for partial coverage by the State of the financing of refurbishment works that contribute to improved energy efficiency. For its part, the Council of Ministers Agreement of 11 July 2022 establishes the applicable conditions, criteria and requirements of the guarantee facility for the partial coverage, on behalf of the State, of the financing of refurbishment works that contribute to the improved energy efficiency. At 14 November 2022, MITMA (now MIVAU) signed an agreement with ICO, published in the BOE on 21 February 2023, so that ICO, acting in the name and on behalf of the aforementioned body, would make available to financial institutions a financing and guarantee facility in accordance with the conditions set out in the aforementioned agreement of 11 July 2022. During 2024, financial institutions have started marketing the financing product and, consequently, the granting of guarantees through ICO. In this activity, ICO also acts in the name and on behalf of the State, performing management and administration functions for which the Institute earns the corresponding fees, which are recorded as income in the profit and loss account.

12. DANA Guarantee Facility. As a response to the serious situation caused by the Valencia flash flooding (DANA), the Council of Ministers, at its meeting of 5 November 2024, approved Royal Decree-Law 6/2024 adopting urgent measures to respond to the damage caused by the flooding in different municipalities between 28 October and 4 November 2024. Subsequently, at the meeting of the Council of Ministers on 11 November 2024, Royal Decree-Law 7/2024 was approved, adopting urgent measures to promote the Immediate Response, Reconstruction and Relaunching Plan in response to the damage caused by the flash flooding, amending some aspects previously regulated in RDL 6/2024. At its meeting on 28 November 2024, the Council of Ministers approved, by means of Royal Decree-Law 8/2024, a set of new measures aimed at reactivating the economy of the areas affected by the flood waters. This package of measures aims to mitigate the material damage suffered, promote economic recovery and facilitate the reactivation of business activity in the affected areas. On 11 November 2024 the Council of Ministers approved the terms and conditions of a first tranche of the ICO guarantee facility, for an amount of up to EUR 1 billion, aimed at backing up to 80% of the main lending operations granted by financial institutions to households, companies and the self-employed. Subsequently, the Council of Ministers, at its meeting on 28 November

2024, adopted an agreement allowing a second tranche of up to EUR 240 million to be made available with interest subsidies from the State. In this activity, ICO also acts in the name and on behalf of the State, performing management and administration functions for which the Institute earns the corresponding fees, which are recorded as income in the profit and loss account.

13. European Union Recovery, Transformation and Resilience Plan (RTRP). The Council of Ministers of 27 February 2024 approved an agreement establishing the general conditions for the implementation of five facilities under the loans of the addendum to the Recovery Plan, amounting to EUR 40 billion, and instructing Instituto de Crédito Oficial to manage them.

By subsequent Agreement of the Council of Ministers of 28 November 2024, the Agreement of 27 February 2024 was amended and the Sociedad Española para la Transformación Tecnológica, EPE (SETT [Spanish Society for the Technological Transformation]) was entrusted with the deployment of the Next Tech Fund, shared with the ICO and AXIS, and the Spain Audiovisual Hub Fund was removed from the list of facilities managed by the ICO group.

The four facilities to be managed by the ICO will be used to finance investment projects that favour the dual green and digital transition of companies, strengthening their competitiveness. Specific facilities will also be put in place to boost the audiovisual sector and disruptive technologies, as well as to increase the stock of public social rental housing.

The initiatives in which the Institute will eventually participate as an implementing entity are the following:

- ICO-Verde Facility [Green]. The decision-making body is the Ministry of Economy, Commerce and Business, through the State Secretariat for the Economy and Business Affairs. EUR 22 billion will be earmarked to facilitate loans to households and private and public companies, which may be used, among other purposes, to develop sustainable transport projects, energy efficiency, renewable energy, the industry decarbonisation, water management, circular economy and adaptation to climate change.

- ICO-Empresas y Emprendedores Facility [Business and Entrepreneurs]. The decision-making body is the Ministry of Economy, Commerce and Business, through the State Secretariat for the Economy and Business Affairs. Endowed with EUR 8.15 billion to finance the growth and resilience of companies, especially SMEs. As part of this facility, the tourism industry will have a EUR 1 billion tranche for projects aimed at developing new products or services, new organisational or innovation processes that improve efficiency, as well as investments aimed at increasing the category of the establishment and improving the sustainability of the property.

- ICO-Vivienda Facility [Housing]. The decision-making body is the Ministry of Housing and Urban Agenda (MIVAU) through the Secretary of State for Housing and Urban Agenda. This line will be endowed with EUR 4 billion earmarked for the financing projects aimed at increasing the stock of social rentals or affordable housing, as well as to improve the existing stock of social housing.

- Next-Tech Fund. The decision-making body is the Ministry for the Digital Transformation and the Civil Service. Fund endowed with EUR 4 billion aimed at continuing to facilitate the growth of Spanish start-ups in disruptive technologies, promoting innovation and digitisation. In accordance with the contents of the Council of Ministers Agreement of 28 November 2024, this facility will be implemented jointly by SETT, ICO and AXIS.

The provisions of the Council of Ministers Agreement of 27 February 2024 will be implemented

by means of agreements with the decision-making entities, regulating the conditions and procedures to be applied in the granting of funding to final recipients and financial intermediaries and guaranteeing compliance with the milestones and objectives associated with each investment.

- On 24 June 2024, the Ministry of Economy, Trade and Enterprise and ICO signed the agreement that regulates the conditions of the *ICO-Green* and *ICO-Businesses and Entrepreneurs* facilities, activating the deployment of EUR 30.15 billion of the Recovery Plan loans with which these programmes are endowed.

- On 29 July 2024, the agreement between ICO and the MIVAU was signed for the implementation of the *ICO Vivienda* facility, which launches EUR 4 billion in loans to public and private developers for projects aimed at increasing the stock of social rental or energy-efficient affordable housing through new construction or refurbishment, and which also includes financing for land or building purchases.

  On 30 December 2024, ICO and MIVAU signed an addendum to the agreement signed on 29 July in order to clarify the content of certain clauses and to include some aspects not regulated in the initial version of the agreement.

With the exception of the direct and mediation activity, which is included in the Institute's accounts as the Group's parent company, the rest of its functions are public fund management operations that ICO performs as the State Finance Agency, which are therefore not included in the Group's accounts, in accordance with the regulations applicable to each (except for the fees that the Group receives for these functions, which are included in the accompanying consolidated profit and loss account).

1.2 Basis of presentation of the consolidated financial statements

The Group presents its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter, EU-IFRS), taking into account the accounting principles and standards set out in Bank of Spain Circular 4/2017 of 27 November (hereinafter, Circular 4/2017) on public and confidential financial reporting standards and financial statement formats. The aforementioned Circular 4/2017 must be applied to the individual financial statements of Spanish credit institutions.

Accordingly, the accompanying consolidated financial statements have been prepared on the basis of the accounting records of the Group Entities and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and Bank of Spain Circular 4/2017, as subsequently amended, and with the Spanish Commercial Code, the Spanish Capital Companies Act or other applicable Spanish legislation, so that they give a true and fair view of the consolidated equity and consolidated financial position of the Group at 31 December 2023 and of the results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended.

The information contained in these consolidated financial statements for the financial year 2023 is presented solely and exclusively for comparative purposes with the information relating to the financial year 2024 and, therefore, does not constitute the Group's consolidated financial statements for the financial year 2023.

Note 2 summarises the significant accounting policies and measurement bases applied in preparing the Group's financial statements for the year ended 31 December 2024.

Main regulatory changes in the period from 1 January to 31 December 2024

Bank of Spain Circular 1/2024 of 26 January

This rule sets out the information to be sent to the Bank of Spain on the capital structure and equity shares of credit institutions. The rule has had no significant impact on ICO.

There are no accounting principles and rules or mandatory measurement bases which, although their effect is significant, have not been applied in the preparation of these consolidated financial statements. A summary of the most significant accounting principles and rules and measurement bases applied in these consolidated financial statements is included in Note 2. The information contained in these consolidated financial statements is the responsibility of the Chairman of the Group's Parent Company.

The consolidated financial statements of the Group for the 2024 financial year have been prepared by the Chairman of the Group's Parent Company on 27 March 2025 and are pending approval by the General Council of the Institute, the Group's parent company, which is expected to approve them without material changes. Unless otherwise stated, these consolidated financial statements are presented in thousands of euros.

1.3 Responsibility for the information and estimates made.

The information contained in the Group's consolidated financial statements for the year ended 31 December 2024 and the accompanying consolidated notes to the financial statements is the responsibility of the Chairman of the Institute. In preparing these financial statements, estimates made by the Group have occasionally been used to quantify certain assets, liabilities, income, expenses and commitments which have been reported herein. Basically, these estimates refer to:

- Impairment losses on certain assets (Note 2.7).
- The assumptions used in the actuarial calculation of post-employment benefit liabilities and commitments and other long-term commitments to employees (Note 2.10.2).
- The useful life of tangible and intangible assets (Notes 2.12 and 2.13).
- Losses on future obligations arising from contingent commitments granted (Note 2.14).
- The fair value of certain non-traded assets (Note 2.2.3).
- Recoverability of tax assets (Note 2.11).

Although these estimates were made on the basis of the best information available at 31 December 2024 on the events analysed, it is possible that future events may make it necessary to significantly adjust these estimates (upwards or downwards) in future periods; this would be done prospectively by recognising the effects of the change in estimate in the corresponding consolidated profit and loss account for the affected periods.

1.4 Transfer of assets and liabilities of the defunct Argentaria

The defunct entities Argentaria, Caja Postal and Banco Hipotecario, S.A., were the result of the merger of Corporación Bancaria de España, S.A., Banco Exterior de España, S.A. (BEX), Caja Postal, S.A. and Banco Hipotecario de España, S.A. (BHE), as recorded in the public deed of merger dated 30 September 1998. Banco de Crédito Agrícola, S.A. (BCA) had been previously absorbed by Caja Postal, S.A. and Banco de Crédito Local de España, S.A. (BCL), also belonging to the former entity,

retains its own legal personality.

Pursuant to the terms of the Council of Ministers Agreement of 15 January 1993, at 31 December 1992 the Institute acquired the assets and liabilities of BCL, BHE, BCA and BEX arising from economic policy operations guaranteed by the State or the Institute itself, in particular loans and guarantees to companies undergoing restructuring (under the legislation on restructuring and reindustrialisation), exceptional loans to flood victims, loans granted by these institutions prior to their incorporation as public limited companies, and other assets, rights and shares in companies.

Furthermore, on 25 March 1993, a contract was signed with the banks concerned for the management of the assets and liabilities transferred, including their administration and proper accounting in accordance with the banking regulations in force.

In January 2019, the management, administration and accounting of the transferred assets and liabilities was taken over by the Institute. At 31 December 2024, the balance of net assets was EUR 3,000 and the amount of revenue generated in the year was EUR 157,000 (EUR 8,000 in net assets and EUR 109,000 in earnings at 31 December 2023).

1.5 Presentation of individual financial statements

Pursuant to Article 42 of the Commercial Code, the Institute has prepared, on the same date as these consolidated financial statements, the individual financial statements, which have been prepared in accordance with the same accounting principles and rules and valuation criteria applied in the Group's consolidated financial statements. The effect of consolidation on the accompanying balance sheet at 31 December 2024 and 2023, profit and loss account, statement of changes in total equity, statement of recognised income and expense and cash flow statement for 2024 and 2023 is as follows:

	Thousands of euros			
	2024		2023	
	Individual	Consolidated	Individual	Consolidated
Asset	37 780 225	37 817 961	31 656 823	31 689 303
Net worth	5 384 596	5 482 740	5 689 068	5 776 071
Balance for the year	239 796	250 048	240 215	252 265
Total income and expenses recognised in equity	(304 472)	(294 220)	302 241	314 291
Net increase / (Decrease) in cash or cash equivalents	525 856	526 181	(478 455)	(478 741)

1.6 Environmental impact and greenhouse gas emission allowances

The Group's global operations are governed by laws relating to the protection of the environment (Environmental Laws). The Institute considers that the Group is in material compliance with such Laws and that it maintains procedures designed to ensure and promote compliance.

The Institute considers that the Group has taken appropriate measures to protect and improve the environment and to minimise, where necessary, its environmental impact, in compliance with the relevant regulations in force. During 2024 and 2023, the Group has not made any significant environmental investments and has not considered it necessary to recognise any provision for environmental risks and charges, nor does it consider that there are any significant contingencies relating to the protection and improvement of the environment. In addition, the Institute has not held any greenhouse gas emission allowances.

1.7 Minimum coefficients

1.7.1 Minimum Capital Requirements Coefficient

On 22 May 2008, the Bank of Spain issued Circular 3/2008 on the determination and control of minimum capital requirements. The aforementioned Circular was the final implementation, in terms of

credit institutions, of the legislation on capital requirements and supervision on a consolidated basis of financial institutions enacted upon Law 36/2007 of 16 November, which amended Law 13/1985 of 25 May, on the investment ratio, capital requirements and disclosure obligations of financial intermediaries and other financial system regulations, and which also includes Royal Decree 216/2008 of 15 February, on the capital requirements of financial institutions. This completed the process of adapting Spanish legislation on credit institutions to EU Directives 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (consolidation) and 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (consolidation). The two above-mentioned Directives thoroughly revised, following the equivalent Accord adopted by the Basel Committee on Banking Supervision (known as Basel II), the minimum capital requirements for credit institutions and their consolidable groups.

Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions replaced, at 1 January 2014, the previous legal body of prudential banking regulation (Law 13/1985 of 25 May and Bank of Spain Circular 3/2008). Prior to this,the European Union transposed the Basel III agreements of December 2010 into its legal system through Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, whose transposition into Spanish law began with Royal Decree-Law 14/2013 of 29 November, on urgent measures for the adaptation of Spanish law to European Union regulations on the supervision and solvency of financial institutions.

The main purpose of Law 10/2014 of 26 June, was to adapt the Spanish legal system to the imposed international and European Union regulatory changes, directly incorporating the provisions of Regulation (EU) 575/2013 of 26 June (CRR) and duly transposing Directive 2013/36/EU of 26 June (CRD). These EU regulations have substantially altered the rules applicable to credit institutions, since aspects such as the supervisory regime, capital requirements and the sanctioning regime have been extensively amended.

The CRR and the CRD regulate capital requirements in the European Union and reflect the recommendations set out in the Basel III Capital Accord, in particular:

- The CRR, which is directly applicable by the Member States, contains the prudential requirements to be implemented by credit institutions and covers, inter alia:

    - The definition of eligible own funds items, establishing the requirements to be met by hybrid instruments for their calculation and limiting the calculation the amount of minority interests.

    - The definition of prudential filters and deductions from capital elements in each capital tier. In this respect, it should be noted that the regulation incorporates new deductions with respect to Basel II (net tax assets, pension funds, etc.) and changes existing deductions. However, a phased timetable for full implementation of between 5 and 10 years is established.

    - The setting of minimum requirements (Pillar I), establishing three levels of capital requirements: Common Equity Tier I capital with a minimum ratio of 4.5%, Tier I capital with a minimum ratio of 6% and Total Capital with a minimum required ratio of 8%.

- The requirement for financial institutions to calculate a leverage ratio, which is defined as the institution's Tier I capital divided by the total assumed exposure not adjusted for risk. From 2016 onwards, the ratio is publicly disclosed and the final definition was set in 2017 by supervisors.

- As for the CRD, which is to be implemented by Member States in their national legislation at their discretion, its main object and purpose is to coordinate national provisions concerning the access to the activity of credit institutions and investment firms, their governance arrangements and their supervisory framework. The CRD, among other aspects, includes the demand for additional capital requirements over and above those established in the CRR, which will be implemented progressively until 2019 and whose non-compliance implies limitations on discretionary distributions of earnings, specifically:

  - A capital conservation buffer and countercyclical capital buffer, following on from the Basel III regulatory framework and to offset the pro-cyclical effects of financial regulation, including a requirement to hold a capital conservation buffer of 2.5% of common equity Tier I capital for all financial institutions and an institution-specific countercyclical capital buffer of common equity Tier I capital.

  - A buffer against systemic risks. On the one hand for global systemically important institutions, as well as for other systemically important institutions, in order to lessen non-cyclical systemic or macro-prudential risks, i.e. to cover risks of disturbances in the financial system that could have serious negative consequences for the financial system and the real economy of a Member State.

  - In addition, the CRD, as part of its supervisory powers, establishes that the competent authority may require credit institutions to hold own funds in excess of the minimum requirements set out in the CRR (Pillar II).

According to the provisions of Add. Prov. 8 of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Titles II (Solvency of credit institutions), III (Supervision) and IV (Sanctioning Regime) of said Law shall apply to Instituto de Crédito Oficial, with the exceptions determined by regulation, and the provisions on the duty of confidentiality of information.

From 2015 onwards, and in accordance with the provisions of Bank of Spain Circular 2/2014, the capital buffers established in the aforementioned regulation are applicable. To date, no amount has been set by the Supervisor for the specific countercyclical capital buffer. ICO is not considered a Global Systemically Important Institution (G-SII), nor an Other Systemically Important Institution (O-SII).

In the 2019 financial year, EU Regulation 2019/876 of 20 May (CRR II) on the solvency of credit institutions was adopted, amending Regulation (EU) 575/2013. Although the standard generally entered into force on 28 June 2021, certain provisions entered into force on 27 June 2019 (scope of application, supervisory powers, definitions, capital requirements and eligible liabilities, and definitions of the leverage ratio). These provisions had no impact on ICO.

In the 2020 financial year, EU Regulation 2020/873 of 24 June 2020 was approved, amending EU Regulations EU 575/2013 and EU 2019/876 regarding certain adaptations made in response to the COVID-19 pandemic (among other measures, the extension of transitional provisions relating to the effect of IFRS 9 on provisions for solvency purposes, the establishment of new temporary prudential filters and the advancement of the new accounting of for certain exposures, and the application of the SME and Infrastructure Support Factor). The provisions of this regulation have had little significant impact on the ICO.

At 31 December 2024 and 2023, the Group's eligible capital is as follows:

	Thousands of euros	
	2024	**2023**
Common Equity Tier 1 capital (*)	4 651 571	4 749 323
- Capital	4 314 901	4 314 901
- Prudential reserves and filters (*)	336 670	434 422
Tier 2 capital	-	-
- Other reserves (*)	-	-
- General credit risk adjustments	-	-
Total eligible capital	4 651 571	4 749 323
Total minimum capital (**)	2 998 592	2 710 544

(*) The sum of the reserves used for calculating the Group's eligible capital differs from those reported in the consolidated balance sheet because intangible asset adjustments and prudential filter adjustments are being taken into account in the calculation of eligible capital.

(**) Calculated as 14.91% of risk-weighted assets (RWA), the level of the total capital requirement (OCR) set by the Bank of Spain for the Group in 2024 (15.16% in 2023).

At 31 December 2024 and 2023, the most relevant data on the Group's minimum capital are as follows (amounts in thousands of euros):

	Thousands of euros	
	2024	**2023**
Tier 1 capital	4 651 571	4 749 323
Risk-weighted assets (RWA)	20 111 284	17 879 576
Tier 1 capital ratio (%)	23.13%	26.56%
Total eligible capital	4 651 571	4 749 323
Total eligible capital ratio (%)	23.13%	26.56%
Minimum eligible capital ratio (%) (*)	14.91%	15.16%

(*) The minimum total capital ratio at 31 December 2024, established by the Bank of Spain for the Institute's Group is 14.91%, considering both the requirements of EU Regulation 575/2013 (8%) and the additional capital requirements (4.29%), the capital conservation buffer (2.5%) and the countercyclical capital buffer (0.12%).

At 31 December 2024 and 2023, the Group's total eligible capital exceeds the minimum requirements of the applicable regulations by EUR 1,652,979 thousand and EUR 2,038,779 thousand, respectively.

1.7.2 Minimum Reserve Ratio

In accordance with the procedure laid down in Regulation ECB/2021/1 of 22 January 2021 on the application of minimum reserves, the Institute is required to hold minimum reserves at the end of 2024 of EUR 110,540 thousand (EUR 11,064,010 thousand reserve base).

1.7.3 Capital Management

For management purposes, the Group considers eligible Tier 1 and Tier 2 capital as own funds, as set out in the regulations applicable to it for solvency purposes (EU Regulation 575/2013).

In this respect, regulatory capital requirements are directly incorporated into capital management, the aim being to always hold a solvency ratio of no less than the minimum established for the institution by the Bank of Spain. This objective is achieved through appropriate capital planning.

1.8 Subsequent events

In accordance with the provisions of the Eleventh Additional Provision of Law 24/2001 of 27 December on Fiscal, Administrative and Social Measures, amended by Law 42/2006 on the 2007 General Budget, the amounts recovered following the cancellation of the debts engaged by the State with ICO pertaining to certain credits and guarantees granted by the former Official Credit Institutions and by the Institute itself will become part of the Institute's assets. The estimated amount for 2024 is EUR 700 thousand, which will be recorded for accounting purposes in 2025.

EU Regulation 2024/1623 (amending EU Regulation 575/2013 on capital requirements for credit institutions) and EU Directive 2024/1619 (amending Directive 2013/36/EU on regulatory supervisory powers regarding the solvency of credit institutions) were adopted during the 2024 financial year. The above regulation amends certain aspects of capital requirements for credit risk, credit valuation adjustment, operational risk and market risk and will apply starting 1 January 2025. This regulation will have a positive impact on the Group, improving its solvency ratio.

No significant events other than those indicated in the preceding paragraphs have occurred between the end of the financial year (31 December 2024) and the preparation of these consolidated financial statements (27 March 2025).

1.9 Business segment reporting

The Group's main activity is the granting of financing facilities and direct loans and, therefore, in accordance with the applicable regulations, it is considered that the information relating to the segmentation of the Group's operations into different business lines is not relevant.

The Group operates both domestically and abroad, always linked to the financing of operations that have a Spanish interest.

1.10 ICO-Direct lending activity

In June 2010, ICO launched a new lending activity called "ICO-Direct *[ICO-Directo]*", aimed at financing the self-employed, SMEs and non-profit entities residing in Spain (with more than one year of activity), for investments in national territory (machinery, furniture, computer equipment, real estate, etc.). This activity complemented the Institute's typical activities through its mediation facilities with financial institutions, and broadened the available financing channels for SMEs and the self-employed. The ICO Directo facility was extended for 2011 and 2012, ending in June 2012.

The formalisation and administration of the ICO Directo operation was carried out by the financial institutions Banco Santander (BS) and Banco Bilbao Vizcaya Argentaria (BBVA), the successful bidders in the tender held by the Institute for this purpose.

The balance at 31 December 2024 of total net assets was zero (also at 31 December 2023). The net income generated in 2024 amounted to EUR 4,701 thousand (EUR 4,346 thousand in 2023).

1.11 ICO Local Entities 2011 lending activity

The ICO-Local Entities 2011 *[ICO-Entidades Locales 2011]* facility was launched as a result of the Royal Decree Law to boost the sustainability of public accounts and social protection approved in July 2011 by the Council of Ministers, whose objective was to alleviate the situation of many self-employed and small companies that, given the current economic situation, were facing serious a problem in settling their collection rights for supplies, works and services carried out for local entities.

The objective of this facility was to provide liquidity to local entities for the payment of outstanding invoices issued up to 30 April 2011. This financial facility was primarily intended to enable the cancellation of debts to the self-employed and small and medium-sized enterprises, also taking into account the date of issue of the certificates or documents.

The ICO-Local Entities Facility was open from July to November 2011 and enabled 1,029 local councils, provincial councils and island councils throughout Spain to pay 222,975 outstanding invoices amounting to EUR 967 million for supplies, works and services provided by 38,338 self-employed workers and SMEs in 2011.

The formalisation and administration of the operations of the ICO Local Entities 2011 facility was carried out by several contracting companies participating in the project.

At 31 December 2024 the balance of these assets (classified as doubtful assets) was zero (EUR 28 thousand at 31 December 2023).

This facility was guaranteed for the Institute with the Share of National Tax Revenue (SNTR) of the borrowing local entities. The reduction in the outstanding amount of this facility, from the onset until 31 December 2024, charged to the SNTR, is EUR 65.31 million (EUR 65.31 million at 31 December 2023). Of the 1,029 institutions covered, a total of 409 institutions had to resort to the SNTR by 31 December 2024.

2. ACCOUNTING POLICIES AND MEASUREMENT BASES APPLIED

The following accounting policies and measurement bases have been applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024:

a) Going concern principle

In preparing the financial statements, it has been considered that the management of the Institute will continue for the foreseeable future. Therefore, the application of the accounting rules is not aimed at determining the value of the net assets for the purpose of their global or partial transfer or the resulting amount in the event of liquidation.

b) Accrual principle

These financial statements, except for the cash flow statements, where applicable, have been prepared on the basis of the actual flow of goods and services, regardless of the payable or receivable date.

c) Other general principles

The financial statements have been prepared on a historical cost basis, adjust by the revaluation, where applicable, of land and buildings (only at 1 January 2004) (note 13), available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value.

2.1 Holdings

2.1.1 Group entities

Subsidiaries are those entities over which the Institute has control. It is understood that an entity controls an investee when it is exposed, or has rights, to variable returns from its involvement with the

investee and has the ability to affect those returns through its power over the investee.

To be considered subsidiaries, the following must apply:

- Powers: An investor has power over an investee when the investor has existing rights that give it the ability to direct the relevant activities, that is, the activities that significantly affect the investee's returns;

- Returns: An investor is exposed, or entitled, to variable returns from its involvement with an investee when the investor's returns from its involvement may vary depending on the economic performance of the investee. Investor returns can be only positive, only negative or both positive and negative.

- Relationship between power and returns: An investor controls an investee if the investor not only has power over the investee and is exposed, or is entitled, to variable returns from its involvement with the investee, but also has the ability to use its power to affect the returns it earns from its involvement with the investee

The financial statements of the subsidiaries are consolidated with those of the Institute, applying the full consolidation method as defined in the regulations. Consequently, all significant balances arising from transactions between the companies consolidated using this method have been eliminated upon consolidation. The Institute, the Group's parent company, accounts for 99% of the consolidated group's total assets.

In addition, the participation of third parties, if any, in:

- The Group's equity is presented under "Minority interests" in the consolidated balance sheet, with no balance at 31 December 2024 and 2023.

- The consolidated results for the year are presented under "Earnings attributable to minority interests" in the consolidated profit and loss account, with no balance at 31 December 2024 and 2023.

  The revenue generated by subsidiaries acquired in a given year are consolidated taking into account only those relating to the period between the date of acquisition and the end of that year.

  Annex I provides relevant information on these companies, all of which close at 31 December.

2.1.2 Associated entities

These are entities over which the Institute has the ability to exercise significant influence, although they do not constitute a decision-making unit with the Institute and are not under joint control. This capacity usually takes the form of a (direct or indirect) shareholding of 20% or more of the voting rights of the investee.

Holdings in associated entities are presented in these consolidated financial statements under "Investments in subsidiaries, joint ventures and associates - Associates" in the accompanying consolidated balance sheet and are stated at acquisition cost, net of any impairment losses on these investments, where applicable.

The revenue generated by transactions between the associate and Group entities are eliminated to the extent of the Group's interest in the associate.

The revenue obtained during the year by the associate, after the removal referred to in the previous section, increases or reduces, as the case may be, the value of the holding in the consolidated financial statements. The amount of these earnings is recorded under "Income from companies carried by the equity method" in the consolidated profit and loss account (Note 27).

Changes in the valuation adjustments of the associate subsequent to the acquisition date are recorded as an increase or decrease in the value of the holding. The amount of these changes has been recorded under "Other accumulated comprehensive income" as valuation adjustments in consolidated equity.

Relevant information on these entities is provided in Annex I.

2.2 Financial instruments

2.2.1 Initial recognition of financial instruments

Financial instruments are initially recognised in the balance sheet when the Group becomes a party to the contract giving rise to them, in accordance with the terms of that contract. In particular, debt instruments such as loans and cash deposits are recorded from the effective date on which the legal right to receive or the legal obligation to pay respectively arises. Financial derivatives are generally recognised on the trade date.

Financial asset trades instrumented through standard contracts, understood as those contracts in which the reciprocal obligations of the parties must be consummated within a time frame established by regulation or market convention and which cannot be settled by offset, such as stock exchange contracts or forward foreign exchange contracts, are recorded from the date on which the benefits, risks, rights and duties inherent to all owners are transferred to the acquiring party, which, depending on the type of financial asset traded, may be the trade date or the settlement or delivery date. Specifically, transactions in the spot foreign exchange market are recorded on the settlement date; transactions in equity instruments traded on Spanish secondary securities markets are recorded on the trade date; and transactions in debt instruments traded on Spanish secondary securities markets are recorded on the settlement date.

2.2.2 Transfers and derecognition of financial instruments

Transfers of financial instruments are accounted for by taking into account the manner in which the risks and rewards associated with the transferred financial instruments are transferred, based on the following criteria:

- If the risks and rewards are substantially transferred to third parties, such as in unconditional sales, sales under repurchase agreements at fair value at the repurchase date, sales of financial assets with a purchased call option or deeply out-of-the-money put option, asset securitisations in which the transferor does not retain subordinated financing or grant any credit enhancement to the new holders, etc., the transferred financial instrument is derecognised and, simultaneously, any rights or obligations retained or created as a result of the transfer are recognised in the balance sheet.

- If all risks and rewards associated with the transferred financial instrument are substantially retained, such as in sales of financial assets under repurchase agreements for a fixed price or for the sale price plus interest, securities lending contracts in which the borrower has an obligation to return the same or similar assets, etc., the transferred financial instrument is not derecognised and continues to be measured on the same basis as before the transfer. However, the associated financial liability is recognised for accounting purposes at an amount equal to the consideration received, which is subsequently measured at amortised cost, the

revenue from the transferred but not derecognised financial asset and the cost of the new financial liability.

- If neither the risks and rewards associated with the transferred financial instrument are substantially transferred nor retained, such as in sales of financial assets with a purchased call option or written put option that are neither deeply in-the-money nor deeply out-of-the-money, securitisations where the transferor assumes subordinated financing or other credit enhancements for a portion of the transferred asset, etc., a distinction is made between:

  - If the Entity does not retain control of the transferred financial instrument, in which case it is derecognised and any rights or obligations retained or created as a result of the transfer are recognised.

  - If the Entity retains control of the transferred financial instrument, in which case it is still recognised on the balance sheet for an amount equal to its exposure to changes in value and an associated financial liability is recognised for an amount equal to the consideration received. Such liabilities are subsequently measured at amortised cost unless they qualify for classification as financial liabilities at fair value, through profit or loss. Because they do not constitute a current obligation, when calculating the amount of this financial liability, the amount of financial instruments (such as asset-backed securities and loans) held by the Entity that constitute its own financing to which the financial assets are transferred shall be deducted to the extent that these instruments specifically finance the transferred assets. The net amount of the transferred asset and the associated liability shall be the amortised cost of the retained rights and obligations, if the transferred asset is measured at amortised cost, or the fair value of the retained rights and obligations, if the transferred asset is measured at fair value.

  Therefore, financial assets are only derecognised from the balance sheet when the cash flows they generate have been extinguished or when substantially all the risks and rewards associated with them have been transferred to third parties.

  Similarly, financial liabilities are only derecognised from the balance sheet when the obligations they generate have been extinguished or when they are acquired with the intention of cancelling them or repositioning them.

2.2.3 Fair value and amortised cost of financial instruments

Financial assets

The fair value of a financial instrument on a specified date is the amount for which it could be bought or sold on that date between two knowledgeable, willing parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it in a deep, regulated and transparent market ("quoted price" or "market price").

When there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, on the basis of valuation models sufficiently contrasted by the international financial community, taking into account the specific characteristics of the instrument to be valued and, in particular, the different types of risk associated with it.

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

The fair value of OTC derivatives or derivatives traded on shallow or non-transparent regulated markets is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of valuation ("present value" or "theoretical close"), using methods recognised by the financial markets in the valuation process: "net present value (NPV) and option pricing models.

Amortised cost means the acquisition cost of a financial asset or liability, adjusted (plus or minus, as appropriate) for repayments on the principal and interest, plus or minus, as appropriate, the portion charged to the profit and loss account, using the effective interest method to determine the difference between the initial amount and the redemption value of such financial instruments. In the case of financial assets, the amortised cost also includes adjustment to its value incurred by potential impairment losses.

The effective interest rate is the discount rate that exactly matches the initial value of a financial instrument to all of its estimated cash flows from all sources over its remaining life. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of acquisition, adjusted, where applicable, for fees and transaction costs that, in accordance with the provisions of Bank of Spain Circular 4/2017, must be included in the calculation of the effective interest rate. For variable rate financial instruments, the effective interest rate is estimated in a manner similar to that for fixed rate transactions and is recalculated at each contractual interest rate review date on the basis of changes to the future cash flows of the transaction.

Equity investments in other entities whose fair value cannot be determined in a sufficiently objective manner and financial derivatives whose underlying assets are such instruments and are settled by delivery of these instruments are carried at cost adjusted for any impairment losses, where applicable.

Changes in the carrying amount of financial assets are generally recognised with a balancing entry in the profit and loss account, with a distinction being made between those arising from the accrual of interest and similar items, which are recognised under "Interest income", and those arising from other causes, which are recognised in the profit and loss account, at their net amount, under "Gains or losses on financial assets measured at fair value posted to profit or loss" in the profit and loss account.

However, changes in the carrying amount of instruments included in the financial asset portfolio measured at fair value through other comprehensive income are recognised temporarily in “Other accumulated comprehensive income”, unless they arise from exchange differences. Amounts included under "Other accumulated comprehensive income" for changes in the fair value of these financial instruments remain in equity until the asset in which they arise is derecognised, at which time they are written off against the profit and loss account, unless they are financial instruments whose valuation changes will never be reclassified in the profit and loss account.

In addition, changes in the carrying amount of items included under “Non-current assets held for sale” are recognised with a balancing entry in “Other accumulated comprehensive income” as consolidated equity valuation adjustments.

In relation to financial instruments, fair value measurements reflected in the financial statements are classified using the following fair value hierarchy:

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

ii) Level II: fair values are derived from quoted prices in active markets for similar instruments, prices of recent transactions or expected flows, or other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.

iii) Level III: fair values are derived from valuation techniques in which some significant input is not based on observable market data.

For financial assets designated as hedged items and accounting hedges, valuation differences are recorded on the basis of the following criteria:

- In fair value hedges, differences in both the hedging items and the hedged items, in terms of the type of risk hedged, are recognised directly in the profit and loss account.

- Valuation differences relating to the ineffective portion of cash flow hedges and net investments in foreign operations are directly posted to the profit and loss account.

- In cash flow hedges, valuation differences arising on the effective portion of the hedged item are recognised temporarily in “Other accumulated comprehensive income” as valuation adjustments in equity.

- In net investment hedges in overseas businesses, valuation differences arising on the effective portion of the hedged item are recognised temporarily in “Other accumulated comprehensive income” as valuation adjustments in equity.

In the latter two cases, valuation differences are not recognised in profit or loss until the gain or loss on the hedged item is recognised in the profit and loss account or until the maturity date of the hedged item.

In fair value hedges of the interest rate risk of a financial instrument portfolio, gains or losses arising on measurement of the hedging instruments are recognised directly in the profit and loss account, while gains or losses due to changes in the fair value of the hedged amount, in respect of the hedged risk, are recognised in the profit and loss account with a balancing entry in "Other accumulated comprehensive income" as adjustments to financial assets for macro-hedges.

In cash flow hedges of interest rate risk in a financial instrument portfolio, the effective portion of the change in the value of the hedging instrument is recognised temporarily as valuation adjustments in equity in “Other accumulated comprehensive income” until the expected transactions occur, at which time it is recognised in the profit and loss account. The change in value of hedging derivatives for the ineffective portion of the hedge is recognised directly in the profit and loss account.

Financial liabilities

Financial liabilities are recognised at amortised cost, as defined for financial assets in the previous note, except as follows:

- Financial liabilities included under "Financial liabilities held for trading" and "Financial liabilities designated at fair value, through profit or loss" are measured at fair value as defined for financial assets in the previous note. Financial liabilities hedged in fair value hedging transactions are adjusted for changes in their fair value in relation to the risk hedged in the hedging transaction.

- Financial derivatives with underlying equity instruments whose fair value cannot be determined in a sufficiently objective manner and are settled by delivery are measured at cost.

Changes in the carrying amount of financial liabilities are generally recognised with a balancing entry in the profit and loss account, with a distinction being made between those arising from the accrual of

interest and similar items, which are recognised under "Interest expenses", and those arising from other causes, which are recognised in the profit and loss account, at their net amount, under "Gains or losses on financial liabilities posted at fair value through profit or loss" in the consolidated profit and loss account.

For financial liabilities designated as hedged items and accounting hedges, valuation differences are recorded on the basis of the criteria indicated for Financial Assets in the previous note.

2.2.4 Classification and measurement of financial assets and liabilities

Financial instruments are classified in the Institute's balance sheet according to the following categories:

- Cash, balances held in cash with central banks, and other demand deposits: these correspond to cash balances and balances held at the Bank of Spain, at other central banks and at other credit institutions;

- Financial assets and liabilities designated at fair value, through profit or loss: this category comprises financial instruments held for trading and other financial assets and liabilities designated at fair value, through profit or loss:

    - Financial assets held for trading are those that are acquired with the intention of being realised in the short term or that form part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence of recent actions to realise short-term gains. Derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as accounting hedging instruments, including those held separately from hybrid financial instruments, also form part of this portfolio.

    - Financial liabilities held for trading are those that have been issued with the intention of repurchasing them in the near future or form part of a portfolio of identified or jointly managed financial instruments for which there is evidence of recent actions to realise short-term gains, short positions in securities resulting from sales of assets purchased under non-optional reverse repurchase agreements or securities borrowed and derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as accounting hedging instruments, including those held separately from hybrid financial instruments, and those arising from the outright sale of financial assets purchased under reverse repurchase agreements or securities borrowed. The fact that a financial liability is used to fund trading assets does not in itself imply that it is included in this category.

    - The following are considered to be other financial assets or liabilities at fair value through profit or loss:

        - Financial assets that are not held for trading but are considered to be hybrid financial assets and are measured entirely at fair value, and those that are managed together with insurance contract liabilities measured at fair value or with financial derivatives that have the purpose and effect of significantly reducing their exposure to changes in fair value or that are managed together with financial liabilities and derivatives in order to significantly reduce the overall exposure to interest rate risk.

        - Financial liabilities designated upon initial recognition by the Institute or when doing so provides more relevant information because:

- This eliminates or significantly reduces inconsistencies in recognition or measurement that would arise from measuring assets or liabilities, or recognising their gains or losses, on different bases.

- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is measured on a fair value basis in accordance with a documented risk management or investment strategy and information about that group is also provided on a fair value basis to key management personnel.

- Assets measured at amortised cost. This category includes:

  • Debt securities with fixed maturity and fixed or determinable cash flows. Debt securities included in this category are initially measured at fair value, adjusted by the amount of the transaction costs directly attributable to the acquisition of the financial asset, which are posted in the profit and loss account using the effective interest method as defined in Bank of Spain Circular 4/2017. They are subsequently measured at amortised cost, calculated using their effective interest rate.

  • Loans and receivables: this category includes financing lent to third parties arising from the typical lending and credit activities conducted by the Institute and debts owed to them by purchasers of goods and users of the services they provide. Also included in this category are financial leasing transactions in which companies act as lessors.

  The financial assets included in this category are initially measured at fair value, adjusted by the amount of the fees, commissions and transaction costs that are directly attributable to the acquisition of the financial asset and which, in accordance with Bank of Spain Circular 4/2017, must be posted to the profit and loss account using the effective interest method through maturity. Subsequent to acquisition, assets acquired in this category are measured at amortised cost.

  Assets acquired at a discount are carried at the cash amount paid and the difference between their redemption value and the cash amount paid is recognised as finance income using the effective interest method over the remaining term to maturity.

  Interest accrued on assets included in this category, calculated using the effective interest method, is recognised under "Interest income" in the profit and loss account. Exchange differences on securities included in this portfolio denominated in currencies other than Euro are recorded as described in Note 2.4. Any impairment losses incurred on these securities are recorded as described in Note 2.7. Debt securities included in fair value hedges are recorded as described in Note 2.3.

- Financial assets at fair value through other comprehensive income: this category includes debt securities not classified as instruments owned by the Institute at amortised cost or as instruments at fair value through profit or loss, as well as equity instruments owned by the Institute relating to entities other than subsidiaries, joint ventures or associates that are not classified at fair value through profit or loss.

  Instruments included in this category are initially measured at fair value, adjusted by the amount of the transaction costs that are directly attributable to the acquisition of the financial asset, which are posted in the profit and loss account using the effective interest rate method as defined in Bank of Spain Circular 4/2017 until maturity, unless the financial assets have no fixed maturity, in which case they are posted in the profit and loss account when they become impaired or are derecognised. Subsequent to acquisition, financial assets included in this

category are measured at fair value.

Notwithstanding the above, equity instruments whose fair value cannot be sufficiently determined objectively are measured in these financial statements at cost, net of any impairment loss, calculated in accordance with the criteria set out in Note 2.7.

Interest or dividend income accrued on these financial assets is recognised with a balancing entry under "Interest income" (calculated using the effective interest method) and "Dividend income" in the profit and loss account, respectively. Impairment losses on these instruments are accounted for in accordance with Note 2.7. Exchange differences on financial assets denominated in currencies other than Euro are recorded in accordance with Note 2.4. Changes in the fair value of financial assets hedged in fair value hedging transactions are measured in accordance with Note 2.3.

Other changes in the fair value of financial assets from the time of acquisition are recognised in equity under "Other accumulated comprehensive income" as valuation adjustments until the financial asset is derecognised, at which time the balance recorded under this heading is recognised in the profit and loss account under "Gains and losses on derecognition of financial assets and liabilities measured at fair value through profit or loss".

- Financial liabilities at amortised cost: this financial instrument category includes financial liabilities that are not included in any of the above categories.

  Financial liabilities included in this category are initially measured at fair value, adjusted by the amount of transaction costs directly attributable to the issue of financial liabilities, which will be posted in the profit and loss account using the effective interest method as defined in Bank of Spain Circular 4/2017 until maturity. They are subsequently measured at amortised cost, calculated using the effective interest rate method as defined in Circular 4/2017.

  The interest accrued on these securities, calculated using the effective interest method, is recorded under "Interest expense" in the profit and loss account. Exchange differences on securities included in this portfolio denominated in currencies other than Euro are recorded as described in Note 2.4. Financial liabilities included in fair value hedges are recognised as described in Note 2.3.

Notwithstanding the foregoing, financial instruments that must be considered as non-current assets held for sale in accordance with the provisions of Rule Thirty-Four of Bank of Spain Circular 4/2017 are presented in the financial statements in accordance with the criteria explained in Note 2.16.

The classification of financial instruments in the above categories shall be made on the basis of two elements: (i) the entity's business model for managing financial assets; (ii) the contractual cash flow characteristics of the financial assets:

- A financial asset is classified in the financial asset portfolio at amortised cost when both conditions are met: (i) it is managed under a business model whose objective is to hold financial assets to receive the contractual cash flows; and (ii) the contractual terms result in cash flows at specified dates, which are always payments of principal and interest on the amount of outstanding principal;

- A financial asset is classified in the financial asset portfolio at fair value through other comprehensive income when both of the following conditions are met: (i) it is managed under a business model whose objective combines the receipt of contractual cash flows from financial assets and sale; (ii) the contractual terms result in cash flows at specified

dates, which are always payments of principal and interest on the outstanding principal amount;

- A financial asset is classified in the portfolio of financial assets held for trading or financial assets mandatorily at fair value through profit or loss whenever the entity's business model for the management or characteristics of its contractual cash flows make its classification unsuitable for any of the above portfolios.

  Notwithstanding the above, an entity may irrevocably elect, at initial recognition, to include investments in equity instruments that are not required to be classified as held for trading in the portfolio of financial assets at fair value through other comprehensive income which would be mandatorily classified as financial assets at fair value through profit or loss. This option shall be exercised on an instrument-by-instrument basis.

  In addition, an entity may irrevocably elect to designate at initial recognition any financial asset at fair value through profit or loss if by doing so it eliminates or significantly reduces an inconsistent measurement or recognition (also referred to as an 'accounting mismatch') that would otherwise arise from measuring the assets or liabilities, or recognising their gains and losses, on different bases. When accounting mismatches exist, this option can be exercised irrespective of the entity's business model for the management and characteristics of its contractual cash flows.

  In addition, irrespective of the provisions of the preceding paragraphs, an entity may choose, at initial recognition or subsequently, to designate any financial asset as belonging to the financial asset portfolio at fair value through profit or loss, provided that the requirements set out in Circular 4/2017 are met.

Reclassifications between financial instrument portfolios, where appropriate, are made exclusively in accordance with the following assumptions:

- When an entity changes its business model for managing financial assets, it shall reclassify all affected financial assets in accordance with the following paragraphs. Such reclassification shall be made prospectively from the date of reclassification, with no restatement of previously recognised gains, losses or interest. In general, changes in the business model occur very infrequently.

- If an entity reclassifies a debt instrument from amortised cost to fair value through profit or loss, the entity shall estimate its fair value at the date of reclassification. Any gain or loss arising from the difference between the previous amortised cost and the fair value is recognised in the profit and loss account. If an entity reclassifies a debt instrument from fair value through profit or loss at the amortised cost, the fair value of the asset at the date of reclassification becomes its new gross carrying amount.

- If an entity reclassifies a debt instrument from amortised cost to fair value through other comprehensive income, the entity shall estimate its fair value at the date of reclassification. Any gain or loss arising from the differences between the previous amortised cost and the fair value is recognised as other comprehensive income. The effective interest rate and the estimate of expected credit losses shall not be adjusted as a result of the reclassification.

- If a debt instrument is reclassified from fair value through other comprehensive income to amortised cost, the financial asset shall be reclassified at fair value at the date of reclassification. The cumulative gain or loss in net equity at the date of reclassification to other accumulated comprehensive income shall be reversed using the carrying amount of the asset at the date of reclassification as the offsetting entry. Thus, the debt instrument will

be measured at the reclassification date as if it had always been measured at amortised cost. The effective interest rate and the estimate of expected credit losses shall not be adjusted as a result of the reclassification.

- If an entity reclassifies a debt instrument from fair value through profit or loss to fair value through other comprehensive income, the financial asset shall continue to be measured at fair value, with no change in the accounting for previous value changes.

- If an entity reclassifies a debt instrument from fair value through other comprehensive income to fair value through profit or loss, the financial asset shall continue to be measured at fair value. The cumulative gain or loss in net equity previously accumulated in accumulated other comprehensive income shall be transferred to profit or loss for the period at the date of reclassification.

- When an investment in a subsidiary, joint venture or an associate ceases to qualify as such, the retained investment, if any, shall be measured at its fair value at the date of reclassification, recognising any gain or loss arising from the difference between its carrying amount before reclassification and its fair value recognised in profit or loss or in other comprehensive income, as appropriate, based on the subsequent measurement of the retained investment.

- An interest in an entity prior to its classification as a subsidiary, joint venture or an associate shall be measured at fair value until the date control, joint control or significant influence is obtained. At the latter date, the entity shall estimate the fair value of the previous interest by recognising any gain or loss arising from the difference between its pre-reclassification carrying amount and that fair value in profit or loss or in other comprehensive income, as appropriate. If applicable, the cumulative gain or loss in other accumulated comprehensive income in net equity shall be retained until the investment is derecognised, at which time it shall be reclassified to a reserve item.

- An entity shall not reclassify any financial liabilities.

  Changes arising from the following circumstances are not reclassifications for the purposes of the preceding paragraphs:

  - When an item that was previously a designated and effective hedging instrument in a cash flow hedge or a hedge of a net investment in a foreign transaction no longer qualifies as a hedging instrument.
  - When an item becomes a designated and effective hedging instrument in a cash flow hedge or a hedge of a net investment in a foreign transaction.
  - When there are changes in the measurement of financial instruments because they are, or cease to be, designated at fair value through profit or loss.

There were no reclassifications in 2024 or 2023.

2.3 Financial derivatives

Financial derivatives are instruments which, in addition to providing a gain or loss, may, under certain conditions, offset all or part of the credit and/or market risks associated with balances and transactions, using interest rates, certain indices, the prices of certain securities, cross-currency exchange rates or other similar references as underlying items. The Group uses financial derivatives traded on organised markets or traded bilaterally with the counterparty outside organised markets (OTC).

The Group uses financial derivatives as part of its strategy to reduce its exposure to interest rate, foreign currency exchange rate and market risks, among others. When these transactions meet certain requirements set out in Rules Thirty-First and Thirty-Second of Bank of Spain Circular 4/2017, they are considered "hedging" transactions.

When the Group designates a transaction as a hedge, it does so at the inception of the transactions or instruments included in the hedge and appropriately documents the hedging transaction. The documentation of these hedging transactions makes an adequate identification of both the hedged instrument (s) and the hedging instrument(s), as well as the nature of the risk to be hedged, and the criteria or methods used by the Group to assess the effectiveness of the hedge over its entire duration, taking into account the risk to be hedged.

The Group only considers hedging transactions that are found to be highly effective over the duration of the transactions. A hedge is considered highly effective if, over the expected life of the hedge, the changes in the fair value or cash flows attributable to the hedged risk in the hedging instrument(s) are almost entirely offset by changes in the fair value or cash flows of the hedging instrument(s), as the case may be.

To measure the effectiveness of hedging transactions defined as such, the Group analyses whether, from inception to the term end of the defined hedge, the changes in the fair value or cash flows of the hedged item attributable to the hedged risk can be expected, prospectively, to be almost fully offset by changes in the fair value or cash flows of the hedging instrument(s), as appropriate, and, retrospectively, the results of the hedge have varied within a range of eighty to one hundred and twenty-five per cent of the hedged item's performance.

The Group's hedging transactions are classified into the following categories:

- Fair value hedges: these hedge the exposure to changes in the fair value of financial assets and liabilities or standing commitments, or an identified portion of such assets, liabilities or standing commitments, which are attributable to a particular risk and provided that they affect the consolidated profit and loss account.

- Cash flow hedges: these hedge the change in cash flows that is attributable to a particular risk associated with a financial asset or liability or a highly probable forecast transaction, provided that it could affect the consolidated profit and loss account.

Specifically referring to financial instruments designated as hedged items and accounting hedges, valuation differences are recorded on the basis of the following criteria:

- In fair value hedges, differences in fair value in both the hedge items and the items hedged, in terms of the type of risk hedged, are recognised directly in the consolidated profit and loss account.

- In cash flow hedges, valuation differences arising on the effective portion of the hedged item are recognised temporarily in “Other accumulated comprehensive income” as valuation

adjustments for cash flow hedges. The financial instruments hedged in this type of hedging transactions are recorded in accordance with the criteria explained in Note 2.2 without any changes to them, due to the fact that they have been considered as hedged instruments.

In the latter case, valuation differences are not recognised in profit or loss until the gain or loss on the hedged item is recognised in the profit and loss account or until the maturity date of the hedged item.

Differences in valuation of the hedging instrument corresponding to the ineffective portion of cash flow hedges are recognised directly under "Gains or (losses) arising from hedge accounting, net" in the accompanying consolidated profit and loss account.

The Group discontinues hedge accounting when the hedging instrument matures or is sold, when the hedging transaction no longer qualifies as a hedge, or when the hedge accounting is revoked.

When, in accordance with the provisions of the preceding paragraph, the fair value hedging transaction is discontinued, in the case of hedged items measured at amortised cost, the adjustments to their value made as a result of the application of hedge accounting described above are posted in the profit and loss account until the maturity of the hedged instruments, applying the effective interest rate recalculated at the date the hedging transaction is discontinued.

If a cash flow hedge is discontinued, the cumulative gain or loss on the hedging instrument recognised under "Other accumulated comprehensive income" as valuation adjustments for cash flow hedges in equity in the balance sheet will remain recognised in equity until the forecast hedged transaction occurs, at which time it shall be taken to the consolidated profit and loss account or, if the hedged item is a forecast transaction that culminates in the recognition of a financial asset or liability, the acquisition cost of the asset or liability to be recognised shall be adjusted. In the case of forecast transactions, where it is expected that the transaction will not take place, the amount recognised in "Other accumulated comprehensive income" as valuation adjustments for cash flow hedges relating to the transaction is recognised immediately in the profit and loss account.

2.4 Foreign currency transactions and functional currency

The Group's functional currency is the Euro. Accordingly, all balances and transactions denominated in currencies other than Euro are deemed to be denominated in foreign currencies.

At 31 December 2024 and 2023, the equivalent value of foreign currency financial assets and liabilities held by ICO, as the Group's parent entity, is as follows (in thousands of euros):

	2024		2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Pounds sterling	373 078	334 061	304 035	275 323
US Dollars	3 188 414	13 569 689	2 678 621	9 856 669
Swiss francs	27	-	-	274 439
Japanese yen	638	30 785	666	32 110
Other currencies	325 021	144 906	374 671	44 716
	3 887 178	14 079 441	3 357 993	10 483 257

At 31 December 2024 and 2023, the equivalent value of foreign currency financial assets and liabilities (in thousands of euros) held by the ICO is as follows, classified by type:

	2024		2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Loans to Credit Institutions	1 953 287		1 542 287	
Loans to Customers	1 921 924		1 803 731	
Other financial assets	11 967		11 975	
Deposits with Credit Institutions		3 532 078		3 460 183
Debt securities issued		10 546 864		7 022 652
Other financial liabilities		499		422
	3 887 178	14 079 441	3 357 993	10 483 257

On initial recognition, receivables and payables denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the date of recognition, understood as the exchange rate for immediate delivery. Subsequent to initial recognition, the following rules apply for the translation of balances denominated in foreign currencies into the functional currency:

(i) Monetary assets and liabilities are translated at the closing rate, which is the average spot rate at reporting date.

(ii) Non-monetary items measured at historical cost are translated at the exchange rate at the date of acquisition.

(iii) Non-monetary items measured at fair value are translated at the exchange rate at the date when the fair value is determined.

(iv) Income and expenses are translated at the exchange rate on the transaction date. However, an average exchange rate for the period is used for all transactions during the period, unless it has changed significantly. Depreciation is translated at the exchange rate applied to the corresponding asset.

Exchange differences arising on the translation of receivables and payables denominated in foreign currencies are generally recorded in the consolidated profit and loss account. However, the exchange rate component of the revaluation of the non-monetary item is disclosed in the case of exchange differences arising on such items measured at fair value, whose adjustment to this value is recognised under “Other accumulated comprehensive income”.

The exchange rates used by the Group to translate balances denominated in the main foreign currencies in which it operates into euros for the purpose of preparing the consolidated financial statements are the market rates at 31 December 2024 and 2023 as published by the European Central Bank at each date.

The net amount of exchange differences arising on the translation of receivables and payables denominated in foreign currencies amounted to a gain of EUR 6,300 thousand at 31 December 2024 (loss of EUR 3,744 thousand at 31 December 2023) and are recognised under "Net exchange differences" in the accompanying profit and loss account.

2.5 Recognition of income and expenses

The most significant accounting policies used by the Group to recognise its income and expenses are summarised below:

2.5.1 Interest income and expenses, dividend and similar items

In general, interest income, interest expenses and similar items are recognised on an accrual basis using the effective interest method as defined in the standard. Dividends received from other companies are recognised as income upon the consolidated companies' right to receive them.

2.5.2 Commissions, fees and similar items

Income and expenses for commissions, fees and similar items, which should not be included in the calculation of the effective interest rate on transactions and/or are not included in the acquisition cost of financial assets or liabilities other than those classified at fair value through profit or loss are recognised in the consolidated profit and loss account using criteria that vary according to their nature. The most significant of these are:

- Those linked to the acquisition of financial assets and liabilities measured at fair value through profit or loss, which are recognised in the profit and loss account at the time of payment.

- Those arising from transactions or services that continue over time, which are recognised in the profit and loss account over the course of said transactions or services.

- Those relating to a single act, which are posted in the profit and loss account when they are incurred.

2.5.3 Non-financial income and expenses

They are recognised on an accruals basis.

2.5.4 Collections and payments deferred over time

They are recognised for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

2.6 Balance offsets

Only receivables and payables arising from transactions that are contractually or legally must be settled on a net basis or are to be realised simultaneously on the asset side and then settled on the liability side are offset and therefore presented on the consolidated balance sheet at their net amount.

2.7 Impairment of financial assets

The carrying amount of financial assets is generally adjusted by charging it to the consolidated profit and loss account, provided that there is objective evidence that an impairment loss has occurred, which happens:

- In the case of debt instruments, such as loans and debt securities, when an event occurs after initial recognition or the combined effect of several events has a negative impact on their future cash flows.

- In the case of equity instruments, when an event occurs after initial recognition or the combined effect of several events is such that the carrying amount cannot be recovered.

As a general rule, the carrying amount of financial instruments is adjusted for impairment by charging it to the profit and loss account for the period in which the impairment becomes evident and the recovery of previously recognised impairment losses, if any, is recognised in the profit and loss account for the period in which the impairment is reversed or reduced. If the recovery of any recorded impairment amount be considered remote, it is removed from the balance sheet, although the Group

may take the necessary actions to try to recover it until its rights have been definitively extinguished due to the end of the statute of limitations, forgiveness or other grounds.

Portfolios of debt instruments, guarantees granted and contingent commitments granted, regardless of their holder, instrumentation or collateral, are analysed to determine the credit risk to which the Group is exposed and estimate the needs to hedge against impairment. For the preparation of the financial statements, the Group classifies its transactions according to their credit risk, making a separate analysis of the insolvency risk attributable to the client and the country risk to which they are exposed, if any.

The estimated future cash flows of a debt instrument are all the amounts, principal and interest, that the Group estimates it will earn over the life of the instrument. The estimate considers all relevant information that is available at when preparing the financial statements that provides information about the collectability of future contractual cash flows. In addition, the estimate of future cash flows from collateralised instruments takes into account the cash flows that would result from their realisation, less the costs required to obtain and subsequently sell them, regardless of the likelihood of the collateral being realised.

In calculating the current value of estimated future cash flows, the discount rate used is the original effective interest rate of the instrument, if its contractual rate is fixed, or the effective interest rate at the reporting date determined according to the contract terms, if it is a variable rate.

For debt instruments measured at amortised cost, the amount of impairment losses incurred is equal to the negative difference between their carrying amount and the current value of their estimated future cash flows, using as the discount rate the instrument’s original effective interest rate, if its contractual rate is fixed, or the effective interest rate at the reporting date determined according to the contract terms, if it is a variable rate. In the case of indexed debt instruments, their market value may be used as a proxy, provided that it is sufficiently reliable to be considered representative of the value that could be recovered by the Group.

Objective evidence of impairment is determined individually for all significant debt instruments, and individually or collectively for groups of debt instruments that are not individually significant. Where a particular instrument cannot be included in any group of assets with similar risk characteristics, it is solely analysed on an individual basis to determine whether it is impaired and, if so, to estimate the impairment loss.

The collective assessment of a group of financial assets for the purpose of estimating impairment losses is performed as follows:

- Debt instruments are included in groups that have similar credit risk characteristics, indicative of the debtors' ability to pay all amounts, principal and interest, in accordance with the contractual terms. The credit risk characteristics considered in grouping assets are, among others, the type of instrument, the debtor's sector of activity, the geographical area of activity, the type of collateral, the age of past-due amounts and any other factor that is relevant to the estimation of future cash flows.

- Future cash flows for each group of debt instruments are estimated according to the Group's historical loss record for instruments with credit risk characteristics similar to those of the respective group, after the necessary adjustments to bring historical data in line with current market conditions.

- The impairment loss for each group is the difference between the carrying amount of all debt instruments in the group and the present value of their estimated future cash flows.

Debt instruments not measured at fair value through the consolidated profit and loss account, the guarantees and contingent commitments granted are classified according to the insolvency risk attributable to the client or the transaction, in the categories defined by the applicable standard (Bank of Spain Circular 4/2017). For debt instruments not classified as normal risk, specific allowances for impairment are estimated on the basis of the criteria set out in the aforementioned standard, taking into account the age of the unpaid amounts, the collateral provided, the client's economic situation and, where applicable, that of the guarantors.

Similarly, these financial instruments are analysed to determine their credit risk on the basis of country risk, which is understood to be the risk associated with clients resident in a given country due to circumstances other than normal commercial risk.

In addition to the specific impairment hedges indicated above, the Group hedges the inherent losses incurred on debt instruments not measured at fair value through the consolidated profit and loss account and contingent exposures classified as normal risk through a collective hedge, calculated on the basis of the historical impairment record and other circumstances known at the time of measurement that correspond to inherent losses incurred at the date of the financial statements, calculated using statistical procedures, which are pending allocation to specific transactions.

In this regard, the Group has used the parameters established by the Bank of Spain, based on its experience and the information it has on the sector, which determine the method and amount to be used to hedge the inherent impairment losses incurred on debt instruments and contingent risks classified as normal risk, which are periodically adjusted in accordance with the evolution of the aforementioned data. This method for determining the coverage of impairment losses is based on the application of percentages established in the applicable standards, which vary according to the risk classification of the financial instruments set out in the aforementioned standard.

In general, for impaired debt instruments, impairment due to default is calculated by applying the following percentages, depending on the transaction's risk segment and the age of the past-due amounts, on the outstanding risk not covered by the amount to be regained from any effective collateral that may exist, in accordance with the model provided by the Bank of Spain based on the experience of the Spanish market:

	Over 90 days up to 6 months	Over 6 months up to 9 months	Over 9 months up to 1 year	Over 1 year up to 15 months	Over 15 months up to 18 months	Over 18 months up to 21 months	Over 21 months
Non-financial corporations and sole proprietors							
Specialised financing							
Construction and property devel	70	75	85	90	95	100	100
Civil works	55	65	70	80	95	100	100
Other specific financ	55	65	75	90	95	100	100
Non-specialised financing							
Large companies	55	65	75	90	95	100	100
SMEs	65	70	75	85	90	95	100
Individual entrepreneurs	35	45	60	65	80	95	100
Households							
Home purchase							
Primary resid amnt < 80% guarantee	45	50	65	70	85	95	100
Primary residence amnt > 80% guarantee	45	50	65	70	85	95	100
Non-primary residence	45	50	65	70	85	95	100
Consumer credit (incl. credit card debt)	55	65	80	85	95	100	100
Other purposes	55	65	80	85	95	100	100

The generic coverage for operations classified as normal risk shall be different from that calculated

for normal risk transaction under special surveillance, according to the following percentages, and on the basis of the amount not covered by effective guarantees:

	Normal risk	Normal risk in special surveillance
Non-financial corporations and sole proprietors		
Specialised financing		
Construction and property devel	1.9	30.0
Civil works	2.0	18.8
Other specific financ	0.6	9.6
Non-specialised financing		
Large companies	0.6	9.6
SMEs	1.1	17.8
Individual entrepreneurs	1.4	13.9
Households		
Home purchase		
Primary resid amnt < 80% guarantee	0.7	18.0
Primary residence amnt > 80% guarantee	0.7	18.0
Non-primary residence	0.7	18.0
Consumer credit	1.8	20.2
Relating to: credit card debt	1.0	11.6
Other purposes	1.8	20.2

In the estimation of effective collateral for the purpose of hedging calculations, the following estimated haircuts shall be applied to the reference value of such collateral:

TYPE OF SECURITY INTEREST	Discount on reference value (%)
Property guarantees (first encumbrance)	
Finished buildings and building elements	
Dwellings	30
Offices, commercial premises and multi-purpose industrial spaces	40
Other	45
Urban land and land for development	40
Other real estate	45
Pledges of financial instruments	
Money deposits	0
Other financial instruments with active market	10
Other financial instruments with no active market	20
Other security interests (e.g. second mortgages, personal property)	50

The Institute has established the corresponding provisions at 31 December 2024 with the utmost prudence in order to strengthen its balance sheet, with a detailed analysis of each borrower where deemed necessary, and taking into account the underlying uncertainties in the financing due to the macroeconomic environment

In the case of foreclosed real estate assets or assets received as payment of debts, the following discounts shall be applied to the reference value for such assets for the purposes of valuing any hedges that may apply:

TYPE OF PROPERTY FORECLOSED	Discount on reference value (%)
Finished buildings and building elements	
Dwellings	25
Offices, commercial premises and multi-purpose industrial spaces	30
Other	32
Urban land and land for development	35
Other real estate	40

The recognition in the consolidated profit and loss account of interest accruals based on contractual terms is discontinued for all individually rated debt instruments and for those which impairment losses have been calculated collectively as having amounts past due in excess of three months.

The amount of impairment losses incurred on debt and equity instruments included in "Financial assets at fair value, through other comprehensive income", is equal to the positive difference between their acquisition cost, net of any principal repayment, and their fair value less any impairment losses previously recognised in the profit and loss account.

When there is objective evidence that the decline in fair value is due to impairment, unrealised losses recognised directly in “Other accumulated comprehensive income” as valuation adjustments in equity are recognised immediately in the profit and loss account. If all or part of the impairment losses are subsequently recovered, the amount, in the case of debt securities, is recognised in the profit and loss account for the period of recovery, while for equity instruments, this is recognised in under “Other accumulated comprehensive income” as net equity valuation adjustments.

In the case of debt and equity instruments classified under “Non-current assets held for sale”, losses previously recognised in equity are considered to be realised and recognised in the profit and loss account at the classification date.

In the case of investments in subsidiaries, jointly controlled entities and associates, the Institute estimates the amount of impairment losses by comparing their recoverable amount with their carrying amount. Such impairment losses are recognised in the profit and loss account for the period in which they occur and subsequent recoveries are recognised in the profit and loss account for their period of recovery.

Should the recovery of any recorded impairment amount be considered remote, it is removed from the balance sheet, although the Institute may take the necessary actions to try to recover it until its rights have been definitively extinguished due to the end of the statute of limitations, forgiveness or other grounds.

2.8 Guarantees granted and provisions made thereon

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the creditor for the losses the latter incurs when a specified debtor defaults on its payment obligation under the original or modified terms of a debt instrument, regardless of its legal form, which may be a guarantee, financial collateral, insurance contract or credit derivative, among others.

The issuer of these financial guarantee contracts recognises them under “Other financial liabilities” at fair value plus the transaction costs that are directly attributable to their issue, unless the contracts are issued by insurance entities.

At inception, unless there is evidence to the contrary, the fair value of financial guarantee contracts issued to an unrelated third party in an arm's length transaction is the premium received plus the present value of the cash flows to be received, if applicable, using an interest rate similar to that of financial assets granted by the Group with a similar term and risk. Simultaneously, the present value of the future cash flows to be received is recognised as a credit to the asset using the above interest rate.

Subsequent to the initial recognition, contracts are treated using the following criteria:

(i) The value of fees or premiums receivable for financial guarantees is discounted by recording the differences in the profit and loss account as finance income.

(ii) The value of financial guarantee contracts that have not been classified as doubtful is the amount initially recognised as a liability less the portion taken to the profit and loss account on a straight-line basis over the expected life of the guarantee or on another basis that more suitably reflects the perceived economic benefits and risks of the guarantee.

The classification of a financial guarantee contract as doubtful shall imply the constitution of a suitable hedge, included under the heading "Provisions for commitments and guarantees given".

2.9 Accounting for leasing transactions

2.9.1 Financial leases

Financial leasing transactions are those in which all the risks and rewards incidental to ownership of the leased asset are substantially transferred to the lessee.

When the Group acts as lessor of an asset in a financial leasing transaction, the sum of the present values of the amounts to be received from the lessee plus the guaranteed residual value, usually the price to exercise the lessee's purchase option at the end of the lease, is recognised as financing lent to third parties and is therefore included under "Loans and receivables" in the consolidated balance sheet, in accordance with the nature of the lessee.

When the Group acts as the lessee in a financial leasing transaction, it presents the cost of the leased assets on the consolidated balance sheet, according to the nature of the leased asset, and, simultaneously, a liability for the same amount (whichever of the following is lower: the fair value of the leased asset or the sum of the current values of the amounts payable to the lessor, plus the price to exercise the lessee's purchase option, if applicable). These assets are depreciated using criteria similar to those applied to the Group's property, plant and equipment for own use (Note 2.12).

In both cases, financial income and expenses arising from these contracts are credited and charged, respectively, to "Interest income" and "Interest expense" in the consolidated profit and loss account, using the effective interest rate method calculated according to the applicable standard.

2.9.2 Operating leases

In operating leases, ownership of the leased asset and substantially all the risks and rewards incidental to ownership remain with the lessor.

When consolidated companies act as the lessor in operating leases, the acquisition cost of the leased

assets is presented under "Tangible assets" either as "Investment property" or "Other assets leased under operating leases", depending on the nature of the leased assets. These assets are depreciated in accordance with the policies adopted for similar tangible assets for own use and income from lease contracts is recognised in the consolidated profit and loss account on a straight-line basis under "Other operating income".

When consolidated companies act as lessee in operating lease transactions, they recognise a lease liability for the current value of the lease payments to be made (fixed, variable, exercise of purchase option and others), as the initial measurement of the contract, and a right-of-use asset measured at cost.

2.10 Staff costs

2.10.1 Short-term remuneration

Short-term employee benefits are remunerations whose payment is made within twelve months after the end of the financial year in which the employees render their services. These remunerations are measured, without restatement, at the amount to be paid for the services received, and are generally recorded as personnel expenses for the year and as a liability accrual account for the difference between the total expense and the amount already paid.

2.10.2 Post-employment commitments

Pension commitments entered into by the Group refer to those acquired by the Institute for its employees are included in the Collective Bargaining Agreement in force and correspond to defined contribution commitments.

The Institute's staff are members of the *Plan de Pensiones del Sistema de Empleo de Promoción Conjunta* (Pension Plan of the Joint Promotion Employment System), promoted by the Spanish Civil Service, regulated by the Consolidated Text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002 of 29 November and its Regulations approved by Royal Decree 304/2004 of 20 February, and which is part of the BBVA Empleo Doce pension fund, whose managing entity is Gestión de Previsión y Pensiones, Entidad Gestora de Fondos de Pensiones, and depositary entity, BBVA.

As defined contribution commitments, the Institute has assumed an annual contribution for its staff with over two years of service in the Administration at 1 May of the corresponding year, regardless of whether they are career or interim civil servants, contract staff, temporary staff or senior officials, which is calculated according to the following parameters:

- The occupational group to which the employee belongs.

- Seniority (understood as the number of 3-year periods of service of the civil servant, regardless of the type of contract).

Amounts to be contributed will be those approved by the General State Budget Law for each year, and no amount has been recorded as an expense under "Personnel expenses" in the accompanying consolidated profit and loss account at 31 December 2024 or 31 December 2023.

2.10.3 Death and disability and retirement awards

Commitments to employees for retirement benefits and pre-retirement death and disability benefits and similar items are estimated by calculating the present value of their legal and implicit obligations at the date of the financial statements, after deducting any actuarial losses less any actuarial gains,

unrecognised past service costs and the fair value of the assets covering the commitments, including insurance policies. All past service costs and actuarial gains and losses are recognised immediately.

At 31 December 2024, the Group has a provision for post-employment commitments of EUR 910 thousand (EUR 836 thousand at 31 December 2023).

2.10.4 Severance payments

Severance payments are recognised under "Personnel expenses" in the accompanying consolidated profit and loss accounts with a credit to "Provisions for pensions and similar obligations" under "Provisions" in the accompanying consolidated balance sheets only when the Group is demonstrably committed to terminating the employment of an employee or group of employees before their normal retirement date, or to pay severance payments as a result of an offer made to encourage voluntary redundancy by employees.

At 31 December 2024 and 2023, the Group has not recognised any provisions in this respect as there is no plan or agreement requiring such a provision.

2.11 Tax on profits

Corporate income tax is treated as an expense and is recorded under "Income tax expense or income from continuing operations" in the consolidated profit and loss account.

The Tax on Profit expense for the year is calculated as the tax payable in respect of the taxable profit for the year, adjusted by the amount of changes during the year in recorded assets and liabilities arising from temporary differences, tax credits and tax relief and any tax loss carryforwards (Note 23).

The Group considers that a temporary difference exists when there is a difference between the carrying amount and the tax base of an asset or liability. The tax base of an asset or liability is the amount attributed to it for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Group to make a payment to the relevant authorities. A deductible temporary difference is one that will give rise to a right of reimbursement or a lower payment to be made by the Group to the relevant administration in the future.

Credits for deductions and allowances and credits for tax loss carryforwards are amounts which, having produced or carried out the activity or obtained the result to generate their entitlement, are not applied for tax purposes in the corresponding tax return until the conditions established in the tax regulations to do so have been met, and the Institute considers it likely to be applied in future tax years.

Current tax assets and liabilities are those taxes that are expected to be recoverable or payable from the tax authorities within twelve months from the date of recognition. Deferred tax assets and deferred tax liabilities are amounts expected to be recovered or paid, respectively, from the related tax authorities in future periods.

Deferred tax liabilities are recognised for all taxable temporary differences. However, there are no deferred tax liabilities arising from the recognition of goodwill.

The Group only recognises deferred tax assets arising from deductible temporary differences, tax credits, tax relief or tax loss carryforwards if the following conditions are met:

- Deferred tax assets are only recognised if it is considered likely for the Group to have sufficient future

taxable profit to be utilised against the applicable earnings.

- In the case of deferred tax assets arising from tax loss carryforwards, these have arisen from identified causes that are unlikely to recur.

Deferred tax assets and liabilities are not recognised when an initially recorded asset or liability does not arise in a business combination and at the time of recognition it has not affected either accounting or taxable profit or loss.

At the end of each reporting period, the deferred tax assets and liabilities are reviewed to ensure that they are still valid, and the appropriate adjustments are made in accordance with the results of the analyses performed.

2.12 Tangible assets

2.12.1 Property, plant and equipment for own use

Property, plant and equipment for own use include those assets, whether owned or acquired under finance leases, which are held by the Institute for current or future use for administrative purposes or for the production or supply of goods and which are expected to be used for more than one financial year. This category includes tangible assets received by the Group for the full or partial settlement of financial assets representing receivables from third parties and those which are intended to be put to their own continued use, among others.

Property, plant and equipment for own use are stated in the balance sheet at their acquisition cost, which is the fair value of any consideration given plus all cash payments made or committed, less accumulated depreciation and, where applicable, estimated losses resulting from comparing the net value of each item with its corresponding recoverable amount.

For these purposes, the acquisition cost of foreclosed assets that become part of the Group's property, plant and equipment for own use is assimilated to the net amount of the financial assets delivered in exchange for their foreclosure.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their residual value, it being understood that the land on which the buildings and other structures stand has an indefinite life and is therefore not depreciated.

The annual depreciation charge for tangible assets is recognised under "Depreciation - Tangible assets" in the consolidated profit and loss account and is basically equivalent to the following depreciation rates (determined on the basis of the average years of estimated service life of the various assets):

	Annual percentage
Real estate	2%
Facilities	4 to 15%
Office furniture and equipment	10%
Information processing equipment	25%
Transport elements	16%

At the end of each reporting period, the Group assesses whether there is any internal or external indication that the net carrying amount of its property, plant and equipment exceeds its recoverable amount, in which case it reduces the asset’s carrying amount to its recoverable amount and adjusts future depreciation charges in proportion to its adjusted carrying amount and to its new remaining service life, if a re-estimate is necessary. This reduction in the carrying amount of property, plant and

equipment for own use is charged, if necessary, to "Impairment of non-financial assets" in the consolidated profit and loss account.

Similarly, when there is an indication of a recovery in the value of an impaired tangible asset, the Institute records the reversal of the impairment loss recognised in prior periods with a corresponding credit to "Impairment of non-financial assets" in the consolidated profit and loss account and adjusts future depreciation charges accordingly. Under no circumstances may the reversal of an impairment loss on an asset increase its carrying amount above that which it would have had if no impairment loss had been recognised in prior periods.

The estimated service life of property, plant and equipment for own use are reviewed at least once a year in order to detect significant changes therein which, if any, are adjusted by means of the corresponding adjustment charged to the consolidated profit and loss account for future years for depreciation on the basis of new service life.

Upkeep and maintenance expenses on property, plant and equipment for own use are charged to "Other administrative expenses" in the consolidated profit and loss account in the year in which they are incurred. Finance costs incurred as a result of financing property, plant and equipment for own use are posted in the profit and loss account on an accruals basis and do not form part of the asset acquisition cost.

2.12.2 Investment property

“Investment property" in the consolidated balance sheet includes the net values of land, buildings and other structures which are held either for rental purposes or for capital appreciation as a result of future increases in their respective market prices.

The criteria applied for the recognition of the acquisition cost of investment property, for its depreciation, for the estimation of its respective service life and for the recording of possible impairment losses are the same as those described for property, plant and equipment for own use (Note 2.12.1).

2.13 Intangible assets

Intangible assets are identifiable non-monetary assets, albeit without physical substance, that arise as a result of a legal transaction or have been developed internally by the Group. Only intangible assets whose cost can be estimated in a reasonably objective manner and from which it is probable that future economic benefits will flow to the Institute are recognised.

Intangible assets, other than goodwill, are stated in the balance sheet at acquisition or production cost, net of accumulated amortisation and any impairment losses.

Intangible assets may have an "indefinite service life" when, based on an analysis of all relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Institute, or a "finite service life" in all other cases.

Intangible assets with an indefinite service life do not depreciate, although at each balance sheet date the Group reviews their respective remaining service life to ensure that they are still indefinite or, if not, to proceed accordingly.

Intangible assets with a finite life depreciate over their life, applying similar criteria to those adopted for the depreciation of tangible assets. The annual depreciation of intangible assets with a finite service life is recognised under "Depreciation - Intangible assets" in the accompanying consolidated profit and loss account.

Intangible assets with an indefinite service life and those with a finite service life are recognised by the Group according to any impairment loss on the carrying amount of these assets with a balancing entry under "Impairment of non-financial assets" in the consolidated profit and loss account. The criteria for recognising impairment losses on these assets and, where applicable, recoveries of impairment losses recognised in prior years are similar to those applied to property, plant and equipment for own use (Note 2.12.1).

2.14 Provisions and contingent liabilities

In preparing the Group's consolidated financial statements, a distinction is made between:

- Provisions: credit balances covering current obligations at the date of the balance sheet that arise from past events that could give rise to a loss for the entities, which are considered likely to occur, whose nature is certain, but whose amount and/or time of derecognition is uncertain.

- Contingent liabilities: potential obligations arising from past events, the realisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The Group's financial statements include all material provisions considered more likely than not to occur and whose liability will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in accordance with the requirements of Bank of Spain Circular 4/2017 (Note 19).

Provisions are quantified on the basis of the best information available on the consequences of the event giving rise to them. They are re-estimated at each balance sheet closing and are used to meet the specific obligations for which they were originally recognised and are reversed, in full or in part, when these obligations cease to exist or are less likely.

At year-end 2024 and 2023, various legal proceedings and claims were in progress against the Group arising from its ordinary course of business. Both ICO's and the Group's legal advisors have come to the understanding that the conclusion of these proceedings and claims will not have a material effect, above and beyond that included as a provision, where applicable, in the consolidated financial statements for the years in which they are concluded.

Provisions considered necessary in accordance with the above criteria are entered into accounts with a charge or credit to "Provisions or reversal of provisions" in the consolidated profit and loss account.

2.15 Cash flow statements

In cash flow statements, the following expressions are used in the following senses:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with low risk of value changes.

- Operating activities: typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

2.16 Non-current assets held for sale and liabilities associated with non-current assets held for sale

The heading "Non-current assets classified as held for sale" in the accompanying consolidated balance sheet includes the carrying amount of individual items whose sale in their present condition is very likely to be completed within one year from the reporting date of the consolidated financial statements.

When, exceptionally, the sale is expected to occur in a period exceeding one year, the Group restates the value of the sale cost, recording the increase in value due to the passage of time under "Gains (losses) on disposal of assets not classified as discontinued operations" in the consolidated profit and loss account.

Therefore, the recovery of the carrying amount of these items, which may be of a financial or non-financial nature, is expected to occur through the price obtained on disposal, rather than through its ongoing use.

Specifically, real estate and other non-current assets received by the Group in full or partial satisfaction of its debtors' payment obligations are considered non-current assets held for sale, unless the Group has decided to make ongoing use of these assets.

Symmetrically, the heading "Liabilities associated with non-current assets held for sale" includes the balances payable associated with the Group's disposal groups or discontinued operations.

In general, assets classified as non-current assets held for sale are measured at the lower of their carrying amount at the time they are considered as such and their fair value, net of estimated selling costs. As long as they remain classified in this category, tangible and intangible assets that are depreciable by their nature are not depreciated.

In the event that the carrying amount of the assets exceeds the fair value of the assets, net of selling costs, the Institute adjusts the carrying amount of the assets by the amount of this excess, with a balancing entry under "Gains (Losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" in the accompanying consolidated profit and loss account . If there are subsequent increases in the assets' fair value, the Group reverses the losses previously recognised by increasing the carrying amount of the assets up to the limit of the amount prior to their potential impairment, with a balancing entry under the previously indicated heading.

Gains (losses) from the sale of non-current assets held for sale are presented under "Gains (losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" in the accompanying consolidated profit and loss account.

Notwithstanding the above, financial assets, assets arising from employee benefits, deferred tax assets and insurance contract assets that are part of a disposal group or a discontinued operation are not measured in accordance with the above paragraphs, but in accordance with the principles and rules applicable to these items, as explained in Note 2 above.

3. CUSTOMER SERVICE

On 24 July 2004, Order Eco 734 came into force on the functioning of the Customer Service Department, which aims to regulate the Customer Service Departments and the Customer Ombudsman of banks and financial institutions. In relation to this service, and although the Group is not obliged to have a customer service department, the Group has been dealing with all the claims and complaints it receives, basically in relation to the operations inherent to its activity as a financial

agency. In order to achieve the highest quality in the services provided, in December 2006 the Institute decided to create a unit responsible for centralising the reception, processing, attention and response to all complaints and suggestions from ICO suppliers, users and customers.

A total of 122 complaints were received in 2024 (140 in 2023), which were responded to in an average of 1.9 working days (much less than the maximum period of 15 working days set out in the procedure). Of the total, 40% are related to the marketing by financial institutions of the Guarantee Facility for the purchase of first homes by young people and families with dependent minors. 16% are related to operations under the COVID-19 and Ukraine Guarantee Facilities, so many of them were passed on to the financial institutions. 3% mentioned difficulties in applying for the DANA Guarantee Facility at their financial institutions. Another 3% came from holders or guarantors who had defaulted on ICO Directo payments. 34% were related to the other Mediation Facilities and 4% to other issues unrelated to the products or services managed by ICO.

4. DISTRIBUTION OF RESULTS

The balance for the year 2024 of the Group's parent company (EUR 239,796 thousand), at the date of preparation of these Consolidated Financial Statements, is pending distribution by the Ministry of Economy, Trade and Enterprise. Such distribution shall be in accordance with the provisions of its Articles of Association.

5. RISK EXPOSURE AND OTHER INFORMATION OF THE INSTITUTE, AS THE PARENT ENTITY OF THE GROUP

5.1. Risk. General aspects

Risk is an inherent part of financial activity. Its proper measurement, management and control should contribute to the achievement of healthy margins and the maintenance of the bank's solvency, which is the basis for the confidence held by clients, investors and employees.

Without attempting to make an exhaustive classification of the risks borne by a financial institution, they can basically be classified into four categories: Liquidity Risk, Market Risk, Credit Risk and Operational Risk.

- Liquidity Risk: This risk is incurred as a result of a lack of sufficient liquid resources with which to meet its obligations, either due to a mismatch in the maturity structure of assets and liabilities, or due to an exceptional market crisis.

- Market Risk: This includes the impact on the profit and loss account and on the value of the entity's equity due to adverse variations in relevant financial variables, such as the interest rates in the national currency or other currencies, exchange rates, share prices, etc. This risk can be further subdivided into two main groups: Balance sheet or structural market risk and market risk on trading portfolios.

- Credit Risk: This refers to the risk of not fully recovering the principal and interest on investments within the timeframe foreseen. This type of risk can also be broken into two main groups: Bank counterparty risks and credit risk on investment transactions.

- Operational Risk: This is incurred as a result of administrative errors, internal processes, accounting, IT, legal or external risks due to unforeseen circumstances.

ICO, as a credit institution, is exposed to this set of risks that must be identified, measured and monitored in order to be managed effectively. This is done in accordance with the Risk Policy Manual approved by its General Council, a document that compiles different methodologies, applicable regulations, procedures and organisational structure.

5.2. Risks. Organisational structure

In order to cover all areas of risk, Instituto de Crédito Oficial, within its organisational structure (according to Organisational Circular 2/2024 of 18 September 2024 of the Chairman's Office), has created specialised units reporting to the Directorate of Risk Management, which reports to the Directorate General for Financing, Risks and State Funds.

The Directorate of Risk Management is responsible for designing and proposing internal risk policies and the methodologies for analysing, managing and monitoring the Institute's financial and credit risks necessary to assess their eligibility and control, and is in charge of supervising ICO's compliance with national and international risk standards. The specialised Risk units within the Directorate of Risk Management are the ALM Management and General Risk Control Department and the Risk Policy Area, each with specific functions.

The main functions of the ALM Management and General Risk Control Department are as follows:

- The management and control of the financial risks of ICO's balance sheet, with the aim of ensuring that the Institute's balance sheet is adequately positioned within the established limits, including proposing better management and coverage procedures.
- The development and control of the pricing policy relating to ICO's lending activity.
- Management and control of counterparty risk with financial intermediaries.

It reports to the Balance Sheet Management and Financial Risk Control Area and the Banking and Financial Intermediaries Risk Area.

The main functions of the Balance Sheet Management and Financial Risk Control Area are as follows:

• Calculation, management and control of financial risks on the ICO balance sheet. Liquidity risk, interest rate risk and foreign exchange rate risk, including simulations of the indicators and ratios that measure them.

• Preparation and proposal of methodologies for measuring financial risks, as well as drafting of regulatory reports related to the above risks.

• Management and control of the pricing policy relating to ICO's lending activity, with the development and proposal of applicable methodologies, as well as the maintenance of the Risk Adjusted Return (RAR) tool and methodology.

• Monitoring and development of the applicable indicators for the RAF.

• Analysis of securitisation credit risk and portfolio guarantee operations through the securitisation tool.

The main functions of the Banking and Financial Intermediaries Risk Area are as follows:

• Development and monitoring of the counterparty limits allocation policy for financial intermediaries and analysis of financial institutions.

• Administration and control of counterparty limits for mediation and treasury operations.

• Counterparty risk management for treasury operations.

• Calculation of CVA and add-ons, parameters related to counterparty risk.

• Prepare regulatory reports on large bank risks.

The main functions of the Risk Policy Area are as follows:

- Defining and promoting the policies and methodologies used in credit risk admission and monitoring in individual and standardised direct operations and new products, as well as verifying the compliance with these guidelines in the risk assessment of operations utilising ICO's various financial instruments.

- Development of proposed credit risk assessment models and their integration of ESG risks.

- Preparation of proposed methodologies for measuring financial risks and the annual preparation of the IACL, RAF and Risk Map in the areas of its competence.

In short, ICO has at its disposal a team of professionals specialised in each type of risk and with the responsibility inherent to their function, who act in accordance with the guiding principles on risk, the current Risk Policy Manual and existing internal procedures.

5.3 Liquidity risk at ICO

Liquidity risk is defined as the inability of an institution to meet its payment obligations due to a lack of sufficient liquid resources or, in order to meet such obligations, it is forced to raise funds or liquidate assets under particularly burdensome conditions.

ICO’s management and control of liquidity risk adheres to the following principles, which are in line with regulatory requirements.

- Involvement and participation of senior management: The management and control of liquidity risk is a key element for the Institute’s executive staff and administration, through a reporting and information system that ensures that the governing bodies and the Board regularly have all the necessary information to make decisions and supervise this risk.
- Quality of information: Reliable, rapid and quality information is essential for sound decision-making. To this end, the technological developments carried out and those underway as part of the 2024-2027 Digitalisation Plan are aimed at making information gathering more efficient and ensuring its quality.
- Forward looking approach: This approach aims to detect risks in advance by carrying out periodic simulations also taking into account activity forecasts.
- Prudent management: Beyond compliance with regulatory ratios, the internally established limits and warning signals are sufficiently broad to ensure a prudent state of liquidity, without forgetting the associated profitability or cost, and actively managing to mitigate the associated risk and optimise liquidity.
- Planning: To facilitate the obtaining of the necessary resources to cover the commitments undertaken and the planned activity. In this respect, the Financing Plan is approved annually by the General Council.

Continuing with the previous section, ICO's own idiosyncrasies set it apart from other financial institutions and the definition of its liquidity management procedures:

- According to its Articles of Association, approved by Royal Decree 706/1999 of 30 April, ICO is not authorised to raise funds from the general public (Article 24.7). ICO's financial planning comes mainly from issues on international and domestic financial markets, which enjoy the direct, explicit, irrevocable and unconditional guarantee of the Spanish State vis-à-vis third parties (Article 24.2).
- Having a single operational headquarters, with no domestic or foreign branches or subsidiaries, facilitates operational control and liquidity monitoring.
- ICO, as a State Financing Agency, is guaranteed by the Kingdom of Spain in its issues, as mentioned above, which in terms of credit risk equates it with Spanish risk and, therefore, the liquidity risk due to market collapse is lower than in other entities.
- It also highlights the possibility of obtaining resources through contributions from the State or other public entities, companies and associations that may contribute to the financing of its activity, as indicated in RDL 12/1995 of 28 December, on urgent budgetary, tax and financial measures.

All of the above make ICO's liquidity management different in comparison to most credit institutions.

In general, there is no specific capital requirement for liquidity risk beyond a series of rules of conduct to be followed (qualitative requirements) contained in Rule Fifty-one of the sixth chapter on risk management in Circular 2/2016, which also mentions the need to report the actions carried out in the capital self-assessment and supervisory review process contained in Chapter 5.

In this regard, the Capital and Liquidity Self-Assessment Report (IACL) is prepared annually and submitted to the Bank of Spain as part of the supervisory review and evaluation process (SREP).

ICO has a well-defined organisational structure responsible for the reporting, monitoring, management and control of liquidity risk. The flow of information circulates from the competent units of the Directorate of Risk Management to the Council via the necessary Committees (COAP and/or COPER), adapting the detail of this information to the needs of each case.

Within a prudent framework for liquidity risk management, a structure of limits and warning signals has been defined, which are approved by the Council and then integrated within the institution's Risk Appetite Framework.

ICO uses the liquidity gap and the liquidity buffer as the main internal metrics for managing and controlling balance sheet liquidity risk. In addition, ICO takes into account the regulatory LCR and NSFR ratios.

Key liquidity risk metrics

Internal metrics: Liquidity gap

ICO's liquidity management is based on an analysis of the difference between the inflows and outflows generated by the contractual maturities of the operations on its balance sheet (liquidity gap) and the flows generated by activity forecasts. This analysis provides the necessary information on the volume of funds that will need to be raised, using the various sources of funding available to the institution.

This liquidity gap provides information on the mismatches between the daily inflows and outflows of all on- and off-balance sheet items.

Liquidity is monitored on a daily basis for a period of at least 12 months. This monitoring and control

of the established limits is carried out on a weekly basis and also at the end of each month, with a horizon of up to one week, one month, three months and six months.

As indicated above, ICO has established quantitative limits and warning signals that enable it to anticipate possible liquidity stress situations.

In addition, the liquidity gap analysis is extended at least monthly to cover the entire life of the balance sheet in order to keep a balance in these gaps.

Internal metrics: Liquidity buffer

In addition, the Institute maintains a buffer of high-quality liquid assets that would allow it, if necessary, to obtain immediate liquidity by discounting them at the European Central Bank. The balance of assets available for use by the Institute as a liquidity buffer has sufficient capacity to cover its negative liquidity gaps, which serves two purposes:

- Provide flexibility in planning the volume and timing of fundraising to cover liquidity gaps.
- Safety buffer to be able to cope with possible tensions or crisis situations that could occur in the markets.

There is an internal requirement to hold a portfolio containing bonds of the Kingdom of Spain or Spanish-backed bonds for an amount that at least covers the limit on the accumulated three-month liquidity gap.

Information on liquidity gaps and liquid asset buffer

The following tables show a comparison of liquidity inflows and outflows at different maturities (partial and cumulative liquidity gaps). In the case of inflows and outflows in currencies other than Euro, their countervalue in that currency has been included. It also includes the evolution of the liquid asset buffer with more capital, and its level of coverage of liquidity gaps at different maturities.

With respect to the information collected in the previous year, it has been adjusted to include level 2A and 2B assets (according to the Basel Committee on Banking Supervision nomenclature) as highly liquid assets, as well as the standing deposit facility, which was considered under the inflow heading. These changes were made in order to bring the information submitted closer to the regulatory reporting of liquidity risk.

At 31 December 2024 (thousands of euros):

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Inflows conv. euro	3,243,069	3,182,605	3,522,491	6,503,741	8,586,246	15,640,930	8,683,276
Outflows conv. euro	(2,966,550)	(4,402,672)	(4,148,177)	(7,977,317)	(11,132,133)	(9,104,795)	(8,057,378)
Partial liquidity gaps	276,519	(1,220,067)	(625,686)	(1,473,576)	(2,545,887)	6,536,135	625,898
Cumulative liquidity gaps	**276,519**	**(943,548)**	**(1,569,234)**	**(3,042,810)**	**(5,588,697)**	**947,438**	**1,573,336**
Highly liquid asset buffer	**8,544,011**	**9,027,381**	**9,195,895**	**8,683,796**	**7,791,079**	**4,231,048**	**2,574,296**
Difference accumulated negative gaps / buffer	8,820,530	8,083,833	7,626,661	5,640,986	2,202,382	5,178,486	4,147,632
% buffer coverage over accumulated negative gaps	N/A	957%	586%	285%	139%	N/A	N/A

At 31 December 2023 (thousands of euros):

	Up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Inflows conv. euro	3,288,010	3,548,137	3,234,221	6,097,740	5,055,285	12,711,850	7,584,485
Outflows conv. euro	-2,855,834	-6,119,248	-4,045,038	-7,339,322	-4,429,624	-8,080,447	-4,988,425
Partial liquidity gaps	432,176	-2,571,111	-810,817	-1,241,582	625,661	4,631,403	2,596,061
Cumulative liquidity gaps	**432,176**	**-2,138,934**	**-2,949,751**	**-4,191,333**	**-3,565,671**	**1,065,731**	**3,661,792**
Highly liquid asset buffer	**6,227,052**	**6,725,674**	**7,208,024**	**7,383,887**	**6,790,765**	**3,082,761**	**2,065,760**
Difference accumulated negative gaps / buffer	6,659,228	4,586,740	4,258,273	3,192,554	3,225,093	4,148,492	5,727,552
% buffer coverage over accumulated negative gaps	N/A	314%	244%	176%	190%	N/A	N/A

As can be seen in the tables above, the accumulated negative liquidity gaps are more than covered by the available liquid asset buffer.

Regulatory metrics: LCR and NSFR ratio

In relation to the liquidity coverage ratio, the table below shows the quarterly averages of the liquidity coverage ratio (LCR) based on month-end observations over the previous twelve months, indicating each quarter of 2024 with the average total liquid assets and the average net liquidity outflows, liquidity outflows and liquidity inflows.

	LIQUIDITY COVERAGE RATIO (LCR) 2024 Quarterly average (in % and thousands of euros)			
	1T	**2T**	**3T**	**4T**
LCR RATIO	**376.80%**	**595.43%**	**351.04%**	**519.05%**
TOTAL LIQUID ASSETS	5,698,796	6,779,612	6,463,320	8,893,326
NET LIQUIDITY OUTFLOWS	1,537,542	1,291,957	1,882,742	2,316,150
Liquidity outflows	4,354,475	4,171,121	4,462,383	5,847,326
Liquidity inflows	2,816,933	2,879,165	2,579,641	3,531,176

Finally, the table below contains information on the net stable funding ratio (NSFR) at the end of each calendar quarter of 2024, which also reflects the stable funding available at the end of each quarter and the funding required at the same dates.

	NET STABLE FUNDING RATIO (NSFR) 2024 Quarterly average (in % and thousands of euros)			
	1T	**2T**	**3T**	**4T**
NSFR RATIO	117.17%	108.58%	113.21%	124.55%
STABLE FUNDING AVAILABLE	23,804,184	23,634,104	25,354,593	27,828,661
STABLE FUNDING REQUIRED	20,315,615	21,765,575	22,396,773	22,342,600

Maturity analysis of traded and hedging financial derivatives

The contractual maturities of derivatives at 31 December 2024 and 2023 considered important to understanding the Institute's cash flow schedule are presented below by notional amount and are entered into accounts as financial assets and liabilities. These exclude derivatives embedded in hybrid

financial instruments and loan commitments, which are considered to be financial derivatives because they can be settled by offset, in cash or with another financial asset:

At 31 December 2024:

	Thousands of euros					
	Up to 1 year	From 1 to 5 years	From 6 to 10 years	From 11 to 15 years	From 16 to 20 years	**Total**
Trading derivatives	-	117,913	139,529	50 006	-	307,448
-Of which: credit commitments regarded as derivatives						
Hedging derivatives	7,579,801	10,406,889	3,153,524	590,771	-	21,730,985
	7,579,801	**10,524,802**	**3,293,053**	**640,777**	**-**	**22,038,433**

At 31 December 2023:

	Thousands of euros					
	Up to 1 year	From 1 to 5 years	From 6 to 10 years	From 11 to 15 years	From 16 to 20 years	**Total**
Trading derivatives	88,305	165,158	-	83,280	-	336,743
-Of which: credit commitments regarded as derivatives						
Hedging derivatives	7,976,615	4,694,444	2,634,891	5,426	-	15,311,375
	8,064,920	**4,859,602**	**2,634,891**	**88,706**	**-**	**15,648,118**

In relation to the information indicated in the tables above, it should be noted that:

- When a counterparty can choose when an amount is to be paid, the derivative is allocated in the first period in which it can demand payment from the Institute;
- The amounts presented in the tables above correspond to the undiscounted contractual amounts. In this respect, interest rate swaps are presented at their net amount if they are settled by offset; loan commitments considered as derivatives are presented at their gross amount; other financial derivatives are presented at their contractual amounts to be exchanged if they are not settled by offset;
- For those derivatives whose amount is not contractually fixed at the balance sheet date, e.g. because the amount depends on the performance of a certain index, the remaining maturity considered for classification purposes in the above tables has been determined by considering the conditions that existed at 31 December 2024 and 2023, respectively.

Planning

In addition to the daily management and monitoring of liquidity risk, each year the General Council approves the Financing Plan for the current year and its projections for the following two years, the purpose of which is to establish the criteria and action plans to be implemented during the year to

obtain the financial resources necessary to meet the payment obligations contracted by the ICO Group, as well as to implement the investment plan envisaged in the management budgets and future action plans.

This plan includes a policy to diversify the basic sources of financing in order to minimise risk.

Liquidity contingency plan

Similarly, there is a Liquidity Contingency Plan, approved by the General Council on 27 February 2018, which includes early-warning management mechanisms to detect potential liquidity needs in which specific action is required to raise funds in the markets where ICO operates. The established indicators fall into two categories, liquidity gap indicators and market alert indicators. It also establishes an order of priority as a reference when resorting to sources of funding in stress scenarios.

This Contingency Plan is reviewed and updated annually, the latest version being the one presented at the Assets and Liabilities Committee (ALCO) on 18 September 2024.

5.4. Market risk in ICO

As indicated above, two main groups can be distinguished within this risk: Balance sheet or structural market risk and portfolio risk. As an internal policy, ICO currently tries to minimise its trading portfolios, maintaining only those which, in accordance with current accounting regulations, cannot be classified as hedging or investment portfolios. Therefore, with regard to ICO's market risk, it stems almost exclusively from its structural balance sheet risk.

1) Two **basic criteria** emerge from the Institute's exposure to interest and exchange rate changes: Profitability and Solvency:

   Profitability: The relevant variable is the Net Interest Margin or Financial Margin.

   Solvency: An entity's capital is the main guarantee vis-à-vis its lenders. The value of this capital or equity should be the main criterion for measuring solvency.

   Under these considerations, ICO has implemented a market risk measurement system based on three pillars: a) Calculation of the sensitivity of the annual Financial Margin. b) Calculation of the sensitivity of the Net Asset Value and c) Calculation of the "Value at Risk" of hypothetical trading portfolios, if any.

2) **Methodology**. The methodology used to measure balance sheet risks, in terms of Financial Margin and Net Asset Value, is based on the technique of simulating the effects of changes to the risk factors (interest rates and exchange rates) on these aggregates.

   In the case of "Value at Risk", the methodology will be determined by the type of portfolio involved and may be based on a parametric, historical simulation or Monte Carlo methodology.

3) **The degree of risk**. The decision on the degree of risk assumed by ICO is the responsibility of Senior Management, which, at the proposal of the Directorate of Risk Management, approves the applicable limits. These limits are reviewed periodically.

   For the purposes of establishing a limit to the sensitivity of the Financial Margin, this will be estimated according to the implicit rates calculated on the market curve and the other curve where increases or decreases of +/- 200 basis points have been applied, applying a floor of -1% in the below-margin scenario. The difference between the two calculations, in absolute value, shall be the estimated sensitivity, whose amount may not entail a decrease in the simulated Financial Margin of more than 35% of the Gross Margin, provided that it does not

exceed 65% of the Financial Margin established in the annual Budget. In any case, a EUR 35 million reduction will be tolerated.

To determine the sensitivity of the net interest margin to exchange rate movements in the Euro/US Dollar and Euro/Pound Sterling currencies, movements of +/- 10% will be assumed.

The exchange rate risk may in no case exceed 25% of the overall limit established for the Financial Margin.

As a result of applying these movements of +/- 200 basis points, with the aforementioned adjustments to interest rate movements, the sensitivity of the ICO's net interest margin at 31 December 2024 was EUR -24.48 million in total, with the following distribution: EUR -17.21 million from the euro balance, EUR -3.16 million from the US dollar balance and EUR -4.10 million from the pound sterling balance. By exchange rate (with movements of +/- 10% in USD/EUR and GBP/EUR exchange rates), it stood at EUR -3.06 million in dollars and EUR -0.64 million in pound sterling.

The total sensitivity of ICO's Financial Margin at 31 December 2023 was EUR -53.11 million, distributed as follows: EUR -49.83 million from the euro balance, EUR -1.19 million from the US dollar balance and EUR -0.24 million from the pound sterling balance. By exchange rate (with movements of +/- 10% in USD/EUR and GBP/EUR exchange rates), it stood at EUR -1.34 million in dollars and EUR -0.52 million in pound sterling.

For the purposes of setting a limit on the sensitivity of the Net Asset Value, the current values of our balance sheet will be calculated using a market curve and another curve where +/- 200 basis point increases or decreases have been applied with a floor, in the scenario of falling rates, of -1% for immediate maturities, a floor that will increase by 5 basis points per year, until reaching 0% for maturities of 20 years or more. This floor is an absolute floor applied to the resulting yield curve after the shift. The difference between the two values will be considered as the sensitivity of the Net Asset Value of our balance sheet in absolute value. The percentage (%) that this variation represents of the Net Asset Value may not represent a decrease above 10% of the estimated Net Asset Value.

To determine the sensitivity of the Net Asset Value to exchange rate movements in the Euro/US Dollar and Euro/Pound Sterling currencies, movements of +/- 10% will be assumed

At 31 December 2024, ICO's Net Asset Value sensitivity values stood at -7.60% of the same in aggregate value with the following balance distribution: -7.07% for the euro interest rate, -0.29% for the US dollar and -0.04% for the pound sterling. By exchange rate, the dollar would show a sensitivity of -0.18% and the pound sterling -0.03%.

At 31 December 2023, ICO's Net Asset Value sensitivity values were -5.75% with the following balance distribution: -5.52% for the euro interest rate, -0.14% for the US dollar balance and -0.04% for the pound sterling balance. Exchange rate sensitivities were -0.03% for the dollar and -0.02% for the pound sterling.

In addition to the aforementioned sensitivities and results, ICO has established a regular system integrated with the risk measurement, management and control application in order to verify the impact that different evolution scenarios for significant financial variables could have on the Financial Margin or Net Asset Value, and performs other sensitivity estimates on a monthly basis based on different hypotheses of interest rate movements.

Furthermore, in accordance with the EBA guidelines on Balance Sheet Interest Rate Risk Management in non-trading activities, GL/2018/02, the change in the Economic Value of Equity (EVE) is calculated on a quarterly basis, at least for each currency, when the assets or liabilities denominated in that currency represent 5% or more of the total financial assets

(excluding tangible assets) or financial liabilities of the banking book—or less than 5% if the sum of the assets or liabilities included in the calculation is less than 90% of the total financial assets or financial liabilities—in each of the 6 scenarios marked by the banking book (parallel upward or downward movement of 200 b.p., monetary easing, flattening, rising short rates and falling short rates).

4) **Risk modification.** The final step in effective risk management is the ability to adjust sensitivities to bring them into line with the desired risk values at any given time, using on-balance sheet or off-balance sheet instruments, depending on market opportunities and management decisions.

The main currencies in which ICO holds balance sheet positions at 31 December 2024 are the euro and the US dollar.

In terms of balance sheet assets, the euro accounts for approximately 90.19% of the total, the US dollar for 8.07% and other currencies for the remainder.

On the liabilities side, they account for around 97.80% of the balance sheet total, with approximately 56.36% of the total in euro and 41.45% in US dollars.

At year-end 2023, ICO's main currencies of activity were also the euro and the US dollar. In this case, between them they accounted for around 97.92% of total assets, with the euro accounting for 89.82% and the dollar for the remaining 8.10%, while they accounted for 97.26% of liabilities, 59.30% in euros and 37.95% in dollars

With regard to the currencies in which the ICO operates, with the exception of the balances in euro and US dollars, its balances are practically closed to interest rate and exchange rate risk, either because the financing is raised in the corresponding currency and converted into euro by means of a derivative hedging the currency flows, or because the financing of a given asset is tailor-made to avoid these risks.

5.5. Credit risk in ICO

With regard to credit risk, there are two main groups: counterparty risk and country risk.

The first group includes transactions with financial institutions, both on- and off-balance sheet. It is controlled by a system that integrates the administration of transactions and the risks arising from them in real time, providing traders with up-to-date information on the counterparty lines available at any given time.

A methodology for the consumption of counterparty facilities has been defined and approved by the competent bodies of ICO, based on the valuation of transactions at market prices plus a potential future risk or "add-on" which is measured as a percentage of the nominal value of the transaction and calculated as the maximum potential loss at 95% confidence over the life of the transaction. The methodology is reviewed periodically and, in particular, the add-ons are adjusted at least every six months.

ICO's General Council also periodically approves the basic criteria for the establishment of the counterparty facilities and carries out an individual analysis of each. These counterpart facilities are subdivided into two main groups as a consequence of ICO’s operational characteristics. On the one hand, there are counterpart facilities for treasury operations. On the other hand, the counterpart facilities for mediation transactions, which are operations where ICO finances different investment projects through framework programmes signed with different entities.

The derivative transactions contracted by ICO have high credit-quality counterparts, such that a very high percentage of them, nearly 100%, have an investment grade agency rating, being national and international institutions. In addition, for this type of operation, it is general policy to sign ISDA or CMOF (Master Agreement for Financial Transaction) contracts and collateral contracts in order to reduce counterparty risk as much as possible.

In any case, ICO's activity with financial institutions, both in mediation and treasury, is carried out with counterparts that, for almost 92% of the risk, have an investment grade agency rating.

Regarding corporate credit risk, ICO has structured different stages of assessment and control: Admission, Monitoring and Recovery.

In the Admission process, an analysis of the companies and operations is conducted based on their valuation as a going concern, in addition to assessing guarantees, where applicable, in order to issue an opinion on the risk operation and potential client, the basis for subsequent decision-making by the Operations Committee or General Council, as the case may be.

The objective of the Monitoring process (direct lending) is to ensure that the Institute's loan portfolio is of the highest quality, that is, to ensure that loans are repaid punctually on the agreed dates. The basic unit of monitoring is the client, not the transaction, so that any impact on a transaction affects the risk rating of the client and its Group. This is achieved through ongoing monitoring, with periodic reviews of clients' economic and financial situation and by keeping the decision support tools up to date in order to detect warning signs, as well as promoting action plans to respond to problematic risks for the purposes of maximising the repayment on the financing granted.

In a section on credit risk, special mention should be made of country risk. Country risk refers to the creditworthiness of the total number of counterparts considered to belong to a geographic, political and legally defined area as a state.

In this respect, ICO has approved a methodology for measuring country risk that follows the regulations in force, fulfilling the objective of assessing countries by risk groups according to multiple criteria, thus making it possible to have a defined criterion when provisioning for country risk, offering an assessment of that country, evaluating its direct credit operations and segmenting the non-resident credit portfolio. As sources of information for the classification of countries into risk groups, ratings from rating agencies and the OECD-CESCE are used.

5.6. Operational risk in ICO

The measurement and control of operational risks is becoming increasingly important, especially in view of the Basel Capital Accord (Basel III). This covers the risk arising from losses due to inadequate processes, incorrect records, system failures, legal risk or risk of loss embedded in the process of executing transactions.

Operational risk is broken down into three main risks: technological, business continuity and conduct risk:

- **Technology risk**: is the risk of loss due to inadequate or failed internal system processes or due to external events. In addition, this risk includes cybersecurity and system operations.
- **Business continuity risk:** the risk of not continuing to perform the essential functions of ICO following a critical situation that has disrupted normal processes.
- **Conduct risk:** the risk of loss due to failures by the staff, including conduct risk.

In this area, a number of tools have been developed that will facilitate the task of handling operational risk. Specifically, this refers to the Risk Map, which includes all the risks detected by ICO and the

controls to be conducted to properly manage them, the monthly monitoring policies of the scorecard or activity indicators, the development of internal processes and procedures, the definition of policies for monitoring clients and operations, the internal control of incidents, and the existing contingency plan. In addition, it is worth highlighting the periodic controls on procedures and operations conducted by the various internal and external audit services.

5.7 Outstanding corporate credit exposure

5.7.1 Sectoral classification

On a sectoral basis, the outstanding exposure (*) is distributed as follows:

	Millions of euros			
	2024		2023	
	Amount	% of total	Amount	% of total
Real estate investment	**347**	**2%**	**381**	**3%**
Construction of subsidised housing for sale	2	0%	4	0%
Construction of subsidised housing for rent	310	2%	277	2%
Land acquisition and development	35	0%	87	1%
Other	-	-	13	0%
Tangible investment	**12,743**	**79%**	**10 963**	**78%**
Renewable energies	3 135	20%	2 280	16%
Water infrastructure	72	0%	77	1%
Electricity infrastructures	2 140	13%	2 675	19%
Gas and hydrocarbon infrastructures	1 430	9%	1 048	7%
Transport infrastructure	3 970	25%	3 377	25%
Tourism and leisure	109	1%	107	1%
Social and health infrastructures	95	1%	89	1%
Telecommunications	457	3%	192	1%
Audiovisual production and exhibition	48	0%	50	0%
Business parks and other constructions	21	0%	25	0%
Other	962	5%	716	5%
Material Investment: R&D&I	304	2%	327	2%
ICO financing facilities-Auton.Comm. Agencies	-	-	-	-
Company acquisitions	**417**	**3%**	**519**	**4%**
General corporate needs	**1 590**	**10%**	**1 194**	**8%**
Restructuring of liabilities	**146**	**1%**	**132**	**1%**
General budgets of the Local Auth.	**816**	**5%**	**896**	**6%**
	16,059	100%	14 085	100%

(*) Including loans and advances to customers without valuation adjustments or impairment losses (except for "other financial assets"). Also includes financial guarantees to clients and resident government debt securities classified as loans and advances receivable.

At 31 December 2024 and 2023 the outstanding risk is mainly concentrated in the sectors included under the heading "Material Investment", which accumulates 79% of the total risk in 2024 (78% in 2023). Within this heading, the weight of the following sectors stands out: "Transport infrastructure" (25% of the total in 2024 and 2023), "Electricity infrastructure" (13% of the total balance in 2024 and 19% in 2023) and "Renewable energies", with 20% of the total risk in 2024 (16% in 2023).

5.7.2 Classification by geographical destination of financial investment

The total risk at 31 December 2024 is distributed between 74% corresponding to financing operations in Spain, amounting to EUR 11,823 million (74% in 2023 for EUR 10,396 million), and 26% in operations aimed at financing investment projects in other countries, amounting to EUR 4,237 million (EUR 3,690 million in 2023).

The distribution of risk for investment projects in Spain by Autonomous Community in 2024 is as follows: National 77%, Madrid with 9%, Catalonia with 3%, Valencia with 2.6% and Andalusia with 2% (77%, 7%, 4%, 3% and 2% in 2023, respectively).

At 31 December 2024 and 2023, the risk of transactions destined for international markets is distributed as follows:

	Millions of euros			
	2024		2023	
	Amount	Percentage	Amount	Percentage
European Economic Union	1,052	25%	1,025	28%
Latin America	199	5%	1,036	28%
United States	422	10%	172	5%
Rest of Europe	1,868	44%	30	1%
Multi-region (*)	696	16%	1,426	38%
	4,237	100%	3,689	100%

(*) Includes the risk of operations whose external investment takes place in different countries or multiple geographical areas.

5.7.3 Distribution of client loans by activity

The distribution at 31 December 2024 is as follows:

				Sec. int. loans: carrying amount over LTV				
	TOTAL	Of which: Sec. real estate	Of which: other sec. int. loans	< 40%	40 – 60%	60- 80%	80 – 100%	> 100%
Public Administrations	**2 327 145**	**97 957**	**26 254**	**90 330**	**33 504**	**-**	**-**	**376**
Other financial companies (financial activity)	**450 012**	**22 479**	**164 368**	**75 604**	**-**	**69 923**	**-**	**41 320**
Non-financial companies (non-financial activity)	**9 945 551**	**179 554**	**1 814 818**	**1 626 797**	**141 714**	**73 681**	**84 310**	**67 870**
Constr / real estate dev	94 687	94 686	-	94 687	-	-	-	-
Civil works	328 493	-	273 008	235 190	24 457	13 361	-	-
Other purposes	9 522 371	84 868	1 541 810	1 296 920	117 257	60 320	84 310	67 870
Large companies	8 495 566	59 797	958 774	822 872	113 301	4 114	34 304	43 979
SMEs and indiv. comp.	1 026 805	25 071	583 036	474 048	3 956	56 206	50 006	23 891
Rest of Households	**25 173**	**3 167**	**7 101**	**10 268**	**-**	**-**	**-**	**-**
Housing	14 351	360	-	360	-	-	-	-
Consumer	914	-	-	-	-	-	-	-
Other purposes	9 908	2 807	7 101	9 908	-	-	-	-
TOTAL	**12 747 880**	**303 157**	**2 012 541**	**1 802 999**	**175 218**	**143 604**	**84 310**	**109 566**

The distribution at 31 December 2023 is as follows:

				Sec. int. loans: carrying amount over LTV				
	TOTAL	Of which: Sec. real estate	Of which: other sec. int. loans	< 40%	40 – 60%	60- 80%	80 – 100%	> 100%
Public Administrations	**2 799 588**	**105 975**	**27 176**	**93 122**	**39 581**	**-**	**-**	**448**
Other financial companies (financial activity)	**477 832**	**-**	**163 997**	**63 507**	**-**	**44 600**	**-**	**55 890**
Non-financial companies (non-financial activity)	**9 229 852**	**179 441**	**1 401 783**	**1 140 855**	**167 485**	**47 185**	**164 021**	**61 678**
Constr / real estate dev	88 679	88 679	-	72 495	-	-	16 184	-
Civil works	281 861	-	222 530	179 340	29 645	13 545	-	-
Other purposes	8 859 311	90 762	1 179 253	889 020	137 840	33 640	147 837	61 678
Large companies	7 828 146	63 206	570 990	444 935	118 225	-	39 347	31 689
SMEs and indiv. comp.	1 031 165	27 556	608 263	444 085	19 615	33 640	108 490	29 989
Rest of Households	**27 613**	**5 452**	**8 044**	**12 409**	**-**	**-**	**-**	**1 087**
Housing	13 767	463	-	463	-	-	-	-
Consumer	808	-	-	-	-	-	-	-
Other purposes	13 038	4 989	8 044	11 946	-	-	-	1 087
TOTAL	**12 534 885**	**290 869**	**1 601 000**	**1 309 894**	**207 067**	**91 784**	**164 021**	**119 103**

5.8 Information on payment deferrals made to suppliers

The information required by the third additional provision of Law 15/2010 of 5 July is as follows:

	2024	2023
(days)		
Average supplier payment period	6.75	6.75
Ratio of paid transactions	7	7
Ratio of outstanding transactions	3.5	3.5
(thousands of euros)		
Total payments made	35 088	32 147
Total outstanding payments	1 303	1 043
Amount paid in less than maximum period (late payment regulations)	35 088	32 147
(number of invoices)		
Invoices paid in less than the maximum period (late payment regulations)	3 592	3 236
(percentage)		
Amount paid in less than the maximum period over total payments	100%	100%
Invoices paid in less than the maximum period over total invoices	100%	100%

In accordance with the provisions of Law 3/2004, the maximum legal payment period is 30 days, which may be extended by agreement between the parties up to a limit of 60 calendar days.

The third additional provision of Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat late payment in commercial transactions, as amended by the second final provision of Law 31/2014 of 3 December, and by Article 9 of Law 18/2022 of 28 September, establishes the duty of unlisted commercial companies that cannot present abridged financial statements to expressly include their average payment period to suppliers in their notes to the financial statements, the monetary volume and number of invoices paid under the maximum period established in the regulations on late payment and the percentage that they represent of the total number of invoices and of the total monetary payments to their suppliers.

For the purposes of a proper understanding of the information contained in this note, in accordance with the provisions of the ICAC [Accounting and Auditing Institute of Spain] Resolution of 29 January 2016, on information to be included in the notes to the financial statements in relation to the average payment period to suppliers in commercial transactions, it should be noted that "Suppliers" are understood to be trade creditors for debts with suppliers of goods and services.

In view of the activity in which the Group is mainly engaged, and in particular the Institute as the parent company (financial activity), the information presented in this Note on deferred payments relates exclusively to payments to suppliers for the provision of services and supplies to the Group, other than payments to depositors and holders of securities issued by the Institute, which have been made in all cases in strict compliance with the contractual and legal deadlines established for each, whether they are liabilities on demand or with deferred payment. It also does not include information on payments to suppliers excluded from the scope of this reporting obligation in accordance with the provisions of the aforementioned Resolution of the Accounting and Auditing Institute of Spain, such as payments to suppliers of fixed assets or creditors for financial leasing transactions that are not considered trade creditors. For the purpose of the above information, payments corresponding to inter-company receivables and payables have been eliminated.

For the purpose of preparing this information, and in view of the nature of the Group's activities and operations, the calculation of days payable and days outstanding is based on the period elapsed between the invoice date (which in practice usually coincides with or is very close to the date of receipt of the goods or services from the supplier) and the date of actual payment or the year-end date, respectively.

5.9 Risk concentration and other ICO-specific legislation

At 31 December 2024 and 2023, the Group is exempt from compliance with the limits on large exposures set out in the applicable regulations (Part Four of EU Regulation 575/2013), as provided for in the Institute's own Articles of Association.

At 31 March 2012, Royal Decree Law 12/2012 of 30 March was published, establishing the Institute's treatment of exposures to financial institutions with registered offices in EU Member States.

5.10 Information on financing for construction and property development and on real estate assets foreclosed under financing operations for these purposes

With regard to the policies and strategies relating to the real estate risk portfolio, the Institute's admission processes follow specific policies for this type of product (developers with experience in the sector, accredited sales percentages, information on rental demand by independent experts, among other criteria), studying the economic and financial viability of the projects.

There is subsequent validation and control of disbursements by certifications, monitoring of the progress of works, and oversight of sales.

Studies have also been conducted to detect the reasons for the payment difficulties of clients who have are in arrears, with a view to proposing solutions to enable the successful completion of operations.

Information on financing for construction and property development is provided below:

- Financing for construction and real estate development and coverage thereof:

	2024			2023		
	Gross amount	Excess over the value of the guarantee	Specific coverage	Gross amount	Excess over the value of the guarantee	Specific coverage
Real estate financing	361 589	-	163 481	403 089	-	167 216
Of which: doubtful	67 829	-	66 408	87 116	-	85 505
Memorandum item						
Failed assets	-	-	-	-	-	-

	Thousands of euros	
	2024	2023
Memorandum item:		
Total loans and advances to customers, excluding public administrations	10 420 735	9 735 297
Total assets	37 780 225	31 656 823
Full coverage for normal risk	368 565	379 169

Total lending for construction and real estate development financing at 31 December 2024 represented 0.96% of the balance sheet total (1.27% at 31 December 2023).

- Breakdown of financing for construction and property development (gross amounts):

	Thousands of euros	
	2024	**2023**
1 Unsecured by mortgage	**35 340**	**88 081**
2 Secured by mortgage	**326 249**	**315 008**
2.1 Completed buildings	277 004	301 482
2.1.1 Housing	249 629	279 718
2.1.2 Remainder	27 375	21 764
2.2 Buildings under construction	49 245	13 526
2.2.1 Housing	49 245	13 526
2.2.2 Remainder	-	-
2.3 Land	-	-
2.3.1 Developed land	-	-
2.3.2 Remaining land		
TOTAL	**361 589**	**403 089**

- Loans to households for home purchase:

	Thousands of euros			
	2024		**2023**	
	Gross amount	**Of which: doubtful**	**Gross amount**	**Of which: doubtful**
Loan for home purchase	14 452	-	13 864	-
Unsecured by mortgage	14 090	-	13 398	-
Secured by mortgage	362	-	466	-

- Breakdown of lending to households for home purchase, mortgage collateral (percentage of risk over last available valuation, LTV):

At 31 December 2024:

	Thousands of euros				
	LTV<40%	**40%<LTV<60%**	**60%<LTV<80%**	**80%<LTV<100%**	**LTV>100%**
Gross amount	175	110	77	-	-
- Of which: doubtful	-				

At 31 December 2023:

	Thousands of euros				
	LTV<40%	**40%<LTV<60%**	**60%<LTV<80%**	**80%<LTV<100%**	**LTV>100%**
Gross amount	298	76	92	-	-
- Of which: doubtful					

- Foreclosed assets received in payment of debts from construction and property development financing.

None of the foreclosed assets that form part of the Group's balance sheet (Note 17) derive from financing to construction and property development companies, nor from mortgage financing to households for home purchase, nor do they consist of equity instruments, shareholdings and financing to non-consolidated companies holding such assets.

5.11 Information on refinanced and restructured operations

The information relating to refinanced and restructured transactions at 31 December 2024 and 2023 (gross amounts), as required by Bank of Spain Circular 6/2013 on public and confidential financial reporting standards, is set out below:

At 31 December 2024 (gross amounts in thousands of euros):

	Secured	Unsecured	TOTAL amounts	TOTAL coverage
Public Administrations	-	35 340	35 340	26 318
- of which: doubtful	-	22 568	22 568	22 568
Finance companies (financial assets)	-	-	-	-
- of which: doubtful	-	-	-	-
Non-financial companies and industrial enterprises	333 869	179 513	513 382	238 091
- of which: doubtful	202 211	64 492	266 703	221 976
- of which: non-doubtful real estate financing	10 494	-	10 494	4 737
- of which: doubtful real estate financing	2 311	-	2 311	2 311
Other households	156	2	158	-
TOTAL	**334 025**	**214 855**	**548 880**	**264 409**

At 31 December 2023 (gross amounts in thousands of euros):

	Secured	Unsecured	TOTAL amounts	TOTAL coverage
e				
Public Administrations	-	88 082	88 082	51 844
- of which: doubtful	-	36 844	-	36 844
Finance companies (financial assets)	-	-	-	-
- of which: doubtful	-	-	-	-
Non-financial companies and industrial enterprises	305 617	133 667	439 284	212 913
- of which: doubtful	197 784	32 017	229 801	195 659
- of which: non-doubtful real estate finan	-	-	-	-
- of which: doubtful real estate finan	3 628	-	-	3 628
Other households	231	-	231	-
TOTAL	**305 848**	**221 749**	**527 597**	**264 757**

At 31 December 2024, the total number of refinanced or restructured operations was 87 (71 at 31 December 2023): 34 unsecured transactions (34 at 31 December 2023) and 53 secured transactions (37 at 31 December 2023). Of the total number of refinanced or restructured transactions, 43 are of doubtful risk (44 at 31 December 2023).

6. CASH, BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The breakdown of the balance of this item in the consolidated balance sheets at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Cash	6	7
Cash in Bank of Spain	2 664 864	2 123 983
Mandatory for compliance with minimum reserve ratios	110 540	2 123 983
Other demand deposits	20 059	34 758
	2 684 929	2 158 748

7. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

The entire balance of these items in the consolidated balance sheets at 31 December 2024 and 2023 consists of trading derivatives.

Trading derivatives transactions relate mainly to instruments with which the Group manages balance sheet positions on an overall basis but which, as they do not meet the regulatory requirements for hedge accounting, are classified in the trading portfolio.

Set out below is a breakdown, by class of derivative, of the fair value of the Group's trading derivatives and their notional value (the amount on the basis of which future payments and receipts for these derivatives are calculated) at 31 December 2024 and 2023:

	Thousands of euros					
	Notional		Assets		Liabilities	
	2024	2023	2024	2023	2024	2023
By market type						
Organised markets	-		-	-	-	-
Unorganised markets	307 448	336 743	15 448	24 197	14 723	23 610
	307 448	**336 743**	**15 448**	**24 197**	**14 723**	**23 610**
By product type						
Swaps	307 448	336 743	15 448	24 197	14 723	23 610
	307 448	**336 743**	**15 448**	**24 197**	**14 723**	**23 610**
By counterpart						
Credit institutions	153 724	212 524	15 448	-	14 723	23 610
Other sectors	153 724	124 219	-	24 197	-	-
	307 448	**336 743**	**15 448**	**24 197**	**14 723**	**23 610**
By type of risk						
Exchange rate risk	117 913	253 463	10 618	22 794	10 440	22 572
Interest rate risk	189 535	83 280	4 830	1 403	4 283	1 038
	307 448	**336 743**	**15 448**	**24 197**	**14 723**	**23 610**

The fair value of these items has been calculated in all cases, both in 2024 and 2023, taking as a reference the implicit curves of the money and government bond markets.

At 31 December 2024 and 2023, the classification of the trading portfolio, measured at fair value, according to the tiered hierarchies set out in Note 2.2.3, is detailed below:

	Thousands of euros					
	2024			2023		
	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
Asset trading derivatives	-	15 448	-	-	24 197	-
Liability trading derivatives	-	14 723	-	-	23 610	-

Amounts shown below are those recognised in the consolidated profit and loss accounts for 2024 and 2023 (Note 30) for changes in the fair value of the Institute's financial instruments included in the trading portfolio, corresponding to unrealised gains and losses, distinguishing between those financial instruments whose fair value is determined by reference to published prices in active markets (Tier 1), estimated using a valuation technique whose inputs are obtained from observable market data (Tier 2) and the remainder (Tier 3):

	Thousands of euros					
	2024			2023		
	Profit	Loss	Net	Profit	Loss	Net
Tier 1	-	-	-	-	-	-
Tier 2	45 874	(46 692)	(818)	26 226	(25 286)	940
Tier 3	-	-	-	-	-	-

During the 2024 and 2023 financial years, changes in the fair value of derivatives classified as Level 2 are solely due to purchases, sales and changes in fair value as a result of applying the valuation techniques described above, with no reclassifications between tiers.

8. NON-TRADING FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE, THROUGH PROFIT OR LOSS

The breakdown of the balance of this item in the balance sheet at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Equity instruments	-	-
Debt securities	-	-

At 31 December 2023 this heading included one debt instrument, classified as doubtful risk, with 100% accounting coverage (amounting to EUR 40,167 thousand) and therefore being fully provisioned. At the end of 2024, this amount was declared a write-off.

In 2024, no fair value gains and losses were recognised in the profit and loss account in this respect (also in 2023) (Note 31).

9. FINANCIAL ASSETS AT FAIR VALUE, THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of the balance of this item in the consolidated balance sheet at 31 December 2024 and 2023, by investment, is as follows:

	Thousands of euros	
	2024	**2023**
Equity instruments:		
FOND ICO SMEs (1)	132 465	119 024
FOND ICO Sustainability and Infrastructures (2)	166 902	139 980
FOND ICO Global (3)	1 235 511	1 066 870
FOND ICO Next Tech (4)	278 022	126 362
FONS MEDITERRANEA FCR (5)	4	3 485
MARGUERITE FUND MEH (6)	32 016	39 041
IEF (7)	31 088	30 246
SWIFT (8)	8	6
EDW (9)	237	206
MARGUERITE III FUND INVEST EU (10)	18 438	8 337
BEKA & BOLSCHARE IBERIAN INVEST EU (11)	17 152	-
RURAL DE INVERSIONES INVEST EU (12)	2 887	-
SC CLIMATE IMPACT INVEST EU (13)	19 122	-
IBER ACTIVOS INMOBILIARIOS (14)	-	-
PICO ESPADAS SA (15)	-	-
	1 933 852	1 533 557
Debt securities (16)	1 403 450	91 001
	3 337 302	1 624 558

The balance, net of the tax effect, of "Other accumulated comprehensive income" as changes in the fair value of these financial instruments at 31 December 2024 and 2023 is as follows (Note 21):

	Thousands of euros	
	2024	**2023**
Debt instruments	9 522	719
Equity instruments	361 765	365 729
	371 287	366 448

The movements during 2024 and 2023 in “Financial assets at fair value, through other comprehensive income” are shown below:

	Thousands of euros	
	2024	**2023**
Balance at beginning of year	1 624 558	2 460 191
Additions for purchases	2 041 557	417 778
Sales and depreciation	(343 652)	(1 241 704)
Fair value changes (Note 21)	14 839	(11 707)
Provision for impairment	-	-
Other movements due to impairment losses (application)	-	-
Year-end balance	3 337 302	1 624 558

(1) FOND ICO SME. A venture capital fund set up in May 1993, in which the Institute is the sole

shareholder, managed by Axis Participaciones Empresariales. The net contribution in 2024 was EUR 15,025 thousand (contributions of EUR 15,025 thousand in 2023). The amount committed by ICO and pending disbursement stood at EUR 70,000 thousand at 31 December 2024 (EUR 61,000 thousand at 31 December 2023).

(2) FOND ICO Sustainability and Infrastructures. Venture capital fund created in 2019, 100% owned by the Institute and managed by Axis Participaciones Empresariales. The Institute's net contributions in 2023 were EUR 21,240 thousand (net contributions of EUR 19,000 thousand in 2023). The amount committed by ICO and pending disbursement stood at EUR 51,000 thousand at 31 December 2024 (EUR 68,000 thousand at 31 December 2023).

(3) FOND ICO Global. Venture capital fund created in 2014, 100% owned by the Institute and managed by Axis Participaciones Empresariales. The Institute's net contributions in 2024 were EUR 142,000 thousand (EUR 79,000 thousand in 2023). The amount committed by ICO and pending disbursement stood at EUR 876,000 thousand at 31 December 2024 (EUR 733,000 thousand at 31 December 2023). Of the total amount committed at 31 December 2024, a total of EUR 157,455 thousand corresponds to commitments for projects associated with the RRM scheme for Venture Capital Funds managed by Axis.

(4) FOND ICO Next Tech. Venture capital fund created in 2021, 100% owned by the Institute and managed by Axis Participaciones Empresariales. The Institute's net contributions in 2024 were EUR 167,900 thousand (EUR 114,300 thousand in 2023). The amount committed by ICO and pending disbursement stood at EUR 586,000 thousand at 31 December 2024 (EUR 504,000 thousand at 31 December 2023).

(5) FONS MEDITERRANEA. Fund set up in October 2005, in which the Institute participates together with other public and private entities. The Fund was created to invest in Spanish companies' projects in the African Maghreb. Currently in liquidation, in 2024 ICO received a repayment of EUR 2,074 thousand (no net contributions in 2023).

(6) MARGUERITE FUND MEH. With the participation of Europe's leading public financial institutions, the Marguerite Fund is a European equity fund aimed at supporting infrastructure investments that implement key EU policies on climate change, energy security and trans-European networks. This initiative also seeks to serve as a benchmark for other similar funds to be established in the EU, with the aim of combining the ROI principle, based on market policies, with the objectives set by public policies. The Fund is managed by ICO, although the final outcome of the eventual liquidation of the Fund will not affect the Institute's balance sheet, as it is fully guaranteed by the Spanish Ministry of Finance, which provides it with the necessary funds. No net contributions were made to the Fund in 2024 (net contributions of EUR (986) thousand in 2023).

(7) EIF. Share equivalent to 0.66% of the total European Investment Fund at 31 December 2024 (0.66% at 31 December 2023). There have been no net contributions in either 2024 or 2023. At 31 December 2024, an amount of EUR 38,933 thousand (31 December 2023: EUR 38,933 thousand) was pending disbursement.

(8) SWIFT. Participation of the Institute in 1 share in this entity, as a full member from 2008.

(9) EDW. 3.57% stake in the entity European Datawarehouse GmbHG at March 2012.

(10) MARGUERITE III FUND INVEST EU. At the end of 2022, ICO acquired shares in this fund, as Implementing Partner of the European Commission, under the European Commission's

Invest-EU Guarantee Programme. This investment is backed by an EC guarantee to ICO for 50% of the investment. In 2024 there have been net contributions of EUR 7,090 thousand (net contributions of EUR 8,261 thousand at 31 December 2023).

(11) BEKA & BOLSCHARE IBERIAN. ICO took a 43.98% stake in 2024, as Implementing Partner of the European Commission, under the European Commission's Invest-EU Guarantee Programme. ICO's investment is backed by a 50% guarantee from the EC. In 2024 there were net contributions amounting to EUR 17,783 thousand.

(12) RURAL DE INVERSIONES. ICO took a 49% stake in 2024, as Implementing Partner of the European Commission, under the European Commission's Invest-EU Guarantee Programme. ICO's investment is backed by a 50% guarantee from the EC. In 2024 there were net contributions of EUR 2,954 thousand.

(13) SC CLIMATE IMPACT III. ICO took a 20.05% stake in 2024, as Implementing Partner of the European Commission, under the European Commission's Invest-EU Guarantee Programme. ICO's investment is backed by a 50% guarantee from the EC. In 2024 there were net contributions amounting to EUR 19,753 thousand.

(14) IBER ACTIVOS INMOBILIARIOS. 7.28% stake in the entity, fully provisioned (net book amount nil).

(15) PICO ESPADAS SA. 1.55% stake in the entity, fully provisioned (net book amount nil).

(16) As part of its liquidity management policy and business models, ICO may make investments in debt instruments classified as financial assets at fair value, through other comprehensive income. In general, these are fixed-income securities issued by the government (public debt).

The breakdown by maturity of these assets is as follows:

	Thousands of euros	
	2024	**2023**
Maturity up to 1 year	449 194	-
Maturity between 1 and 2 years	477 756	70 590
Maturity between 2 and 3 years	476 500	20 411
Maturity over 3 years	-	-
	1 403 450	91 001

At 31 December 2024 and 2023, the classification of financial assets at fair value through other comprehensive income, according to the tier hierarchies set out in Note 2.2.3, is as follows:

	Thousands of euros					
	2024			**2023**		
	Tier I	**Tier II**	**Tier III**	**Tier I**	**Tier II**	**Tier III**
Debt securities	1 403 450			91 001		
Equity instruments		1 933 852			1 533 557	

There were no derecognitions in 2024 with an impact on the consolidated profit and loss account . In 2023, losses of EUR 20,946 thousand (Note 28) on derecognition of financial assets at fair value through other comprehensive income were recognised in the Group's profit and loss account for these assets, which were reclassified from equity to the extent that they were measured at fair value at the time of sale.

10. FINANCIAL ASSETS AT AMORTISED COST

The breakdown of the balance of this item in the consolidated balance sheets at 31 December 2024 and 2023 is as follows (including impairment losses and other valuation adjustments):

	Thousands of euros	
	2024	**2023**
Debt securities (Note 10.1)	7 429 279	6 302 584
Loans and advances:	23 375 061	20 901 994
Credit institutions (Note 10.2)	10 477 256	8 300 598
Clientele (Note 10.3)	12 897 805	12 601 396
	30 804 340	27 204 578

The movement in impairment losses recognised for credit risk hedging and the cumulative amount of impairment losses at the beginning and end of 2024 and 2023 of the portfolio of financial assets at amortised cost are presented below:

	Thousands of euros			
	Provision for Country Risk	**Provision for doubtful risk and normal risk in special surveillance**	**Provision for normal risk**	**Total**
Balance at 1 January 2023	1 919	453 635	192 885	648 439
Allocations charged to profit and loss	2 904	137 562	2 881	143 347
Recoveries charged to profit and loss	(35)	(50 439)	(30 946)	(81 420)
Use of funds		(8 771)		(8 771)
Other movements				
Adjustments for exchange differences	(84)	339	(25)	230
Balance at 31 December 2023	4 704	532 326	164 795	701 825
Allocations charged to profit and loss	5 558	102 863	4 509	112 930
Recoveries charged to profit and loss	(129)	(55 854)	(27 294)	(83 277)
Use of funds	-	-	-	-
Other movements	-	-	-	-
Adjustments for exchange differences	512	381	307	1 200
Balance at 31 December 2024	10 645	579 716	142 317	732 678

The breakdown of provisions for doubtful risks and for normal risks under special surveillance based on the criteria for their determination is presented below:

	Thousands of euros	
	2024	**2023**
Provision for doubtful risks (with defaults):	424 317	421 942
On account of late payment	8 591	24 386
For reasons other than late payment	415 726	397 556
Provision for normal risk in special surveillance	155 399	110 384
TOTALS	579 716	532 326

The provision for normal risk under special surveillance relates to credit assets amounting to EUR 1,067,440 thousand at 31 December 2024 (31 December 2023: EUR 544,623 thousand).
The following is a detail of those financial assets classified as loans and receivables and considered impaired due to their credit risk at 31 December 2024 and 2023, classified by counterparty as well as

according to the period elapsed since the maturity of the oldest unpaid amount at those dates of each transaction. Impaired assets guaranteed by the State are detailed in Note 10.3.

Impaired assets at 31 December 2024

	Thousands of euros								
	No arrears	3-6 months	6-9 months	9-12 months	12-15 months	15-18 months	18-21 months	Over 21 months	TOTAL
By types of counterparts									
Non-financial corporations	459 438	-	-	-	-	-	-	69 746	529 184

Impaired assets at 31 December 2023

	Thousands of euros								
	No arrears	3-6 months	6-9 months	9-12 months	12-15 months	15-18 months	18-21 months	Over 21 months	TOTAL
By types of counterparts									
Non-financial corporations	472 560	-	-	-	42 612	-	350	24 035	539 557

At 31 December 2024 there is a balance of assets with country risk amounting to EUR 636,619 thousand, with a country risk hedge of EUR 10,645 thousand (31 December 2023: EUR 240,259 thousand with a hedge of EUR 4,704 thousand).

The amount of non-impaired past-due assets for 2024 and 2023 stood at EUR 36,294 thousand and EUR 45,458 thousand, respectively, with an age in both years of between one and three months.

The movement in impaired financial assets written off as their recovery is considered remote (write-offs) is as follows:

	Thousands of euros	
	2024	2023
Balance at beginning of year	1 376 215	1 461 682
Additions:	54 207	1 983
For use of balance		-
For other reasons	54 207	1 983
Recoveries:	(67 046)	(86 125)
By cash collection without additional financing	(66 063)	(73 434)
By asset foreclosure	-	-
Other	(983)	(12 691)
Permanent derecognitions: other causes:		-
Net change due to exchange rate differences	2 342	(1 325)
Balance at year-end	1 365 718	1 376 215

The net amount recognised in the accompanying consolidated profit and loss account for 2024 and 2023 as a result of the movement in assets whose recovery is considered remote (written-off assets) amounts to a gain of EUR 66,063 thousand and EUR 73,434 thousand, respectively (see "Impairment (or reverse impairment) of financial assets not measured at fair value through profit and loss or net gains or losses upon adjustment").

10.1 Debt securities

The heading "Debt securities" includes the amount of financial assets valued at amortised cost for fixed-income securities and securities-bearing financial assets.

At the end of 2013, the Institute's Operations Committee approved Annex 5 to the Framework Contract for the 2015 ICO Mediation Facilities, to regulate the conditions and operations to be applied to the conversion into bonds of the loan drawdowns made by institutions in the 2015 ICO facilities. This approval included the general specifications regarding facilities eligible for conversion, the amounts, the accrual of interest, the eligible entities, the timetable and the compensation to the Financial Institutions. The debt securities resulting from this conversion of mediated loans are also included under this heading "Debt securities".

The breakdown of the balance of this item in the consolidated balance sheet at 31 December 2024 and 2023, by type of counterparty, is as follows:

	Thousands of euros	
	2024	2023
By types of counterparts		
Resident public administrations	4 271 761	3 585 044
Resident credit institutions	-	1 193
Other resident sectors	2 981 290	2 539 761
Other non-resident sectors	176 228	176 586
	7 429 279	6 302 584

The breakdown by maturity at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
By maturity		
Up to 1 year	1 080 034	850 743
Over 1 year up to 2 years	551 762	806 189
Over 2 years up to 3 years	2 206 222	415 084
Over 3 years up to 4 years	1 508 521	2 037 649
Over 4 years up to 5 years	663 519	1 202 335
Over 5 years	1 419 221	990 584
	7 429 279	6 302 584

At 31 December 2024 these assets bore an average annual interest rate of 2.82% (31 December 2023: 2.42%).

The interest accrued during 2024 and 2023 on these securities amounted to EUR 203,042 thousand and EUR 145,325 thousand, respectively, and is included under "Interest income" in the accompanying consolidated profit and loss account (Note 24).

The Institute had credit risk coverage at 31 December 2024 (normal risk) amounting to EUR 27,497 thousand on these assets (EUR 40,420 thousand at 31 December 2023).

The movements during 2024 and 2023 in the item “Debt securities at amortised cost” are shown below:

	Thousands of euros	
	2024	2023
Balance at beginning of year	6 302 584	6 781 025
Additions for purchases	3 280 693	3 677 545
Movements due to impairment losses	12 923	2 102
Depreciation and sales	(2 166 921)	(4 158 088)
Year-end balance	7 429 279	6 302 584

At 31 December 2024, no gains or losses on financial transactions arising from the derecognition of assets included under "Debt securities" were recognised (also at 31 December 2023) (Note 29).

10.2 Loans and advances to credit institutions

The breakdown of the balance of this item in the consolidated balance sheet at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
By nature -		
Deposits with financial institutions (Note 10.2.1)	2 545 820	1 441 534
Nationally mediated loans (Note 10.2.2)	6 047 342	5 721 898
Internationally mediated loans (Note 10.2.3)	1 830 816	1 089 129
Other loans to credit institutions (Note 10.2.4)	-	1 722
	10 423 978	8 254 283
Impairment losses	(13 627)	(4 738)
Other valuation adjustments (interest and financial charges)	66 905	51 053
	10 477 256	8 300 598

10.2.1 Deposits with financial institutions

The balance of "Deposits with financial institutions" grouped by maturity at 31 December 2024 and 2023 is shown below:

	Thousands of euros	
	2024	2023
Up to 1 year	2 545 820	1 441 534
Over 1 year up to 2 years	-	-
Over 2 years up to 3 years	-	-
Over 3 years up to 4 years	-	-
Over 4 years up to 5 years	-	-
Over 5 years	-	-
	2 545 820	1 441 534

During the 2024 financial year, the heading "Deposits with financial institutions" accrued an average annual interest rate of 3.61% (3.96% during 2023). All deposits included under this heading are term deposits, at 31 December 2024 and 2023.

The interest accrued during 2024 and 2023 on these loans amounted to EUR 68,576 thousand and EUR 44,093 thousand, respectively, and is included under "Interest income" in the consolidated profit and loss account (Note 24).

10.2.2 Nationally mediated loans

This Group operation, which has been in place since 1993, aims to help finance small and medium-sized enterprises in Spain. These facilities are implemented through loans granted by the Institute to different financial institutions, which execute the final loans with the corresponding companies. In this way, different facilities are approved each year for different amounts and objectives, always focused on Spanish SMEs.

In general, the Group does not assume any risk of insolvency of the final borrowers on these facilities. On an ad hoc basis, ICO, as the Group's parent entity, did assume part of the risk in certain liquidity facilities from 2009-2012, which had no outstanding risk at 31 December 2024 and 2023. During the 2024 and 2023 financial years no new mediation facilities were approved in which the Institute assumes the risk of the final borrowers.

The detail of the balance of nationally mediated loans at 31 December 2024 and 2023 by years of maturity is as follows:

	Thousands of euros	
	2024	2023
Up to 1 year	1 497 157	1 459 317
Over 1 year up to 2 years	1 313 753	1 160 827
Over 2 years up to 3 years	1 062 726	964 558
Over 3 years up to 4 years	845 967	726 814
Over 4 years up to 5 years	562 118	577 823
Over 5 years	765 621	832 559
	6 047 342	5 721 898

At 31 December 2024 and 2023, the nationally mediated loans bore an average annual interest rate of 3.57% and 2.80% respectively.

The interest accrued during 2024 and 2023 on domestic mediation loans amounted to EUR 177.990 thousand and EUR 112.653 thousand, respectively, and is recognised under "Interest income" in the consolidated profit and loss account (Note 24).

10.2.3 Internationally mediated loans

Internationally mediated loans are a new activity of the Group at 2018, with the aim of supporting the internationalisation of Spanish companies through financing to banks in the place of investment.

The detail of the balance of internationally mediated loans at 31 December 2024 and 2023 by years of maturity is as follows:

	Thousands of euros	
	2024	2023
Up to 1 year	248 390	253 785
Over 1 year up to 2 years	202 439	148 156
Over 2 years up to 3 years	491 126	111 496
Over 3 years up to 4 years	155 174	90 884
Over 4 years up to 5 years	143 202	87 376
Over 5 years	590 485	397 432
	1 830 816	1 089 129

At 31 December 2024 and 2023, the internationally mediated loans bore an average annual interest rate of 3.57 % and 2.80 % respectively.

The interest accrued during 2024 and 2023 on international mediation loans amounted to EUR 88,904 thousand and EUR 61,812 thousand, respectively, and is recognised under "Interest income" in the accompanying consolidated profit and loss account (Note 24).

This heading includes impairment losses for insolvency risk (normal credit risk and country risk) totalling EUR 13,627 thousand at 31 December 2024 (31 December 2023: EUR 4,738 thousand) (Note 10.2).

10.2.4 Other loans to credit institutions

This heading includes the balances of lending transactions with resident and non-resident credit institutions carried out directly (no mediation).

The detail of the balance of these loans at 31 December 2024 and 2023 by years of maturity are as follows:

	Thousands of euros	
	2024	2023
Up to 1 year	-	1 722
Over 1 year up to 2 years	-	-
Over 2 years up to 3 years	-	-
Over 3 years up to 4 years	-	-
Over 4 years up to 5 years	-	-
Over 5 years	-	-
	-	1 722

At 31 December 2024 and 2023, loans to credit institutions bore an average annual interest rate of 4.01% and 6.46%, respectively.

The interest accrued during 2024 and 2023 on these loans amounted to a loss of EUR 4 thousand and a profit of EUR 195 thousand, respectively, recognised under "Interest income" in the consolidated profit and loss account (Note 24).

10.3 Loans and advances to customers

The breakdown of the balance of this item in the consolidated balance sheet at 31 December 2024 and 2023, by type of counterparty, is as follows:

	Thousands of euros	
	2024	2023
By types of counterparties		
Resident public administrations	2 347 183	2 898 361
Non-resident public administrations	68 994	20 551
Other resident sectors	9 071 516	8 514 519
Other non-resident sectors	1 883 945	1 699 033
Other financial assets	150 190	66 511
	13 521 828	13 198 975
Impairment losses	(691 554)	(656 667)
Other valuation adjustments (accrued interest and commissions)	67 531	59 088
	12 897 805	12 601 396

The heading "Other resident sectors" includes the value of certain investments made in various

Economic Interest Groupings (EUR 23,994 thousand at 31 December 2024 and EUR 115 thousand at 31 December 2023) as these are structures with assured profitability. The return on the aforementioned holdings has a financial and tax component, due to the inclusion in the taxable income of the Institute, as the Group's parent company, for the corresponding tax losses of these entities. In order to adjust the financial-tax benefit obtained with the final result determined for the investment, an accounting provision is recorded annually with a charge to “Income tax” in the consolidated profit and loss account (balance of the provision of EUR 33,154 thousand at 31 December 2024 and EUR 13,565 thousand at 31 December 2023) (Notes 19 and 23).

The interest accrued during 2024 and 2023 on these loans amounted to EUR 651,669 thousand and EUR 536,634 thousand, respectively, and is recognised under "Interest income" in the consolidated profit and loss account (Note 24).

Of the above balances, the transactions guaranteed by the public sector, included in "Other resident sectors" and "Resident public administrations", including valuation adjustments, and classified under "Loans and advances to customers" at 31 December 2024 and 2023, by type of counterparty and type of instrument, are detailed below:

	Thousands of euros	
	2024	**2023**
Balances included in "resident public administrations"		
Loans to the Central Government	1 779 648	2 267 730
Loans to regional governments	567 537	630 631
Valuation adjustments	(89 188)	(119 380)
	2 257 997	2 778 981
Balances included in "Other resident sectors		
Doubtful assets	4 249	4 733
Loans to other public bodies	2 399 859	2 206 203
Lending to other sectors	434 215	431 916
	2 838 323	2 642 852
Total State-guaranteed operations	5 096 320	5 421 833

The breakdown of "Loans to Central Government" at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	**2023**
Loans to the State and its Autonomous Bodies	1 779 064	2 267 615
Accounts receivable from the Public Treasury	584	115
	1 779 648	2 267 730

The heading "Accounts receivables from the Treasury" includes the amounts settled by the Group with the Treasury pending effective repayment in respect of subsidies to be received to offset the interest rate differentials on mediation loans. Balances of these accounts, which are stated at nominal value, do not accrue interest.

Interest income contributed to the consolidated profit and loss account by public sector entities in 2024 and 2023 (Note 24) is as follows:

	Thousands of euros	
	2024	2023
Central Administration	88 220	74 756
Regional Administrations	26 388	22 337
Other public sector entities	103 355	59 485
	217 963	156 578

The breakdown of the principal amounts of loans classified under "Loans and advances to customers", including valuation adjustments and excluding impairment losses, by maturity, at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
By maturity		
Up to 1 year	2 392 005	3 031 158
Over 1 year up to 2 years	1 115 602	1 267 414
Over 2 years up to 3 years	1 604 366	1 188 015
Over 3 years up to 4 years	1 803 091	1 346 261
Over 4 years up to 5 years	1 921 299	1 461 361
Over 5 years	4 752 996	4 963 854
	13 589 359	13 258 063

At 31 December 2024 and 2023, loans to customers bore an average annual interest rate of 4.88% and 4.64%, respectively.

At 31 December 2024, losses of EUR 1,535 thousand were recognised in the consolidated profit and loss account for financial transactions arising from the derecognition of assets included under "Loans and receivables" (losses of EUR 500 thousand at 31 December 2023) (Note 29).

11. DERIVATIVES – HEDGE ACCOUNTING

This item in the accompanying consolidated balance sheets includes hedging instruments recorded at fair value, as described in Note 2.3.

The derivatives contracted and their hedged items were mainly the following:

- Interest rate swaps, which hedge financial instruments with remuneration other than Euribor, mainly Group issues.

- Foreign exchange insurance, which hedges changes in fair value and cash flows relating to various financial instruments.

The valuation methods used to determine the fair values of the derivatives were discounted cash flow for interest rate and exchange rate derivatives.

For the years ended 31 December 2024 and 2023, the total notional amounts of derivatives and the fair values of financial derivatives recorded as "Hedging derivatives" classified by counterparty and type of risk (all of them contracted in OTC markets) are detailed below:

	Thousands of euros					
	Notional		Assets		Liabilities	
	2024	2023	2024	2023	2024	2023
By type of coverage						
Fair value hedges	11 080 440	9 783 753	283 080	216 605	80 222	246 493
Cash flow hedges	10 650 545	5 527 622	71 399	86 167	1 121 259	337 303
	21 730 985	**15 311 375**	**354 479**	**302 772**	**1 201 481**	**583 796**
By product type						
Swaps	21 730 985	15 311 375	354 479	302 772	1 201 481	583 796
	21 730 985	**15 311 375**	**354 479**	**302 772**	**1 201 481**	**583 796**
By counterpart						
Credit institutions	21 730 985	15 311 375	354 479	302 772	1 201 481	583 796
	21 730 985	**15 311 375**	**354 479**	**302 772**	**1 201 481**	**583 796**
By type of risk						
Exchange rate risk	12 054 197	8 886 785	186 350	171 913	1 096 100	442 136
Interest rate risk	9 676 788	6 424 590	168 129	130 859	105 381	141 660
	21 730 985	**15 311 375**	**354 479**	**302 772**	**1 201 481**	**583 796**

At 31 December 2024 and 2023, the classification of hedging derivatives, measured at fair value, according to the tiered hierarchies set out in Note 2.2.3, is detailed below:

	Thousands of euros					
	2024			2023		
	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
Asset hedging derivatives	-	354 479	-	-	302 772	-
Liability hedging derivatives	-	1 201 481	-	-	583 796	-

The fair value of these items has been calculated in all cases, both in 2024 and 2023, taking as a reference the implicit curves of the money markets.

Following the entry into force of IFRS 13 at 1 January 2013, the Group incorporated the corresponding valuation adjustment for counterparty and own credit risk in the valuation of derivative instruments (Notes 7 and 30).

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The movement in this item in the consolidated balance sheets during the 2024 and 2023 financial years is as follows:

	Thousands of euros Partner entities
Balance at 1 January 2023	**84 564**
Additions	-
Withdrawals	-
Other movements	4 922
Impairment	-
Balance at 31 December 2023	**89 486**
Additions	-
Withdrawals	-
Other movements	4 897
Impairment	-
Balance at 31 December 2024	**94 383**

Annex I contains the details of the shareholdings, as well as the most relevant data at 31 December 2024 and 2023.

Consolidation adjustments are recorded under "Other movements".

13. TANGIBLE ASSETS

Changes in property, plant and equipment and related accumulated depreciation during 2024 and 2023 were as follows (in thousands of euros):

	Buildings for own use	Furniture, vehicles and other fixed assets	Total
Cost			
Balances at 1 January 2024	117 205	16 599	133 804
Additions	673	566	1 239
Disposals by sale or by other means	(6)	-	(6)
Balances at 31 December 2024	117 872	17 165	135 037
Accumulated depreciation -			
Balances at 1 January 2024	42 173	8 689	50 862
Allocations	1 926	261	2 187
Transfers and other movements			
Balances at 31 December 2024	44 099	8 950	53 049
Impairment losses			
At 31/12/2024	-	651	651
Net tangible assets			
Balances at 31 December 2024	73 773	7 564	81 337
Cost			
Balances at 1 January 2023	115 950	16 384	132 334
Additions	1 255	215	1 470
Disposals by sale or by other means	-	-	
Balances at 31 December 2023	117 205	16 599	133 804
Accumulated depreciation -			
Balances at 1 January 2023	40 239	8 355	48 594
Allocations	1 934	334	2 268
Transfers and other movements	-	-	-
Balances at 31 December 2023	42 173	8 689	50 862
Impairment losses			
At 31/12/2023	-	651	651
Net tangible assets			
Balances at 31 December 2023	75 032	7 259	82 291

At 31 December 2024, the balance of property, plant and equipment for own use for a gross amount of EUR 32,474 thousand (31 December 2023: EUR 20,304 thousand) was fully depreciated.

In accordance with the Institute's policy, all tangible assets were insured at 31 December 2024 and 2023.

The First Transitional Provision, section B) 6 of Bank of Spain Circular 4/2004 allowed any item included in tangible assets to be valued at fair value at 1 January 2004. In order to carry out this revaluation, ICO commissioned the corresponding appraisals of the properties used for operations, which increased the value of ICO's fixed assets by EUR 53,106 thousand, creating a revaluation reserve for the resulting capital gain, net of the tax effect. The updated carrying amount was used as deemed cost at that date.

The revaluation reserve for this item amounted to EUR 17,216 thousand at 31 December 2024 (31 December 2023: EUR 17,216 thousand) (Note 20).

The fair value of some of the entity's property, plant and equipment at 31 December 2024 and 2023, according to the categories in which they were classified, together with their corresponding carrying amounts at those dates, are set out below:

	Thousands of euros			
	2024		2023	
	Book value	Fair value	Book value	Fair value
Property, plant and equipment for own use	81 337	114 254	82 291	113 023
Real estate	72 275	105 192	74 577	105 192
Other	7 564	7 564	7 259	7 376
Property, plant and equipment under construction	1 498	1 498	455	455

The fair value of property, plant and equipment shown in the table above has been estimated as follows:

- For those assets for which an updated valuation by a Bank of Spain-authorised appraiser is not available, the fair value included in the above table has been obtained from estimates made by the entity taking into account market data on the evolution of the price of tangible assets with similar characteristics to those of the entity.

- For assets for which there is an updated appraisal carried out by an appraiser authorised by the Bank of Spain, the fair value has been taken as the value obtained from the appraisal carried out in accordance with the provisions of OM/805/2003.

All properties for own use have been appraised by an entity included in the corresponding register of the Bank of Spain, following the comparison method methodology, during 2024 and 2023.

14. INTANGIBLE ASSETS

Details of this item in the consolidated balance sheet at 31 December 2024 and 2023 relate exclusively to other intangible assets.

		Thousands of euros	
	Estimated service life	2024	2023
With indefinite service life	-		-
With a finite service life	3 years to 10 years	63 290	56 265
Total gross		63 290	56 265
Of which:			
Internally developed	3 years	55 589	44 940
Other	10 years	7 701	11 325
Accumulated depreciation		(48 637)	(45 788)
Impairment losses		(2 137)	(2 137)
		12 516	8 340

At 31 December 2024 and 2023, all the items included under this heading relate to computer software. At 31 December 2024 the amount of fully amortised intangible assets is EUR 47,260 thousand (31 December 2023: EUR 44,773 thousand).

15. TAX ASSETS AND LIABILITIES

The detail of the balance of Tax Assets and Liabilities at 31 December 2024 and 2023 is as follows:

	Thousands of euros			
	Assets		Liabilities	
	2024	2023	2024	2023
Current taxes:	877	22 236	3 971	1 439
Corporate income tax (Note 23)	-	21 577	2 247	-
VAT	877	659	11	24
Income tax (IRPF)	-	-	1 234	971
Social Security	-	-	479	444
Deferred taxes:	401 030	148 970	179 340	172 981
Impairment losses on loans and receivables	86 072	73 629	-	-
Cash flow hedge valuation (Note 21)	314 958	75 341	-	-
Reappraisal of real estate	-	-	15 932	15 932
Reappraisal of financial assets at FV through Other compreh. inc. (Note 21)	-	-	163 408	157 049
	401 907	171 206	183 311	174 420

The movements during 2024 and 2023 in deferred tax assets and liabilities are shown below:

	Thousands of euros			
	Assets		Liabilities	
	2024	2023	2024	2023
Balance at beginning of year	148 970	174 345	172 981	153 641
Impairment losses on Loans and Receivables	12 443	(18 132)	-	-
Cash flow hedge valuation (Note 21)	239 617	(7 243)	-	-
Reappraisal of financial assets available for sale (Note 21)	-	-	6 359	19,340
Year-end balance	401 030	148 970	179 340	172,981

16. OTHER ASSETS AND OTHER LIABILITIES

The breakdown of this item in the accompanying consolidated balance sheet at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
OTHER ASSETS	2024	2023
Other assets	14 377	7 258
Accruals	16 942	15 869
	31 319	23 127

“Accruals" includes, among other items, the accrual of fees receivable by the Institute as the Group's parent company for the management of the mechanisms of the Fondo de Financiación a Entidades Locales (Local Authority Financing Fund) and for the management of the operations of the Fondo de Financiación a Comunidades Autónomas (Autonomous Community Financing Fund) (Note 1.1). In 2024, the overall amount of these fees receivable by ICO is EUR 8,024 thousand per annum (EUR 9,000 thousand in 2023), also recognised in the accompanying consolidated profit and loss account for these amounts under "Fee and commission income" (Note 27).

Also included are the fees paid by ICO for the COVID guarantee for operations held by the Institute (paid to the RDL12/95 Fund in accordance with the applicable regulations) and pending accrual in the consolidated profit and loss account (EUR 695 thousand at 31 December 2024 and EUR 1,690

thousand at 31 December 2023).

The composition of the balance of "Other liabilities" in the balance sheet at 31 December 2024 and 2023 is as follows:

OTHER LIABILITIES	Thousands of euros	
	2024	2023
Other liabilities	1 343	1 299
Accruals	53 214	55 958
	54 557	57 257

The "Accruals" heading includes the amounts accrued and pending on commissions payable to financial institutions for the concepts of "2024 mediation facility rebate quota" amounting to EUR 55 thousand (EUR 2,000 thousand in 2023). It also includes fees for the management of COVID and UKRAINE guarantees which have been charged to the RDL 12/95 Fund (in accordance with applicable regulations) and which are pending accrual in the consolidated profit and loss account in the amount of EUR 46,811 thousand at 31 December 2024 (EUR 49,706 thousand at 31 December 2023).

17. NON-CURRENT ASSETS AND DISPOSABLE GROUPS OF ITEMS THAT HAVE BEEN CLASSIFIED AS HELD FOR SALE

The entire balance of this heading relates to foreclosed assets. None of the foreclosed assets included under this heading at 31 December 2024 and 31 December 2023 arose from financing related to land for real estate development, construction or property development.

The movement in the years ended 31 December 2024 and 2023 is shown below:

	Thousands of euros		
	Cost	Impairment	Total
Balance at 1 January 2023	60 460	(60 460)	-
Additions	4	(4)	-
Withdrawals/Utilisations	(48 662)	48 662	-
Transfers			
Balance at 31 December 2023	11 802	(11 802)	-
Additions	81	(81)	-
Withdrawals/Utilisations	(130)	130	-
Transfers	-	-	
Balance at 31 December 2024	11 753	(11 753)	-

Impairment charges of EUR 81 thousand were recognised for these non-financial assets in 2024 (EUR 4 thousand in 2023).

Gains (losses) on the sale of non-current assets held for sale amounting to EUR 73 thousand (EUR 2,764 thousand in 2023) were recognised in 2024 under "Gains (losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" in the consolidated profit and loss account.

Each year, the management bodies of the Institute, as the Group's parent company, approve the corresponding divestment plan for these assets.

In accordance with the provisions of Rule 60 of Bank of Spain Circular 4/2017, non-current assets held for sale are classified into broad categories: land, distinguishing between urban, developable and rural land, and buildings, distinguishing between residential, industrial and tertiary uses. The appraisal companies, the methodology used in the appraisal of the assets and the amount valued for each asset class per company/agency are reported below:

Thousands of € previous appraisal	Appraisal Company	Appraisal Method
6	ALIA TASACIONES	COMPARISON
31	COHISPANIA	COMPARISON
1,588	EUROVALORACIONES	COMPARISON
135	EUROVALORACIONES	COST
7	GESVALT	PRESENT VALUE OF RENTS
70	GRUPO TASVALOR	COMPARISON
71	VALTECNIC	COMPARISON
1,908		

BUILDINGS FOR TERTIARY USE

Thousands of € previous appraisal	Appraisal Company	Appraisal Method
79	EUROVALORACIONES	COMPARISON
30	EUROVALORACIONES	DYNAMIC RESIDUAL
109		

RURAL LAND

Thousands of € previous appraisal	Appraisal Company	Appraisal Method
2	EUROVALORACIONES	PRESENT VALUE OF RENTS
134	EUROVALORACIONES	COMPARISON
4	GRUPO TASVALOR	COMPARISON
140		

URBAN AND DEVELOPABLE LAND

Thousands of € previous appraisal	Appraisal Company	Appraisal Method
4,046	EUROVALORACIONES	DYNAMIC RESIDUAL
44	EUROVALORACIONES	OTHERS
39	GRUPO TASVALOR	DYNAMIC RESIDUAL
4,129		

TOTAL
6,286

18. FINANCIAL LIABILITIES AT AMORTISED COST

The items comprising the balances of this caption in the accompanying consolidated balance sheets are detailed below.

	Thousands of euros	
	2024	2023
By type of counterpart		
Deposits from Central Banks (Note 18.1)	-	327 075
Deposits from credit institutions (Note 18.2)	7 285 837	5 722 623
Customer deposits (Note 18.3)	568 534	312 114
Debt securities issued (Note 18.4)	21 865 199	16 920 632
Other financial assets (Note 18.5)	298 623	114 263
Money market transactions (Note 18.6)	-	95 702
	30 018 193	23 492 409

18.1 Central Bank Deposits

In 2019 and 2020 financial years, ICO, as the parent institution, participated in several calls for LTROs and TLTROs of the European Central Bank. The amount under this heading corresponds to these transactions.

18.2 Deposits from credit institutions

The breakdown of the balance of this item in the consolidated balance sheets at 31 December 2024 and 2023, based on the nature of transactions, is as follows:

	Thousands of euros	
	2024	2023
By nature:		
European Investment Bank loans	3 918 509	3 976 291
Interbank deposits	181 353	194 464
Loans from other financial institutions	2 153 623	1 375 112
Valuation adjustments - accruals and deferrals	1 032 352	176 756
	7 285 837	5 722 623

Interbank deposits mature within one year from 31 December 2024 and 2023, respectively.

"European Investment Bank Loans" have the following final maturity schedule.

	Thousands of euros	
	2024	2023
Up to 1 year	825 441	584 470
Over 1 year up to 2 years	467 786	793 860
Over 2 years up to 3 years	139 984	445 124
Over 3 years up to 4 years	608 525	134 605
Over 4 years up to 5 years	42 101	574 544
Over 5 years	1 834 672	1 443 688
	3 918 509	3 976 291

The breakdown by maturity of "Loans from other financial institutions" is as follows:

	Thousands of euros	
	2024	2023
Up to 1 year	78 771	78 750
Over 1 year up to 2 years	30 008	78 750
Over 2 years up to 3 years	503 393	30 000
Over 3 years up to 4 years	500 132	492 896
Over 4 years up to 5 years	-	500 000
Over 5 years	1 041 319	194 716
	2 153 623	1 375 112

18.3 Customer deposits

The composition by sector of the balance of this item in the consolidated balance sheets at 31 December 2024 and 2023 is shown below:

	Thousands of euros	
	2024	2023
By type of counterparty		
Public Administrations	552 164	297 690
Other resident sectors (1)	9 228	12 566
Other non-resident sectors	-	-
Valuation adjustments - accruals and deferrals	7 142	1 858
	568 534	312 114

(1) At 31 December 2024 and 2023, EUR 9,228 thousand and EUR 12,566 thousand are sight accounts, respectively.

At 31 December 2024 and 2023, the detail by nature of the balance recorded under "Public Administrations" is as follows:

	Thousands of euros	
	2024	2023
Contrato de Ajuste Recíproco de Intereses or C.A.R.I. (Reciprocal Interest Adjustment Contract)	15 956	16 063
Public Administration Current Accounts and other items	278 835	281 627
State funds received associated with the RRM (note 18.5)	257 373	-
	552 164	297 690

18.4 Debt securities issued

The breakdown of this heading at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Bonds and debentures issued	21 849 952	16 556 039
Valuation adjustments (*)	15 247	364 593
	21 865 199	16 920 632

(*) Including transaction costs and valuation adjustments for accounting hedges

The movements in bonds and debentures issued during the 2024 and 2023 financial years are as follows:

	Thousands of euros	
	2024	2023
Balance at beginning of year	16 556 039	13 351 201
Issues	21 980 591	24 024 547
Amortisations	(16 723 598)	(20 561 661)
Exchange rate differences	36 920	(258 048)
Year-end balance	21 849 952	16 556 039

Details of outstanding borrowings at 31 December 2024 and 2023 are shown below, grouped by currency:

Number of issues			Thousands of euros	
2024	2023	Currency	2024	2023
74	49	US dollar	10 230 239	6 616 445
78	55	Euro	11 366 387	9 583 488
-	1	Swiss Franc	-	269 978
-	2	Australian Dollar	-	54 144
1	-	Pound Sterling	59 563	-
1	1	Yen	30 664	31 984
2	-	Yuan Renminbi	134 306	-
3	-	Turkish Lira	28 793	-
			21 849 952	16 556 039

Details of each outstanding issuance can be consulted on the Institute's website (www.ico.es) in the section "Investors - ICO Bonds - Benchmark issues".

In 2024, the total financial cost of borrowings, both in euro and in foreign currency, which is recorded under "Interest expenses" in the accompanying consolidated profit and loss account, amounted to EUR 1,022,598 thousand, representing an average annual interest rate of 5.15% (3.56% with accounting hedges). In 2023, the financial cost amounted to EUR 878,209 thousand, representing an average annual interest rate of 4.70% (2.58% with the effect of accounting hedges) (Note 25).

No gains or losses on financial transactions arising from the purchase of financial liabilities at amortised cost were recognised in 2024 (also in 2023) under "Gains and losses on derecognition of assets and liabilities not measured at fair value through profit or loss" in the accompanying consolidated profit and loss account (Note 29).

18.5 Other financial liabilities

The breakdown of the balance of this item in the accompanying consolidated balance sheets at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
FOMIT - Renove Turismo	5 091	13 045
Préstamos Renta Universidad	60 494	60 888
Futur E	-	152
RRM Funds	192 627	-
Other Funds and other items	40 411	40 178
	298 623	114 263

In 2024, ICO, as the Group's parent entity, started channelling RTRP funds through its various facilities. For this purpose, it receives funds from the ministries which, in principle and until the corresponding asset transactions are made available, are classified on the balance sheet as other (long-term) financial liabilities. Once the asset operations associated with the Recovery and Resilience Mechanism (RRM) are drawn down, the funds received are reclassified as liability loans (Customer Deposits), in "mirror" operations. The funds received from the RRM that have not yet been allocated to asset operations amount to a total of EUR 192,627 thousand at 31 December 2024. Funds received and allocated to RRM operations totalled EUR 257,373 thousand at 31 December 2024 (Note 18.3).

This heading also includes funds received by the Institute, which are repayable in accordance with the regulations applicable to each. Detailed information on the mediation facilities associated with each of these funds can be found on the Institute's website at www.ico.es. The funds associated with the most important facilities are:

- FOMIT-Renove Turismo facility: the aim of this facility is to provide support for financial projects aimed at the comprehensive renovation and modernisation of tourist infrastructures and destinations.

- Préstamos Renta Universidad Facility: the aim of this facility is to provide loans linked to the possession of a future income, to do postgraduate, Master's or doctoral studies for the 2011-2012 academic year.

- Futur E Facility: This facility is designed to encourage projects aimed at supporting the tourism sector in its commitment to sustainability, helping to reorient current tourism activity from the perspective of sustainability and eco-efficiency, taking into account environmental and sustainable development variables, with the aim of consolidating the position of Spanish tourism at the forefront of the rational use of energy, the use of renewable energies, the reduction of the water footprint, and waste management.

Unlike the Institute's other mediation facilities, which are financed by ICO by raising funds on the market, the financial funds for these operations are provided directly by the State, through accounts opened at the Institute in the name of the corresponding ministries. The balance of these funds, given the mechanics of the operations, corresponds to the amount drawn down by the operations executed and which are also included under the Institute's "Loans and other receivables" heading (net amounts drawn down less the amounts amortised), so that this amount plus the balance of the associated current account (which includes the available balance of the aforementioned facilities) is always equal to the amount received by the Institute for provisioning the facility.

18.6 Money market operations

This item includes repurchase agreements, all of which are repurchase agreements of government debt securities.

19. PROVISIONS

At 31 December 2024 and 2023, the detail of the balances of this caption in the accompanying consolidated balance sheet is as follows:

	Thousands of euros	
	2024	2023
Pension funds and similar obligations	910	836
Provisions for contingent liabilities and commitments	60 204	50 579
Other provisions	801 843	1 530 325
	862 957	1 581 740

The breakdown of the balance of "Other provisions" in the accompanying consolidated balance sheets at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Royal Decree-Law 12/1995 Fund	759 166	1 507 275
Fund for recovered amounts BBVA	106	106
Prestige Facility Fund	8 364	8 326
EIG equity compensation fund (Note 10.3)	33 154	13 565
Other funds	1 053	1 053
	801 843	1 530 325

Royal Decree-Law 12/1995 Fund

Royal Decree-Law 12/1995 of 28 December, published in the Official State Gazette of 30 December 1995, effective at 1 January 1996, established that Instituto de Crédito Oficial would create, drawn from the resources of the State Loan referred to in paragraph 4 of number 1 of the Council of Ministers Agreement of 11 December 1987, a Fund for a maximum amount of EUR 150,253 thousand, earmarked for provisioning and charging, in accordance with the rules in force for credit institutions, the amounts corresponding to non-performing loans and bad debts which might arise in the future in the exercise of the functions listed in Note 1. Additional Provision 4 of Law 66/1997 of 30 December on Fiscal, Administrative and Social Measures established that, without prejudice to the application of the rules, the Council of Ministers or the CDGAE may authorise the ICO to draw on the Special Provision Fund R.D.L. 12/95 for losses arising in the exercise of its functions, provided that they have not been the subject of a specific appropriation in the General State Budget. This Fund was created in 1996 and recorded under the heading "Other provisions".

Those loans or transactions which, due to their terms and conditions, require the application of this Fund are provisioned against it without affecting the Group's profit and loss account.

As they are already provisioned through this Fund, the loans covered by it are therefore not included in the calculation of the general and specific loan loss provision.

The Fund is credited, in addition to its initial allocation, with future allocations made by the Instituto de Crédito Oficial through the application of surplus earnings and those made or authorised by the State when assuming or offsetting losses or through other suitable systems. The Fund is also credited with the amounts of recoveries obtained on loans provisioned or declared written-off which were drawn from the Fund, which in 2024 and 2023 amounted to EUR 72 thousand and EUR 29 thousand, respectively, with the returns obtained on the management of the resources allocated to the Fund itself amounting to EUR 43,780 thousand in 2024 and EUR 46,521 thousand in 2023. From 2023 onwards, this income, due to its nature, is recorded as finance costs in the net interest income of the

consolidated profit and loss account.

In accordance with the provisions of Law 12/1996, of 30 December, on General State Budgets, an initial amount of EUR 150,253 thousand was allocated to this Fund in 1997, drawn from the Ordinary State Loan.

EUR 249,500 thousand was allocated in 2004, drawn from the State Loan to ICO, by agreement of the Council of Ministers on 30 July 2004.

As a result of the COVID-19 health crisis and the implementation of State guarantee facilities to support private sector financing, financial institutions pay guarantee commissions to ICO which, in accordance with the procedures approved for this purpose, are recorded as direct payments to the RDL 12/95 Fund. On the other hand, the necessary costs for the Institute's procuring the management of this activity are also drawn from this fund. The purpose of these allocations is to cover future defaults that may arise from the execution of the guarantees granted and which under no circumstances may affect the Institute's assets (in the event of insufficient funds, the State will provision the necessary amounts directly to the ICO).

The movements in 2024 and 2023 in this fund, which is included under "Other provisions" in the accompanying consolidated balance sheet, are as follows:

	Thousands of euros
Balance at 1 January 2023	1 672 132
Interest income	46 521
State Contributions	-
Application of ICO 2022 profits	127 951
Loan recoveries (principal and interest)	-
Applications	(147)
Net credits from commissions on COVID facilities (and other State guarantee facilities)	(339 182)
Balance at 31 December 2023	1 507 275
Interest income	43 780
State Contributions	-
Application of ICO 2023 profits	-
Loan recoveries (principal and interest)	72
Applications	(34)
Net credits from commissions on COVID facilities (and other State guarantee facilities)	(791 927)
Balance at 31 December 2024	759 166

Fund for recovered amounts BBVA

Regarding this heading, under the Eleventh Additional Provision of Law 24/2001 of 27 December, on Tax, Administrative and Social Measures, in 2001 and 2002 the Institute used part of its assets to cancel the overdue debt contracted by the State with the Institute as a result of certain loans and guarantees granted by the former Official Credit Institutions and by the Institute itself, with a State guarantee.

However, the management of the operations affected by the cancellation process has resulted in ICO, as the Group's parent company, continuing to receive collections on these loans, which, following a prudent criterion, are not generally recorded as income in the profit and loss account. For those accounted for as income, there is a provision of EUR 106 thousand in 2024 (EUR 106 thousand at 31 December 2023).

Prestige Facility Fund

The Prestige Line Fund has its origin in RDL 7/2002, of 22 November, which authorises the debiting to the Special Provisioning Fund RDL 12/95 of written-off amounts derived from the Prestige loan facility, with credit to this specific provisioning fund.

EIG equity compensation fund

The heading “EIG equity compensation fund” includes the provision recorded to adjust the return on operations carried out through Economic Interest Groupings to their profitability (Note 10.3). This provision has been recognised with a charge to “Tax of Profits” in the accompanying consolidated profit and loss account, with a balance of EUR 33,154 thousand and EUR 13,565 thousand in 2024 and 2023, respectively (Note 10.3).

The movements in Provisions in 2024 and 2023 are shown below:

	Thousands of euros				
	Provision for taxes	**Pension funds and similar obligations**	**Provisions for contingent liabilities and commitments**	**Other provisions**	**Total**
Balances at 1 January 2023	-	770	59 396	1 704 654	1 764 820
Allocations	-	66	6 528	5	6 599
Recoveries	-	-	(15 466)	(270)	(15 736)
Use of funds	-	-	-	(22 764)	(22 764)
Transfers and other movements (1)	-	-	-	(151 300)	(151 300)
Exchange rate differences	-	-	121	-	121
Balances at 31 December 2023	-	836	50 579	1 530 325	1 581 740
Allocations	-	74	11 420	-	11 494
Recoveries	-	-	(1 848)	-	(1 848)
Use of funds	-	-	-	(33)	(33)
Transfers and other movements (1)	-	-	-	(728 449)	(728 449)
Exchange rate differences	-	-	53	-	53
Balances at 31 December 2024	-	910	60 204	801 843	862 957

(1) Transfers and other movements mainly consist of net credits to the RDL 12/95 Fund for the collection of commissions / payment and recovery of bad debts, COVID-19 guarantees and other State guarantee facilities (EUR 748.109 thousand at 31 December 2024 and EUR 339,182 thousand at 31 December 2023) and for the provision to the EIG equity compensation fund (Notes 10.3 and 23) (EUR 19,589 thousand at 31 December 2024 and EUR 13,527 thousand at 31 December 2023).

20. OWN FUNDS

A reconciliation of the carrying amount at the beginning and at the end of the 2024 and 2023 financial years in the caption "Shareholders' equity" in the consolidated balance sheets is presented below:

	Thousands of euros				
	Capital	**Revaluation reserves**	**Other reserves**	**Balance for the year**	**Total**
Balance at 1 January 2023	4 314 687	18 126	980 746	146 832	5 460 391
Distribution of results				(146 832)	(146 832)
Other reserve movements		(910)	20 290		19 380
Balance for the year				252 265	252 265
Other movements	214				214
Balance at 31 December 2023	4 314 901	17 216	1 001 036	252 265	5 585 418
Distribution of results	-	-	252 265	(252 265)	-
Other reserve movements	-	(911)	1 800	-	889
Balance for the year	-	-	-	250 048	250 048
Other movements	-	-	-	-	-
Balance at 31 December 2024	4 314 901	16 305	1 255 101	250 048	5 836 355

The line "Other movements" mainly records the annual equity contribution, in accordance with the provisions of Law 24/2001 of 27 December, with no amount in 2024 (EUR 214 thousand in 2023). In accordance with the Eleventh Additional Provision of said law, the amounts recovered after the cancellation of the debts engaged by the State with ICO pertaining to certain credits and guarantees granted by the former Official Credit Institutions and by the Institute itself will become part of the Institute's assets, as the parent entity of the Group.

20.1 Reserves of fully or proportionally consolidated entities

The breakdown by consolidated company of the balances of the equity item "Shareholders' equity - Other Reserves" in the consolidated balance sheets at 31 December 2024 and 2023, with respect to the portion of this balance arising from the consolidation process itself and excluding revaluation reserves, broken down for fully or proportionately consolidated companies in the consolidated financial statements, is as follows:

	Thousands of euros	
	2024	**2023**
AXIS Participaciones Empresariales, S.A.	33 798	28 927
Instituto de Crédito Oficial	1 186 694	942 575
	1 220 492	971 502

20.2 Reserves of entities carried by the equity method

The breakdown by consolidated company of the balances of the equity item "Shareholders' equity - Other Reserves" in the consolidated balance sheets at 31 December 2024 and 2023, in respect of the portion of this balance that has been disclosed as part of the consolidation process, broken down for each company accounted for using the equity method in the consolidated financial statements, is as follows:

	Thousands of euros	
	2024	**2023**
COFIDES, Compañía Española de Financiación del Desarrollo, S.A.	34 554	29 479
CERSA, Compañía Española de Reafianzamiento, S.A.	55	55
Other entities	-	-
	34 609	29 534

21. OTHER ACCUMULATED OVERALL PROFIT (valuation adjustments)

The balance of this heading, broken down by gross amount and net of the tax effect, is as follows:

	Thousands of euros					
	2024			2023		
	Gross	Tax Effect (Note 15)	Net	Gross	Tax Effect (Note 15)	Net
Financial assets at fair value, through other comprehensive income (Note 9)	544 696	(163 409)	381 287	523 497	(157 049)	366 448
Cash flow hedging of assets and liabilities	(1 049 860)	314 958	(734 902)	(251 136)	75 341	(175 795)
TOTAL	(505 164)	151 549	(353 615)	272 361	(81 708)	190 653

The balance of this heading corresponds to the items “Financial assets at fair value, through other comprehensive income” and “Cash flow hedging derivatives” in the accompanying consolidated balance sheets. The first account includes the net amount of the tax effect of changes in the fair value of assets classified at fair value through other comprehensive income, which, as indicated in Note 2.2.4, should be classified as an integral part of the Institution's equity. The second reflects changes in the fair value of cash flow hedging instruments.

	Thousands of euros	
	2024	2023
Opening balance	190 653	128 627
Variation in the fair value of financial assets at fair value, through other comprehensive income (Note 9)	14 839	45 126
Reclassification of financial assets at fair value, through profit or loss		
Cash flow hedges	(559 107)	16 900
Closing balance	(353 615)	190 653

22. FINANCIAL GUARANTEES GIVEN AND CONTINGENT COMMITMENTS

These headings include the amounts that Instituto de Crédito Oficial, as the Group's parent company, must pay on behalf of third parties in the event that those originally obliged to pay end up defaulting, in response to commitments assumed in the course of its normal business (financial guarantees granted), as well as the amounts made available by third parties (contingent commitments).

The breakdown of the balance of this heading at 31 December 2024 and 2023 is shown below:

	Thousands of euros	
	2024	2023
Guarantees granted		
Financial guarantees granted	749 994	553 986
	749 994	553 986
Contingent commitments granted		
Available from third parties:		
From credit institutions	1 016 461	471 864
From the Public Administration sector	832 972	328 191
From other resident sectors	1 035 127	1 451 115
From non-resident sectors	275 755	549 496
Other contingent commitments	79 635	81 395
Securities subscribed pending disbursement:	1 621 933	1 404 933
	4 861 883	4 286 994
	5 611 877	4 840 980

Income from guarantee instruments (guarantees and sureties) is recorded under "Fee and commission income" in the accompanying consolidated profit and loss account (note 27).

23. TAX SITUATION

The Institute has been subject to corporate income tax under the general regime since 1999 (previously exempt under specific regulations).

The reconciliation of the accounting results for 2024 and 2023 to the taxable income for corporate income tax purposes is as follows for ICO, as the Group's parent company:

	Thousands of euros	
	2024	2023
Pre-tax accounting profit	330 823	336 891
Permanent differences		
For expenses on foreign taxes paid	1 218	1 049
For tax loss carryforwards of investees	(90 469)	(58 105)
	241 572	279 835
Temporary differences:		
For impairment losses and other non-deductible provisions	82 280	13 896
Reversal of temporary differences arising in other periods	(40 806)	(74 285)
	41 474	(60 389)
Tax base	283 046	219 446
Full quota (30%)	84 914	65 834
Deductions and allowances	(1 034)	(802)
Withholdings and payments on account	(81 633)	(86 609)
Payable / repayable quota	2 247	(21 577)
Income tax expense	71 438	83 149
Adjustments to income tax expense due to allocation to investee bases (Note 19)	19 589	13 527
Income tax expense for the year	91 027	96 676

The year includes the allocation of the tax loss carryforwards of the EIGs in which ICO holds different proportions of capital, amounting to EUR 90,469 thousand in 2024 (allocation of EUR 58,105 thousand in tax losses in 2023). The allocation of the tax bases has been carried out according to the information provided by the entities. It has been decided to allocate these items in the same year as the year in which the EIG balance sheets are closed.

There are no tax loss carryforwards to be offset for tax purposes at the end of 2024.

There are no deductions for tax incentives applied in 2024 and 2023. The deduction for international double taxation (input tax) amounts to EUR 1,034 thousand and EUR 802 thousand, respectively. There are no international double taxation deductions to be offset at the end of 2024.

There have been no changes in the depreciation methods for fixed assets for exceptional reasons.

Taxes and other tax liabilities applicable to the Institute for the last four financial years are subject to audit by the tax authorities.

Due to possible interpretations of the tax regulations applicable to certain transactions, basically related to the new corporate income tax liability following the phase of full exemption from corporate income tax, there may be certain contingent tax liabilities. However, in the opinion of the Institute's tax officials, the possibility of these liabilities materialising is remote and, in any case, the tax liability that might arise from them would not significantly affect the accompanying financial statements.

Law 7/2024 of 20 December has been published, establishing a supplementary tax to ensure an overall minimum level of taxation for multinational groups and large domestic groups, applicable retroactively for years beginning on or after 31 December 2023.

ICO, together with its subsidiaries, as a large group of which the bank is the ultimate parent entity, is subject to this supplementary tax.

Likewise, the Entity has not had any impact on current or deferred taxes related to the application of this new regulation.

24. INTEREST INCOME

The breakdown of interest and similar items for 2024 and 2023 is as follows, according to their origin:

	Thousands of euros	
	2024	**2023**
Financial assets at fair value, through other comprehensive income	35 586	1 226
Financial assets at amortised cost	1 275 918	994 937
Derivatives, hedge accounting	93	(466)
Other assets	5 364	1 498
Interest income on liabilities	3 117	6 327
	1 320 078	1 003 522

25. INTEREST EXPENSES

The breakdown of the balance of this caption in the consolidated profit and loss account for the years 2024 and 2023 is as follows:

	Thousands of euros	
	2024	**2023**
Financial liabilities at amortised cost	1 327 846	1 100 062
Derivatives, hedge accounting	(308 202)	(437 877)
Other liabilities	43 780	46 521
Interest expense on assets	92	3 326
	1 063 516	712 032

26. DIVIDEND INCOME

All returns obtained for this concept relate to the equity portfolio, amounting to EUR 172 thousand in 2024 (EUR 107 thousand in 2023).

27. INCOME FROM COMPANIES CARRIED BY THE EQUITY METHOD

All the income of entities accounted for using the equity method included under this section in the accompanying consolidated profit and loss account amount to profits of EUR 4,739 thousand and profits of EUR 4,791 thousand in 2024 and 2023, respectively. Annex I contains the details of the shareholdings, as well as the most relevant data at 31 December 2024 and 2023.

28. FEE AND COMMISSION INCOME AND EXPENSES

The breakdown of the balance of this caption in the consolidated profit and loss account is as follows:

	Thousands of euros	
	2024	**2023**
Commission income		
For contingent liabilities	7 369	8 257
Availability commissions	7 828	8 444
COVID and UKRAINE guarantee management fees	8 037	7 726
Other commissions	52 370	51 047
	75 604	75 474
Commission expenses		
For signature risk	(3 279)	(4 816)
Other commissions	(4 045)	(4 651)
	(7 324)	(9 467)
Net commissions for the year	68 280	65 827

The heading "Other fees" includes an amount of EUR 8,024 thousand in fees from the Autonomous Community Financing Fund and the Local Authority Financing Fund for the management of both Funds (EUR 9,000 thousand at 31 December 2023) (Note 16). In addition, EUR 35,344 thousand of income is recorded for the fees charged by the investee AXIS in the exercise of its activity (EUR 34,122 thousand in 2023).

29. GAINS OR (LOSSES) FROM DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE, THROUGH PROFIT OR LOSS, NET

The breakdown of the balance of this caption in the accompanying consolidated profit and loss account, according to the origin of the items comprising it, is as follows:

	Thousands of euros	
	2024	2023
Financial assets at fair value, through other comprehensive income (Note 9)	-	(20 946)
Financial assets at amortised cost, loans and receivables (Note 10.3)	(1,535)	(500)
Financial assets at amortised cost, debt securities (Note 10.1)	-	-
Financial liabilities at amortised cost (Note 18.3)	-	-
	(1 535)	(21 446)

30. GAINS OR (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING, NET

The breakdown of the balance of this caption in the consolidated profit and loss account, according to the origin of the items comprising it, is as follows:

	Thousands of euros	
	2024	2023
Trading derivatives (Note 7)	(818)	940
	(818)	940

Following the entry into force of IFRS 13 (1 January 2013) the Institute incorporated the corresponding valuation adjustment for counterparty and own credit risk in the valuation of derivative instruments (CVA-DVA). The adjustment made for this item (included under this heading) at 31 December 2024 amounted to a loss of EUR 1,345 thousand (loss of EUR 427 thousand at 31 December 2023).

31. GAINS OR (LOSSES) FROM ASSETS AND LIABILITIES MEASURED AT FAIR VALUE, THROUGH PROFIT OR LOSS, NET

The breakdown of the balance of this caption in the consolidated profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Equity instruments at fair value through profit or loss (Note 8)	-	-
	-	-

32. GAINS OR (LOSSES) RESULTING FROM HEDGE ACCOUNTING, NET

The breakdown of the balance of this caption in the accompanying consolidated profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Hedging derivatives (Note 11)	45 580	45 568
	45 580	45 568

This item includes the results of changes in the fair value of both hedges and hedged items.

33. OTHER OPERATING INCOME AND EXPENSES

The breakdown of the balance of this caption in the accompanying consolidated profit and loss account is as follows:

	Thousands of euros	
OTHER OPERATING LIABILITIES	2024	2023
Income from the operation of real estate	513	507
Other concepts	550	585
	1 063	1 092

	Thousands of euros	
OTHER OPERATING EXPENSES	2024	2023
Other concepts	(1)	-
	(1)	-

34. STAFF COSTS

The breakdown of the balance of this item in the consolidated profit and loss account for 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Wages and salaries	22 377	20 568
Social security contributions	5 497	4 871
Other expenditure	1 838	1 538
	29 712	26 977

The number of employees of the Group at 31 December 2024 and 2023, distributed by occupational category and gender, was as follows:

	Distribution of staff			
	Men		Women	
	2024	2203	2024	2023
Management	13	7	18	7
Supervisors and technicians	124	132	174	185
Administrative staff	6	6	52	52
	143	145	244	244

The average number of employees of the Group in the 2024 and 2023 financial years, distributed by occupational category and gender, was as follows:

	Average distribution of staff			
	Men		Women	
	2024	2023	2024	2023
Management	13	8	19	7
Supervisors and technicians	131	126	179	176
Administrative staff	6	6	53	53
	150	140	251	236

The average number of Group employees in 2024 with a disability of more than 33% is 5 persons (6 persons in 2023).

Remuneration and other benefits of the General Council

During the 2024 and 2023 financial years, the Group recorded in the consolidated profit and loss account EUR 101 thousand and EUR 111 thousand (under "Other administrative expenses"), respectively, for remuneration accrued by its General Council for salaries, allowances and other remuneration. These allowances were paid to the Treasury, in accordance with the applicable regulations in force, in the case of members of the General Council with the status of Senior Civil Servants.

The remuneration received by the Institute's Chairman and Senior Management, as the parent entity of the Group, during the 2024 and 2023 financial years is as follows:

2024 Financial Year:

	Salary remuneration Thousands of euros		Other Remuneration Thousands of euros	Total Thousands of euros
No. of persons	Fixed	Variable		
5	692	84	13	788

2023 Financial Year:

	Salary remuneration Thousands of euros		Other Remuneration Thousands of euros	Total Thousands of euros
No. of persons	Fixed	Variable		
6	732	101	16	849

At 31 December 2024 and 2023 there were no loans granted to the executive members of the Institute's General Council. At 31 December 2024, the loans granted under the Institute's internal staff loan regulations had an outstanding balance of EUR 14,686 thousand and the average interest rate was 2.51% (31 December 2023: EUR 14,686 thousand with an average interest rate of 2.51%).

In addition, as of that date, no pension or life insurance obligations had been incurred in respect of former or current members of the General Council.

35. OTHER ADMINISTRATION COSTS

The breakdown of the balance of this caption in the consolidated profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Property, plant and equipment	867	1 220
Computing	5 915	6 251
Communications	2 605	2 469
Advertising and publicity	2 049	458
Contributions and taxes	2 236	2 069
Other administrative expenses	9 068	8 399
	22 740	20 866

Audit costs

The audit of the financial statements is carried out by the Intervención General de la Administración del Estado - IGAE [General Comptroller of the State Administration] and, therefore, there is no remuneration to the auditors for this concept as they are assumed by the comptroller itself (Ministry of Finance).

The amount invoiced by companies using the Mazars brand (which audited the 2024 and 2023 financial years, by virtue of a contract entered into with the IGAE for the provision of a collaboration service in the auditing of financial statements) for the provision of audit-related services amounting to EUR 11.3 thousand (EUR 5.65 thousand for the audit services of the individual financial statements and EUR 5.65 thousand for those of the consolidated accounts). The amount invoiced for non-audit services during the 2024 financial year amounted to EUR 119.8 thousand, excluding taxes (EUR 115.9 thousand in the 2023 financial year).

The amount invoiced by ERNST & YOUNG, SL, the firm auditing AXIS, for the audit of its individual financial statements amounted to EUR 12 thousand (EUR 12 thousand in 2023). In addition, EUR 10 thousand were paid in 2024 (EUR 10 thousand in 2023) for the audit of the 2024 financial statements of one of the funds managed by AXIS, which, in accordance with its management regulations, must be paid by the management company. No amounts have been invoiced for services other than auditing in 2024 (nor in 2023).

The amount invoiced by Forvis Mazars for the audit of CERSA and COFIDES, associated entities of the Group, for the 2024 and 2023 financial years (i.e. the total fees relating to the audits of these entities) amounts to EUR 55 thousand in 2024 (EUR 55 thousand in 2023).

36. FAIR VALUE

As mentioned above, financial assets are recognised in the balance sheet at fair value, except for loans and other receivables and equity instruments whose market value cannot be reliably estimated.

Similarly, financial liabilities are recognised in the balance sheet at amortised cost, except for those included in the trading portfolio.

Part of the assets recognised under "Loans and receivables" and the liabilities recognised under "Financial liabilities at amortised cost" in the consolidated balance sheet at 31 December 2024 and 31 December 2023 are at variable rates, with periodic interest rate reviews, and therefore their fair value as a result of movements in market interest rates is not significantly different from that

recognised in the Group's consolidated balance sheet. On the other hand, the fair value of the assets and liabilities under these headings referenced at a fixed rate has been obtained by applying a weighted average maturity and a weighted average rate, through which the fair value is calculated by means of a discounted cash flow. The fair value of the total assets and liabilities under these headings at 31 December 2024 and 2023 of the Institute as the Group's parent entity is as follows:

	Thousands of euros			
	Book value		Fair value	
ASSETS	**2024**	**2023**	**2024**	**2023**
Financial assets at amortised cost	30 804 340	27 204 578	31 240 789	27 466 132
LIABILITIES				
Financial liabilities at amortised cost	30 018 193	23 548 296	30 217 738	23 628 324

The fair value has been calculated in all cases, both in 2024 and 2023, taking as a reference the implied curves of the money and government bond markets.

37. TRANSACTIONS WITH JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

The balances held at 31 December 2024 and 2023 by the Institute with Jointly Controlled Entities and Associates are as follows:

CERSA

- Customer deposits (financial liabilities at amortised cost): EUR 193,568 thousand at 31 December 2024 (EUR 293,393 thousand at 31 December 2023).

INSTITUTO DE CRÉDITO OFICIAL

MANAGEMENT REPORT

Financial Environment and Policy Framework

The general economic and financial situation in which the ICO Group conducts its business is a highly significant factor insofar as it defines the context in which it acts. This is also because it largely determines the guidelines that the Group adopts to provide the best response to the needs of the Spanish economy and its productive fabric in each circumstance.

The Spanish economy grew faster than expected and accelerated its pace of expansion compared to 2023, despite the prevalent uncertainty

In 2024 as a whole, the Spanish economy accelerated its growth rate to 3.2%, above its 2.7% growth observed in 2023 and above expectations at the beginning of 2024. Spanish GDP growth again stood out in a context in which the major European economies featured weak growth and even the contraction of activity, such as that experienced in Germany. Thus, as Spain had already reached 2019 output level in 2022, our country has led economic growth among the main Eurozone economies from 2019 to today, amidst a context of great uncertainty, with several conflicts in the vicinity of Europe, a stressed energy market and weakness in the evolution of international trade. Moreover, although in the second half of 2024 interest rates started to decline, the monetary policy stance has remained tight.

As indicated, Spanish GDP continued to grow at a rate clearly above that observed in the rest of the large Eurozone economies and the Eurozone aggregate itself, whose GDP grew by 0.4% in 2023 and 0.7% in 2024. As a result, the Spanish economy is showing a greater capacity to adapt to the challenges arising from the current economic situation, continuing to perform very well economically despite being subject to very similar conditions to those of the rest of the Eurozone.
Moreover, the outlook for 2025 and 2026 suggests that Spain will continue to grow faster than the rest of the large Eurozone economies. According to the IMF's January 2025 updated forecast, the Spanish GDP will grow by 2.3% in 2025 and 1.8% in 2026, higher than the large Eurozone countries and the Eurozone's own aggregate figure, whose growth forecast is 1.0% in 2025 and 1.4% in 2026.

A more specific analysis of Spanish growth during 2024 shows that the expansion of activity was mainly driven by domestic demand, although the foreign sector continued to make a positive contribution. Within domestic demand, both consumption and investment increased their contribution to growth and made positive contributions. Private consumption rose more than in 2023, propped up by improved purchasing power and a strong labour market, while public consumption also maintained high growth. The public consumption figures were influenced by the increased deployment of the Recovery, Transformation and Resilience Plan financed by Next Generation EU funds, which also had a significant influence on the evolution of investment, which as mentioned above made a larger contribution than in the previous year. During 2024, ICO continued to participate in the deployment of these European funds. These investment operations, in addition to their immediate effect, are expected to have a structural effect that will continue to have a positive impact for several years to come. The momentum of the external sector was due to the resilience of trade in goods, the remarkable recovery of tourism and the dynamism of trade in non-tourism services.

In the labour market, job creation continued during 2024. According to data from the Active Population Survey (APS), 468,100 more people were employed in the fourth quarter of 2024 than in the fourth quarter of 2023, equivalent to a 2.2% increase in employment. The number of employed persons reached a new all-time high (21,857,900 employed persons in the fourth quarter of 2024). In parallel, the unemployment rate continued to fall in 2024 and stood at 10.6% at the end of the year, down from 11.8% in Q4 2023, with the total number of unemployed falling to 2,595,500, 265,300 fewer than a

year earlier (in relative terms the decline was 9.3%) and a new low at the end of the year since 2007. Looking at the number of workers affiliated to Social Security, in 2024 there was an increase of 501,952 affiliates, which is equivalent to an increase of 2.4%, reaching 21,337,962 affiliates, the highest figure in the entire historical data series. The number of unemployed registered with the public employment services also declined during 2024, with 146,738 fewer registered unemployed than a year earlier, a rate of decrease of 5.4%, bringing the total number of registered unemployed in December 2024 to 2,560,718, also the lowest since 2007.

During 2024 Spain has had to deal with the harsh effects of a climate catastrophe caused by torrential rains that mainly affected the province of Valencia during the autumn of 2024. In addition to the horrible loss of life, the natural disaster caused substantial material losses, and coordinated efforts are being made by all public administrations to help mitigate the damage and rebuild the damaged structures as quickly as possible. This catastrophe, according to Bank of Spain estimates, could have detracted between 0.1 and 0.2% from quarterly GDP growth in the fourth quarter of 2024, although this would be a transitory impact that would be offset in the first months of 2025 by the fiscal impulse from the various support measures approved. ICO has participated prominently in these efforts, in particular with the deployment of specific guarantee programmes, in coordination with the other institutions.

All in all, Spain was able to accelerate its growth momentum in 2024 in a context that continued to be characterised by uncertainty and weak growth in its immediate environment. This positive performance continued to be the result of growth with a positive contribution from both domestic demand and the external sector, reflected, among others, in a dynamic labour market, ample financing capacity of the Spanish economy and a decline in both public and private indebtedness relative to the GDP.

Inflation continued to moderate during 2024

Throughout 2024 inflation continued to show a moderating trend, although there have been ups and downs in price developments as a result of the comparative effect between individual months. In 2024 as a whole, prices increased by 2.8% compared to the previous year, when they had risen by 3.5%. The moderation of inflation is even more noticeable when looking at what happened in 2022, when prices grew by 8.4%. Core inflation also decelerated in 2024 to 2.9%, broadly in line with general inflation, but well below the 6.0% increase in core inflation in 2023. This generalised tapering off of price increases has been influenced by the lower inflationary pressure from energy and commodities, the measures implemented by the government to alleviate inflation and the monetary policy of the European Central Bank, which, despite applying some interest rate cuts in 2024, held firm to a restrictive monetary policy during the year. In the Eurozone as a whole, inflation was also on a decelerating trend without yet reaching the 2% target, with average inflation standing at 2.4% in 2024, down from 5.4% in 2023.

The forecasts of the main organisations, both for Spain and for the Eurozone as a whole, estimate that in 2025 inflation will be in line with the monetary policy target (2% in the medium term). Moreover, institutions such as the European Central Bank expect inflation not only to reach the target, but to stabilise at that target in the medium term. However, all forecasts are equally uncertain about these projections, with a variety of risks that could disrupt the actual materialisation of these forecasts.

The ECB has approved several interest rate cuts

The Governing Council of the European Central Bank (ECB) intensified during 2024 the normalisation process initiated in previous years. Thus, following the cycle of interest rate hikes, it kept interest rates unchanged between September 2023 and June 2024, when, in view of the gradual convergence of inflation towards the 2% medium-term target, it decided to cut interest rates for the first time. This rate cut in June 2024 was followed by three more in 2024. Following these rate cuts, the deposit facility,

which is the rate at which the ECB has guided its monetary policy stance of late, ended 2024 at 3.0%, compared to the 4.0% where it ended in 2023.

At the beginning of 2025 the ECB decided on a further rate cut and it is expected that this cut may be followed by several more during 2025. These have come as the ECB expects inflation for the Eurozone as a whole to be at the 2% target in 2025 and to remain around that target over the medium term. In any case, the ECB Governing Council maintains that it will continue to apply a data-dependent approach to the determination of its monetary policy.

In addition to the interest rate cuts, the process of reducing the ECB's balance sheet was intensified in 2024, with all amounts of refinancing operations with financial institutions being repaid in full during 2024 and the balance sheet reduction being being intensified through the redemption of maturing amounts of ECB-owned debt. In 2025, the balance sheet reduction is expected to continue, although it historically remains at a high level.

The deployment of European funds continued in 2024

The Government of Spain continued in 2024 the management of European funds from the Next Generation EU (NGEU) instrument through the Recovery, Transformation and Resilience Plan (RTRP). The RTRP envisages a wide range of investments and reforms which, in addition to the quantitative impact of the investments themselves, are expected to have a structural and qualitative impact on the very structure of the Spanish economy.

According to data published by the Spanish Government, at 31 December 2024, EUR 79,854 million had been assigned to various published calls, of which the vast majority (EUR 77,419 million) had already been committed. EUR 47,616 million of this total amount is for calls for proposals that have been resolved. This progress continued at a good pace in 2024 (by the end of 2023, the total calls issued amounted to EUR 59 billion while the calls decided stood at EUR 33 billion).

ICO is part of the entities in charge of the implementation of the RTRP, in particular part of the Addendum approved by the European Commission in October 2023. The Institute is focusing on supporting SMEs, strengthening investments in the green and social areas, as well as key future areas in the digital transition.

Business rates were lowered in 2024 in parallel with cuts in official interest rates

The ECB's monetary policy was reflected in the evolution of rates on new refinancing operations, which followed a clear downward trend. The lowering of the rates applied to new operations, in addition to the clear effect of making financing cheaper, is causing an increased flow in new credit flows, with this effect being particularly evident from the second half of 2024 onwards. The average interest rate applied to companies in transactions of less than EUR 1 million, which can be taken as an approximation of the rate applied to SMEs, fell from 5.28% in December 2023 to 4.07% in December 2024. In any case, there has been a generalised reduction in the interest rates applied, irrespective of the size of the transactions and their maturity.

These interest rate changes were reflected in the volume of financial sector activity during 2024, with new business lending operations rising by 16.0% in 2024 compared to 2023, when there was a 3.4% decline in the volume of new business lending compared to 2022. The rate of transactions of under one million grew faster, from 11.9% in 2023 to 16.0% in 2024 while those over one million went from a 17.6% drop in 2023 to 16.0% growth in 2024.

This increase in new business was also reflected in total cumulative lending. The outstanding balance of total credit to enterprises at the end of 2024 was 1.0% higher than that at the end of 2023, when it had been 2.1% lower than the rate of the previous year.

The doubtful assets ratio showed a slight downward trend in 2024

The doubtful assets ratio of Spanish credit institutions trended gently downwards throughout 2024. In November 2024 (latest available data) it stood at 3.38%, down from 3.54% in December 2023. This development is explained by a decrease in the volume of credit classified as doubtful, in parallel with an increase in the volume of total credit. With regard to credit to production activities, the doubtful assets ratio stood at 3.98% in September 2024 (latest available data), also down from 4.06% in December 2023.

Banks' perceived and expected demand for corporate credit in the bank lending survey increased, especially in the second half of 2024. This was influenced by the easing of financial conditions applied by banks, particularly in the second half of the year.

In this new context of lower interest rates, although still far from pre-2020 interest rates, ICO will continue to offer a wide range of products to the Spanish productive fabric. Through its wide range of intermediary entities, the Institute will continue to offer advantageous conditions so that financing continues to flow towards the productive fabric, while still providing direct financing through its different modalities and broadening the focus towards smaller companies, with special emphasis on the priority activities in accordance with its frameworks of reference and its strategy, complemented by the Addendum approved in September 2024. It will also continue to manage the RTRP products that it is responsible for channelling into the economy, using public-private partnership mechanisms.

Activity

In accordance with its Articles of Association, the purposes of ICO are to act as the support and promotion of economic activities that contribute to the growth and improvement of the distribution of national wealth and, in particular, those which, due to their social, cultural, innovative or ecological importance, deserve to be encouraged. In order to achieve these aims, Instituto de Crédito Oficial shall fully comply with the principles of financial equilibrium and the adequacy of means and ends.

To this end, the Institute continues to support the Spanish productive fabric through a wide range of products, prioritising long-term financing, internationalisation and investments aimed at digital transformation, sustainability and social and territorial cohesion. In this way, ICO flexibly responds to the needs and challenges posed by the different economic scenarios, with the aim of contributing to sustainable growth, job creation and wealth distribution.

To meet these objectives, ICO acts in two ways: as a National Promotional Bank, granting financing to companies, SMEs and the self-employed both in Spain and internationally, and as a State Financial Agency: Management of funds and guarantees on behalf of the State (off-balance sheet operation of the Institute).

All the initiatives carried out by the Institute in 2024 are part of its 2022-2027 Strategy and take as a reference the EU Financial Framework 2021-2027 and the Recovery, Transformation and Resilience Plan, which structures the Government's economic policy around the green and digital transition, social and regional cohesion and equality.

Three years after the implementation of the ICO Group's Strategy 2022-2027, new initiatives and challenges have arisen that have prompted the definition of an addendum to the Strategy that defines the action plan for a non-cyclical ICO, as opposed to the counter-cyclical ICO that has produced such good results in recent years, identifying opportunities to mitigate market failures and reorienting the Group's business model towards a stage of sustained growth.

For this reason, the General Council of 26 September 2024 approved the Addendum to the current ICO Group Strategy, which includes new initiatives derived from the new macroeconomic environment of growth. It also integrates the management of the EU Next Generation funds assigned to ICO in the second phase of the Recovery Plan. The activity associated with these funds represents a strong increase in the ICO Group's activity to underpin the expansionary phase of the Spanish economy.

The Addendum to the ICO Group Strategy 2022-27 aims to deepen some of its initiatives by incorporating actions that are either already being carried out, such as the channelling and management of the funds of the Recovery and Resilience Mechanism (RRM), or to increase ICO's proximity to the business fabric at times of an economic growth cycle and that respond to the mitigation of certain market failures with a negative impact on business financing.

In this sense, the focus has been placed on some targets for action such as unbanked companies; companies with high growth potential, but subject to financing restrictions; or companies in need of intangible financing. In addition, situations of under-financing will be addressed for different reasons such as accessibility to the housing market or the financing of certain investment projects abroad through State Funds.

During the last quarter of 2024, the Institute deployed the facilities articulated in relation to the loans of the addendum to the Recovery, Transformation and Resilience Plan (PRTR), in accordance with the terms and conditions regulated by the agreement of the Council of Ministers dated 27 February 2024, as amended by the subsequent agreement of the Council of Ministers of 28 November 2024. The facilities managed by ICO as executing entity (ICO-Green Facility, ICO-Business and Entrepreneurs, and ICO-Housing Facility) are aimed at financing investment projects that favour the two-fold green and digital transition of companies, thereby reinforcing their competitiveness. Specific facilities have also been put in place to increase the stock of public social rented housing.

In addition, in the second phase of the Recovery Plan, the management of the Next Tech Fund, endowed with EUR 4 billion, ICO is collaborating, via AXIS, with SETT (*Sociedad Española para la Transformación Tecnológica*), the Spanish government agency driving technology transformation. This cooperation is currently framed within Spain's contribution to the European Tech Champions Initiative.

As a National Promotional Bank, the Institute has a comprehensive catalogue of bank financing products, guarantees and complementary financing aimed at all types of companies and entities, adapted to their needs and designed to boost their activity both in Spain and in international markets.

This offer takes the form of different instruments designed to accompany and support Spanish companies, which are articulated through two fund distribution mechanisms: ICO mediation facilities in collaboration with credit institutions operating in Spain and financing and guarantee programmes in which the Institute acts directly with clients.

The total volume of new financing and guarantees issued by the ICO to companies, entrepreneurs and regional governments in 2024 amounts to EUR 7,206,739 thousand.

The volume of loans drawn down through the various ICO mediation facilities in 2024 totalled EUR 3,050,116 thousand through 18,695 operations, 67% of which went to micro-SMEs (companies with up to nine employees) and 26% to loans of EUR 25,000 or less.

The design of the ICO mediation facilities is based on the two strategic areas of action differentiated according to the place where the investment is carried out:

- Domestic: to finance business activities and investment projects related to activity in Spain. In 2024, 17,976 operations were granted, amounting to EUR 2,034,027 thousand, 67% of the total amount allocated to the mediation lines.

- International: these facilities are aimed at financing the internationalisation and export activity of Spanish companies. In 2024, 719 operations were granted, amounting to EUR 1,016,089 thousand on the various facilities.

In terms of direct activity, during 2024 ICO complemented financing through loans and credits and the issuance of guarantees with the acquisition of other corporate debt instruments. Specifically, bonds issued by Spanish companies were purchased to facilitate the financing of their medium and long-term investment plans (corporate bonds); project bonds, as a financing instrument linked to large infrastructure operations; and corporate bonds and promissory notes issued through the Alternative Fixed Income Market (MARF), aimed at providing issuers, especially SMEs, with access to financing to cover their short and medium-term liquidity needs.

Through all these forms of direct financing and guarantees, funds have been made available and guarantees have been issued for an amount of EUR 4,156,623 thousand in 2024, helping to meet companies' investment and liquidity needs and continuing to promote large long-term investment projects, both in Spain and abroad, as a complement to private initiatives. The detail of the volumes of direct activity made available to the companies is as follows:

- Through direct banking activity, loans and credits amounting to EUR 2,266,943 thousand were drawn down and guarantees amounting to EUR 341,130 thousand were issued.

- Through complementary direct activity, bonds issued by companies with medium and long-term maturities were acquired for EUR 573,555 thousand and, in the short term, promissory notes were acquired from issuance programmes in the MARF for EUR 974,994 thousand.

Another of the Institute's main strategic lines of action in its role as a National Promotional Bank is carried out through AXIS, the venture capital subsidiary of the ICO Group, which acts in public-private partnership with the venture capital sector by managing assets of EUR 12.15 billion spread over four funds, in which the Institute is the sole participant: Fond-ICO Global, Fond-ICO Next Tech, Fond-ICO SME, and Fond-ICO Sustainability and Infrastructures.

The investments made with these Funds, which are minority investments and do not involve effective control of the companies, are aimed at promoting the stimulation and consolidation of the private venture capital fund ecosystem, both in the early stages: venture capital, incubation and technology transfer and "business angels" (jointly with the European Investment Fund), as well as expansion, growth and debt, thus supporting the creation and growth of highly innovative and technology-based companies.

Fond-ICO Global, the first public venture capital "fund of funds" created in Spain, aims to promote the creation of privately managed venture capital funds that invest in Spanish companies, facilitating alternative and complementary financing channels to bank financing and giving impetus to their capitalisation and growth. The fund, with an initial endowment of EUR 1.2 billion, has since grown to its current size of EUR 4.5 billion.

In May 2024 the AXIS Board of Directors approved the resolution for the 16th Call, Fond-ICO Sobral largest so far, selecting 12 funds in three categories: incubation and technology transfer, venture capital, and expansion, which will see an investment of up to EUR 900 million. Depending on the type of project, the resources will come from one of the following facilities managed by ICO in the Addendum to the RTRP: ICO RRM Green and ICO RRM Businesses and Entrepreneurs

In addition, at the December 2024 meeting of the AXIS Board of Directors, the launch of the 17th Call was approved, in very similar terms to the previous one. Twelve funds/managers will be selected in three categories: Incubation and Technology Transfer, Venture Capital and Expansion in which up to EUR 900 million will be invested. Depending on the type of project, the resources will also come from one of the facilities managed by ICO in the Addendum to the RTRP.

Through the 16 calls for proposals completed until 31 December 2024, investments for up to EUR 4,327 million have been approved, with a target investment volume of EUR 12,796 million in Spanish companies. For every euro of public capital invested by Fond-ICO Global, private funds will invest a minimum of EUR 3.3 in Spain.

Fond-ICO SME, endowed with EUR 250 million, has the aim of promoting the business fabric and job creation through participation in Spanish SMEs, with equity and quasi-equity instruments. It currently focuses on investing in funds that in turn invest in strategic or innovative activity segments, such as sustainability, social impact and the entrepreneurial ecosystem, as well as promoting complementary financing to bank loans through business angels or diversified debt (crowdlending/crowdfunding).

During 2024, shareholdings have been purchased as part of the Sustainability and Social Impact Initiative in various funds for an amount of up to EUR 19 million.

Through Fond-ICO Sustainability and Infrastructures, endowed with EUR 400 million, the Institute provides financing to companies through capital investments, subordinated debt and equity loans. The goal of this fund is to invest directly or through other funds in sustainable infrastructure projects in Spain and abroad with Spanish companies.

During 2024, the Axis Board of Directors has approved operations through this fund for EUR 60 million**.**

AXIS and the State Secretariat for Digitalisation and Artificial Intelligence (SEDIA) launched Fond-ICO Next Tech in 2021. This fund invests in funds, corporate vehicles and companies that drive high-impact innovative digital projects and investment in scale-ups with the aim of mobilising EUR 8 billion, half from public funds and half from private investment, over an initial four-year period.

At the ICO General Council held on 23 February 2023, a commitment was approved to increase the size of FondICO Next Tech by an additional EUR 2 billion to EUR 4 billion. This expansion was approved by the AXIS Board of Directors in July 2023. During 2024, this Board approved Fond-ICO Next Tech's participation in funds and companies for a cumulative amount of EUR 193 million.

In addition, ICO is a participant in four funds, three of which are guaranteed by the Invest EU programme. Along with these funds, there is the fund associated with the InvestEU Social and Affordable Housing product, following the approval on 17 September 2024 of ICO's participation in equity funds within the Sustainable Social Infrastructure Window (SSIW).

In its role as the State's Financial Agency, ICO manages the funds and instruments for official financing for exports and development, facilitates the sustainability of regional and local administrations and, since 2020, through an efficient public-private partnership model, has been managing various public guarantee facilities on behalf of the State.

With regard to the activity managed by the guarantee facilities associated with the COVID-19 crisis, the State backed EUR 108,073,024 thousand during the course of the facilities, until expiring at 30 June 2022. During the 2024 financial year, the Institute continued to manage the various measures agreed by the Government in relation to the COVID guarantee operations executed during its period of validity; in particular, the monitoring of the extension of the maturity and grace period of the guaranteed operations regulated in the Council of Ministers Agreement of 21 June 2022. In addition,

ICO monitors and controls defaults and recoveries under the guarantee facility.

In 2024, the Institute also carried out the management of the State public guarantee facility stemming from the war in Ukraine, regulated under Royal Decree Law 6/2022. This facility, endowed with up to EUR 10 billion, expired at 31 December 2024, accumulating up to that date a total guaranteed volume of EUR 6,085,662 thousand, corresponding to 37,339 loan operations with a financed amount of EUR 7,825,708 thousand.

It should also be noted that the Council of Ministers Agreement of 5 December 2023 instructs ICO to extend the maturity of the guarantees granted to companies and the self-employed under the ICO Ukraine Guarantee Facility when certain conditions established in the Agreement are met. This extension may be carried out throughout the life of the operations.

Given the success of the above-mentioned PPP guarantee model, its use as a lever for new programmes and products has been extended during 2024:

- Guarantee facility for first-home buyers intended for primary and permanent residence of young people and families with dependent minors. The terms and conditions of the backed operations are established by the Council of Ministers Agreement of 13 February 2024, and subsequently regulated by means of an Agreement signed between the MIVAU and ICO for the management of the guarantee facility. At 31 December 2024, 844 loan operations had been guaranteed on a financed amount of EUR 96 million, guaranteeing EUR 17 million.

- Guarantee facility for the financing of refurbishment works that contribute to the improvement of energy efficiency. Financial institutions have started marketing this financing and guarantee product during the 2024 financial year. At 31 December 2024, 30 loan operations had been guaranteed on a financed amount of EUR 21 million, guaranteeing EUR 10 million.

- DANA Guarantee Facilities. On 11 November 2024 the Council of Ministers approved the terms and conditions of a first tranche of the ICO guarantee facility, for an amount of up to EUR 1 billion, aimed at backing up to 80% of the main lending operations granted by financial institutions to households, companies and the self-employed. Subsequently, the Council of Ministers, at its meeting on 28 November 2024, adopted an agreement allowing for a second tranche of up to EUR 240 million to be made available with interest subsidies from the State.

  At 31 December, financial institutions had registered 2,758 applications for funding under this facility.

In addition to the management of public guarantees, in 2024 the Institute continued to manage other funds and instruments on behalf of the State in three areas of action: financing of the State's peripheral administration through the Territorial Funds of Autonomous Communities and Local Entities, on behalf of the Ministry of Finance; promotion of the internationalisation of Spanish companies through the Enterprise Internationalisation Fund (FIEM) and the Reciprocal Interest Contract (CARI), on behalf of the Ministry of Industry, Trade and Tourism; and financial cooperation for development, through the Fund for the Promotion of Development (FONPRODE) and the Water Fund (FCAS), on behalf of the Spanish Agency for International Development Cooperation (AECID).

At the end of 2024, the balance managed by the ICO for these funds amounted to EUR 223,604 million:

- Fondo de Financiación a Comunidades Autónomas (Autonomous Community Financing Fund) had an outstanding balance of EUR 210,841 million.

- State funds for internationalisation and financial cooperation for development (CARI, FIEM,

FONPRODE and FCAS) had a combined balance EUR 6,501 million.

- Fondo de Financiación a Entidades Locales (Local Authority Financing Fund) closed 2024 with a balance of EUR 6,262 million.

Fundraising

The Institute finances its medium and long-term activity mainly through debt issues on the capital markets and through bilateral loans from multilateral financial institutions. ICO is not financed through the General State Budget, nor does it take deposits from private individuals.

In 2024, medium- and long-term funds of EUR 11,144 million were raised. EUR 1 billion of this amount was through two sustainable bond issues: a green bond issue and a social bond issue of EUR 500 million each.

The resources raised through the green bonds will be used to finance projects that empower the ecological transition and the development of sustainable finance, in line with the objectives of the National Recovery, Transformation and Resilience Plan. The funds raised through the issuance of social bonds are intended to promote projects that generate a positive social impact.

ICO consolidates its position as one of the leading European issuers in this sustainable bond market, with 17 issues (11 social and 6 green) amounting to EUR 8,550 million.

Balance Sheet

The ICO Group occupies a prominent place in the Spanish financial system and plays an important role in the Spanish economy.

The balance sheet totalled EUR 37,817,961 thousand at the end of 2024 (EUR 31,689,303 thousand at the end of 2023), whose yearly variation is mainly due to the increase in financial assets at amortised cost. Specifically, the outstanding balance of financial assets at amortised cost is EUR 30,804,340 thousand (31 December 2023: EUR 27,204,578 thousand), broken down as follows:

- Loans to credit institutions amounted to EUR 10,477,256 thousand (EUR 8,300,598 thousand in 2023). This heading mainly includes the outstanding balances of transactions from the mediation facilities.

- Loans to customers closed the year with a balance of EUR 12,897,805 thousand compared to EUR 12,601,396 thousand the previous year.

- Debt securities amounted to EUR 7,429,279 thousand; EUR 6,302,584 thousand at year-end 2023.

In 2024, the outstanding balance of the debt securities portfolio at fair value through other comprehensive income increased to EUR 1,403,450 thousand (31 December 2023: EUR 91,001 thousand) and the balance of equity instruments increased to EUR 1,933,852 thousand (EUR 1,533,557 thousand at year-end 2023). This heading mainly includes the Institute's holdings in venture capital funds managed by AXIS Participaciones Empresariales S.G.E.I.C., S.A., S.M.E., a management company wholly owned by Instituto de Crédito Oficial.

In line with the increase in lending and financial activity, the balance of financial liabilities at amortised cost increased during 2024, ending the year at EUR 30,018,193 thousand (EUR 23,492,409 thousand in 2023).

The ICO Group's net worth amounted to EUR 5,836,355 thousand at the end of 2024, with results from the previous year having been used to increase the Institute's reserves. The ICO Group's solvency ratio at year-end stood at 23.13%, well above the regulatory minimums.

Risk management policy

The Institute's liquidity, market, credit and operational risk management activities are described in Notes 5.3 to 5.6 of the notes to the financial statements.

Results

The net interest income at the end of December 2024 amounts to EUR 256,562 thousand (EUR 291,490 thousand in 2023).

Operating expenses (administration and depreciation) amounted to EUR 57,496 thousand, higher than in 2023 (EUR 52,496 thousand).

The 2024 financial year ended with a reversal of impairment of financial assets not measured at fair value of EUR 36,391 thousand and net provisions of EUR 9,646 thousand.

As a result, the pre-tax profit is EUR 349,577 thousand and results for the year amount to EUR 250,048 thousand.

Research and Development Expenditure

There was no research and development activity during the year.

Own shares

Not applicable to the Institute.

Staff

The average number of staff of the ICO Group in 2024 is 401 employees, compared to 376 in 2023.

Subsequent events

Significant subsequent events are detailed in section 1.8 of these notes to the consolidated financial statements.

Annex I:

Shareholdings as of 31/12/2024 and 31/12/2023 (direct and indirect holdings of ICO, as the Group's parent entity)

Relevant information on investments in associates and subsidiaries at 31 December 2024 and 2023 is presented below:

At 31 December 2024:

			Shareholding %			Book value of the shareholding			Entity Data		
	Address	Activity	Direct	Indirect	Total	Gross	Impairment	Net	Assets	Net Worth	Balance
Partner Entities											
CERSA, Compañía Española de Reafianzamiento, S.A.	Paseo de la Castellana 151 - Madrid	Rebonding of guarantee operations granted by MGSs.	24.39%	-	24.39%	47 060	-	47 060	954 450	800 812	-
COFIDES, Compañía Española de Financiación del Desarrollo, S.A.	Príncipe De Vergara, 132 - Madrid	Financial support for private projects with Spanish interest carried out in developing countries	20.31%	-	20.31%	8 466	-	8 466	245 243	234 374	20 927
Dependent Entities						55 526	-	55 526			
AXIS Participaciones Empresariales Sociedad Gestora de Entidades de Capital Riesgo, S.A.	Los Madrazo, 38 - Madrid	Financial investments	100.00%	-	100.00%	1 940	-	1 940	62 435	61 226	25 487
						57 466	**-**	**57 466**			

Unaudited financial information at 31 December 2024

Annex I:

Shareholdings as of 31/12/2024 and 31/12/2023 (direct and indirect holdings of ICO, as the Group's parent entity)

At 31 December 2023:

			Shareholding %			Book value of the shareholding			Entity Data		
	Address	Activity	Direct	Indirect	Total	Gross	Impairment	Net	Assets	Net Worth	Balance
Partner Entities											
CERSA, Compañía Española de Reafianzamiento, S.A.	Paseo de la Castellana 151 - Madrid	Rebonding of guarantee operations granted by the MGSs.	24.39%	-	24.39%	47 060	-	47 060	954 032	775 910	-
COFIDES, Compañía Española de Financiación del Desarrollo, S.A.	Príncipe De Vergara, 132 - Madrid	Financial support for private projects with Spanish interest carried out in developing countries	20.31%	-	20.31%	8 466	-	8 466	221 555	215 864	27 404
Dependent Entities						55 526	-	55 526			
AXIS Participaciones Empresariales Sociedad Gestora de Entidades de Capital Riesgo, S.A.	Los Madrazo, 38 - Madrid	Financial investments	100.00%	-	100.00%	1 940	-	1 940	56 347	54 984	24 116
						57 466	**-**	**57 466**			

Unaudited financial information at 31 December 2023

Annex II

ANNUAL BANKING REPORT

This Annual Banking Report has been prepared in compliance with the provisions of article 87 of Law 10/2014 of 26 June on the Regulation, Supervision and Solvency of Credit Institutions. Pursuant to the aforementioned article, at 1 January 2016, credit institutions must submit to Bank of Spain and publish annually, as an annex to the audited financial statements in accordance with the regulations governing the audit of accounts, the following information on a consolidated basis for each financial year, specifying by country where they are established:

a) Name, nature and geographical location of the activity.
b) Turnover.
c) Number of full-time equivalent employees.
d) Gross pre-tax profit.
e) Tax on profit.
f) Public subsidies or aid received.

The criteria used for the preparation of the annual banking report for the 2024 and 2023 financial years are set out below:

a) Name, nature and geographical location of the activity

This information is available in Section 1 of the Group's notes to the consolidated financial statements. In the case of Instituto de Crédito Oficial, the main activity carried out by the Group is direct lending and mediation, which is carried out exclusively under Spanish jurisdiction, as it has no establishments or subsidiaries outside Spain.

b) Turnover

For the purposes of this report, turnover is defined as total net operating income as defined and presented in the consolidated profit and loss account which forms part of the Group's consolidated financial statements.

c) Number of full-time equivalent employees

The data for full-time equivalent employees have been derived from the Group's average number of staff.

d) Gross pre-tax profit

For the purposes of this report, gross profit before tax is defined as profit before tax as defined and presented in the Group's consolidated profit and loss account.

e) Tax on profit

The amount of the corresponding accrued tax has been included and recorded under income tax in the consolidated profit and loss account.

f) Public subsidies or aid received

In the context of the information required by current legislation, this term has been interpreted to mean any aid or subsidy in line with the European Commission's State Aid Guidelines and, in this context, the companies forming the Group have not received any public subsidies or aid in 2024 or 2023.

Details of the information for 2024 and 2023 are given below (amounts in thousands of euros):

At 31 December 2024:

				Thousands of euros
JURISDICTION	Turnover	Average number of employees	Gross pre-tax profit	Tax on profit
Spain	380 343	401	349 577	(99 529)

At 31 December 2023:

				Thousands of euros
JURISDICTION	Turnover	Average number of employees	Gross pre-tax profit	Tax on profit
Spain	384 805	376	356 984	(104 719)

At 31 December 2024, the Group's return on assets (ROA) (consolidated pre-tax profit divided by the average total assets) is estimated at 0.93%.

Non-Financial Information Verification Disclosure

AENOR verification Disclosure for

INSTITUTO DE CRÉDITO OFICIAL (ICO)

concerning the individual disclosure of non-financial information

Memoria Integrada 2024

according to law 11/2018 and GRI

for the period between January 1st and Dec. 31st, 2024

In Madrid at 8th April 2025

Rafael García Meiro
CEO

ICO (hereinafter the organization) with registered office at: Paseo de Prado, 4, 28014, Madrid, has commissioned AENOR to carry out a verification under a limited level of assurance of its Disclosure of Non-Financial Information (hereinafter NFIS) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Disclosure, of which the verified NFIS forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's NFIS, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the NFIS, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the NFIS is free from material misDisclosure due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)

- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.

2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.

3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)

4) the international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies

5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the disclosure of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of Disclosures from the Administrative Body.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that non-financial information included in the statement titled Memoria Integrada 2024 published as included in annual Financial Directors´report and for information concerning the reporting period, Jan. 1st to Dec. 31st, 2.024, does not provide accurate information on the performance of ICO in terms of social responsibility content required by Law 11/2018 regarding environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.

NON-FINANCIAL INFORMATION STATEMENT 2024

(Law 11/2018)

February 2025

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LETTER FROM THE CHAIRMAN

ICO, WORKING MORE CLOSELY WITH PEOPLE AND COMPANIES

As Chairman of ICO Group, I am proud to present the balance for the year, which demonstrates the hard work carried out by the three entities that make up the Group—ICO, AXIS and Fundación ICO—to meet the objectives set out in the Action Plan and to swiftly and effectively respond to the challenges that have arisen throughout the year.

Before taking stock of the actions we have taken in 2024, I would like to start out by conveying the affection and solidarity of the entire staff of ICO Group to the families of the deceased and to all those affected by the consequences of the flash flooding that struck on 29 October.

At ICO we have worked in close collaboration with the financial sector to help mitigate the economic effects of this terrible catastrophe so that families and businesses in the affected regions could have the necessary liquidity at their disposal to get back up and running as soon as possible. To this end, we activated a guarantee programme at no cost designed with a twofold objective: on the one hand, so that financial institutions could advance the amount of compensation and aid to individuals and companies, and on the other hand, so that companies could access financing under the best conditions to recover their productive capacity.

Aware that the road to reconstruction is a long one, the guarantee facility will remain in effect until December 2025 and, in any case, we remain committed to making the necessary resources available to the affected business fabric for as long as necessary.

Once again, ICO has demonstrated the fundamental role it plays in situations of particular uncertainty, attending to the needs of the business fabric in exceptional scenarios such as those generated by the 2008 financial crisis, the COVID-19 pandemic or the Russian war in Ukraine.

In parallel, ICO has continued to bolster the capacity of its programmes for promoting of companies of all sizes, in any region and activity sector. More than 18,700 transactions were approved in 2024, representing a financing amount of more than 9.56 billion euros, a 7% increase over the previous year.

ICO continues to underpin the programmes to promote the internationalisation of Spanish companies. To this end, it promotes products such as the international channel to collaborate with financial institutions in the investment target countries, or the technical guarantees programme, which helps Spanish companies to participate in international tenders for large projects. Overall, the international funding programmes have mobilised more than 3 billion euros, 31.5% of the funding approved in 2024.

In addition, we remain committed to the development of projects that generate a positive impact from both a social and environmental standpoint, following the roadmap set out in the 2022-2027 Strategy. In 2024, 54% of the new direct financing operations approved by ICO could be classified as sustainable. On the liability side, we have continued to strengthen our presence in sustainable bond markets, with two new issues of green and social bonds, amounting to 500 million euros each.

In the area of sustainability, we also have a responsibility as a public bank to pay special attention to smaller companies and support them in their transition to more sustainable growth models. To this end, Fundación ICO is deploying actions such as the "sustainable suppliers" training programme, which has already trained more than 5,000 SMEs in its first two editions, and more than 5,200 companies have signed up for the third edition.

ADDENDUM TO THE 2022-2027 STRATEGY

The balance obtained during the year encourages us to continue moving forward and ensure ICO works more closely with companies. As chairman, I believe that ICO has to be present in people's lives and in Spain's economic development, not only in times of crisis and lack of liquidity, but in general. To this end, we are undertaking the deployment of the Addendum to ICO Group Strategy approved by the General Council on 26 September 2024.

The Addendum complements the existing ICO Group Strategy 2022-2027, accommodating new initiatives arising from the new macroeconomic environment. The expansionary phase of the cycle that began in Spain on the heels of the pandemic has been consolidated in the recent quarters, allowing the country to achieve economic growth that stands out with respect to our neighbouring countries.

Spain's growth forecasts for 2025 have been revised upwards (I am writing this letter in March) both by the government, which places it at 2.6%, and by domestic organisations, with the Bank of Spain estimating 2.7%, and those abroad, such as the OECD's 2.6% forecast.

In these growth phases, ICO Group should continue contributing to Spain's economic development, by proactively supporting business activity and job creation. Our objective is to complement private banks in financing those sectors or activities which are encountering greater difficulties, either in assessing the credit risk, or in mitigating it by requesting effective guarantees from the debtor, or in assuming the resulting cost of capital. The financing of intangible assets or the promotion of affordable housing are clear examples in this respect, which ICO will address with great resolve in the immediate future.

For this reason, within the framework of the addendum to the Strategy, ICO has reorganised its structure and will open regional offices across Spain’s Autonomous Communities to bring the different financing options closer to companies in all regions.

The addendum also integrates the management of the European Next Generation funds assigned to ICO and AXIS in the second phase of the Recovery Plan. The activity associated with these funds represents a strong increase in ICO Group's activity to underpin the expansionary phase of the Spanish economy.

In 2024, agreements were signed with the Ministry of Economy, Trade and Enterprise to activate ICO-Green and ICO-Businesses and Entrepreneurs initiatives, and with the Ministry of Housing and the Urban Agenda to launch ICO-Housing initiative.

In the deployment of these programmes, collaboration with private financial institutions and venture capital managers to channel a large part of the resources is essential. AXIS has already launched two Fond-ICO Global calls for 900 million euros each, which will channel resources from the Recovery Plan, and twelve financial institutions have signed up for the intermediation instruments.

At this point, I would like to make a special mention of ICO-Vivienda housing initiative. For ICO it is a priority to contribute to increase the affordable housing stock in our country, and having the funds from the Recovery Plan and the MIVAU guarantee allows us to undertake this objective under optimal conditions. In 2024 we approved operations that will promote the construction of more than 5,000 homes by public and private developers.

There is no silver bullet to solve the housing problem, which is why we are also launching innovative programmes to complement this line of the Recovery Plan.

In the fourth quarter of 2024, we opened the "ICO Invest EU Social Fund" call to invest 268 million euros in equity funds specialised in promoting social and affordable rental housing projects. This programme will be backed by a 50% guarantee (EUR 134 million) from the InvestEU Programme to ICO, in its capacity as European Commission Implementing Partner. The call has been very well received by the sector, with nine management agencies applying, which reinforces the scalability of this initiative.

ICO is also managing the MIVAU guarantee facility so that young people and families with dependent children can buy their first home and will participate in the PERTE (Strategic Project for Economy Recovery and Transformation) for industrialised housing announced by the President of the Government in January 2025, all with the aim of helping to strengthen the fifth pillar of the welfare state.

I would not like to end this letter without expressing my sincere thanks to all the staff of ICO Group for their professionalism and commitment. With their dedication, the objectives set out in all our areas of activity have been met, which is described in detail in this report. The 10 Principles of the United Nations Global Compact—the commitment to which ICO Group renews for another year—and the standards of the Global Reporting Initiative have been taken as a guide in order to offer the highest standard of transparency, clarity and integrity on the economic, environmental and social impact in the reporting of our activity, as established by Law 11/2018.

Undoubtedly, the most relevant facet of our activity is not the figures themselves, but the impact generated by our actions. That is why, during 2025, we will continue striving to work more closely with businesses and people.

1 ICO GROUP, ITS STRATEGY AND ENVIRONMENT

1.1 COMPOSITION

ICO Group is composed of three entities:

- Instituto de Crédito Oficial, Entidad Pública Empresarial (ICO)
- AXIS Participaciones Empresariales, S.G.E.I.C., S.A., S.M.E. (hereinafter referred to as AXIS), a company wholly owned by ICO
- Fundación ICO F.S.P., whose sole patron is ICO

Fundación ICO is not part of ICO Consolidated Group for accounting purposesadICOFundación ICO, as established in the applicable regulations, due to the nature of its activity. Consolidable Group Entities, for accounting purposes, are those financial sector entities over which the Institute has the capacity to exercise control. This capacity is generally manifested by direct or indirect ownership of 50% or more of the voting rights of investees, or, with lower or zero percentages, if there are agreements with shareholders that give the Institute control. Under applicable law, control is defined as the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of the subsidiaries are consolidated with those of the Institute using the full consolidation method, as required by law. In this process, all balances arising from significant transactions between the companies consolidated using this method have been eliminated.

The Institute, as the Group's parent entity, accounts for 99% of the consolidated balance sheet.

The headquarters of ICO is located in Madrid, where all the Group's entities are located. Although the bulk of its activity takes place in Spain, ICO plays an active role in financing and supporting the internationalisation of the Spanish economy and supports investments outside Spain.

1.2 NATURE AND FUNCTIONS

ICO

Instituto de Crédito Oficial, Entidad Pública Empresarial, is a public bank with the legal form of a state-owned enterprise (E.P.E. in Spanish), as provided for in Articles 84, 103 et seq. of Law 40/2015 of 1 October, on the Public Sector Legal System, and is attached to the current Ministry of Economy, Trade and Enterprise, through the Secretary of State for Economy and Business Support.

In legal terms, ICO is a credit institution and is considered a State Financial Agency, having its own legal personality, assets and treasury, as well as management autonomy to fulfil its purposes. It does not consolidate with the State accounts and does not use the State Budget, obtaining its resources from the capital markets and loans from other institutions. It has the explicit backing of the Spanish State, which is statutory, an unconditional and irrevocable guarantee on first demand.

The Institute plays a key role in the Spanish financial system, combining its traditional countercyclical function, through which it acts as a support in times of crisis of various kinds (social, health, natural, etc.) with economic and financial repercussions by providing liquidity and reducing credit risks, with a non-cyclical role focused on promoting strategic initiatives by identifying market failures and reorienting the Group's business model to foster economic growth in scenarios of stability.

The nature, legal regime, purposes and functions of ICO are defined in its By-Laws, initially approved by Royal Decree 706/1999 and subsequently amended by Law 40/2015 on the Public Sector Legal System, Royal Decree 1149/2015 and Royal Decree 390/2011.

The basic legislation governing the activity of ICO is Royal Decree-Law 12/1995 of 28 December, on urgent budgetary, tax and financial measures, which establishes the basic legislative framework of the Institute. This framework was subsequently developed in Royal Decree 706/1999 of 30 April, which

adapts Instituto de Crédito Oficial to Law 6/1997 of 14 April on the organisation and functioning of government agencies, and approves ICO's basic operating by-laws.

The detailed organisation chart is included in section 7.1 of this document.

MISSION

In accordance with Article 2 of its Articles of Association, the purposes of ICO are to act as the support and promotion of economic activities that contribute to the growth and improvement of the distribution of domestic wealth and, in particular, those that, due to their social, cultural, innovative or ecological importance, deserve to be encouraged. In order to achieve these aims, Instituto de Crédito Oficial shall fully comply with its principles of financial equilibrium and the adequacy of means and ends.

VISION

To achieve these objectives, ICO acts as a National Promotional Bank, financing large companies, SMEs and the self-employed, both in Spain and internationally (on-balance sheet operations), and as a State Financing Agency, managing funds and guarantees on behalf of the State (off-balance sheet).

ICO seeks to be a leading international organisation and a benchmark domestic institution in terms of transparency, solvency and credibility, and to be recognised, especially by SMEs and financial institutions, as a strategic ally for economic growth and the creation of jobs and wealth. This commitment is underpinned by a highly qualified, motivated, efficient and committed team, who carries out their functions in an environment of trust and collaboration.

Commitment to both the green and digital transitions

For ICO Group, sustainability is a fundamental pillar integrated across all its activities. It encompasses both its asset and liability operations as well as the internal management of the organisation, from the perspective of governance and corporate social responsibility.

The medium-term growth of the Spanish economy must be based on the green and digital transition. In this context, ICO promotes initiatives that strengthen the productive fabric, promoting a low-carbon, resource-efficient and circular economy. These efforts are key to ensuring long-term competitiveness, preserving climate balance and biodiversity, and protecting human rights.

Digitalisation is also a key driver for modernising the economy and improving business competitiveness. ICO is committed to the digital transformation as a tool for streamlining internal processes, improving operational efficiency and fostering innovation in the financial and manufacturing sector. This includes the adoption of emerging technologies, such as artificial intelligence and data analytics, facilitating access to financing, encouraging the internationalisation of businesses and improving the client experience.

ICO is firmly committed to long-term sustainable development, based on three main lines of action:

- Signposting role: Act as a benchmark for other market players, encouraging them to share sustainability objectives and commitments.
- Combating climate change: Actively contributing to the protection of natural capital and the reduction of greenhouse gas emissions.
- Promoting a just and inclusive transition: Fostering economic development that strikes a balance between social progress and environmental protection, ensuring that the benefits of transition reach all echelons of society.

FUNCTIONS

In accordance with Articles 3 and 4 of Royal Decree 706/1999, the functions of Instituto de Crédito Oficial are as follows:

- To contribute to alleviating the economic effects produced by situations of serious economic crisis, natural disasters or other similar events, in accordance with the instructions of the Council of Ministers or the Government Executive Commission for Economic Affairs.
- To act as an instrument for the execution of certain economic policy measures, following the fundamental lines established by the Council of Ministers, the Government Executive Commission for Economic Affairs or the Ministry of Economy, Trade and Enterprise, and subject to the rules and decisions agreed by its General Council.
- To carry out other financial activities, notwithstanding the competences of the different ministerial departments and the entities and bodies attached to them, including:
  1. Formalising, managing and administering funds, subsidies, credits, guarantees or other sureties, instalments and any other financial instruments to serve its purposes, and for this purpose it may carry out all kinds of financial asset operations. These actions include the execution, management and administration of loans granted by government agencies through ICO.
  2. To establish agreements with public, domestic and international institutions for the channelling and administration of subsidies and financial instruments related to its lending activity.
  3. To take direct holdings in financial companies, subject, where appropriate, to the provisions of Article 169 of Law 33/2003, of 3 November, on the Assets of Public Administrations. The Instituto de Crédito Oficial may not take direct holdings in non-financial companies, unless it acquires them by way of the legal or out-of-court enforcement of certain guarantees, in which case, it will proceed to realise them in line with expedient criteria.
  4. To provide financial consulting to any public or private entity on matters related to the purposes that ICO pursues.

Instituto de Crédito Oficial (ICO), Entidad Pública Empresarial

Address: Paseo del Prado, 4 - 28014 Madrid

Tax ID: Q-2876002-C

Website: www.ico.es

AXIS

AXIS is a state-owned public limited company as provided for under Art. 2.2.c) of Law 47/2003, General Budgetary Act, Art. 166.c) of Law 33/2003 on Public Administration Assets, and Art. 111 of Law 40/2015 on the Public Sector Legal System.

According to its Articles of Association, the Company's main corporate purpose is the administration and management of venture capital funds and the assets of venture capital companies, as well as the control and management of their risks. In addition, the Company may perform the functions described in Article 42.4 of Law 22/2014 of 12 November regulating Venture Capital Institutions, Other Collective Investment Undertakings and Management Companies of Collective Investment Undertakings (hereinafter "Law 22/2014"). As a complementary activity, the Company may provide advisory services to non-financial companies as defined under Article 7 of Law 22/2014.

Axis acts in the interests of the funds it manages and of its sole participant and shareholder, Instituto de Crédito Oficial, in the investments and assets of these funds, in accordance with the provisions of Law 22/2014 and other applicable legislation.

The organisation chart is included in point 7.1 of this document.

MISSION

The purpose of AXIS is to promote the stimulation and consolidation of the private venture capital ecosystem, both in early stages: venture capital, incubation and technology transfer and “business angels”, as well as expansion, growth and debt stages, thus supporting the creation and growth of highly innovative and technology-based companies.

FUNCTIONS

- To serve as a catalyst for the creation of venture capital entities with a majority private capital base with the ultimate aim of providing SMEs with alternative financing to bank financing.
- To directly support companies in their expansion plans in order to contribute to the development of the business community, job creation and the stimulation of the economy.
- To mobilise as much private sector resources as possible through co-investment with other private venture capital funds.
- To improve the quality and safety of infrastructures in Spain as a key element in the country’s economic growth and modernisation.

AXIS Participaciones Empresariales, S.G.E.I.C., S.A., S.M.E.
Address: Calle Los Madrazo, 38 2ª planta - 28014 Madrid Tax ID: A78290269 Website: https://www.axispart.com/web/axis

FUNDACIÓN ICO

Fundación ICO is a permanent, non-profit, State-owned Public Sector Foundation created in 1993, which carries out its activities under the sole patronage of ICO. It has its own legal personality and assets.

MISSION

To contribute to the development of society in areas related to ICO's activity and assets.

VISION

To be a leader in the promotion and dissemination of knowledge, with an international perspective and based on two pillars: Sustainable Economy and Finance and Sustainable Art and Architecture.

FUNCTIONS

Area of Sustainable Art and Architecture

This area includes the management, conservation and dissemination of ICO Art collections, as well as the management of Museo ICOand its temporary exhibitions and catalogues for each exhibition, and the organisation of educational and inclusive activities to make Museo ICOa learning space for everyone.

Area of Sustainable Economy and Finance

This area focuses its activity on the following four themes:

- Financial and Economic Education and the dissemination of economic and financial research and knowledge.
- Sustainable Finance and the Circular Economy.
- Financing and Business Growth. Alternative financing.
- Economic and Monetary Union and international economic and financial relations, with a special focus on Latin America.

Fundación ICO F.S.P.
Address: Paseo del Prado, 4 - 28014 Madrid and ICO Museum: Calle Zorrilla, 3 - 28014 Madrid Tax ID: G-80743503 Website: https://www.fundacionico.es/

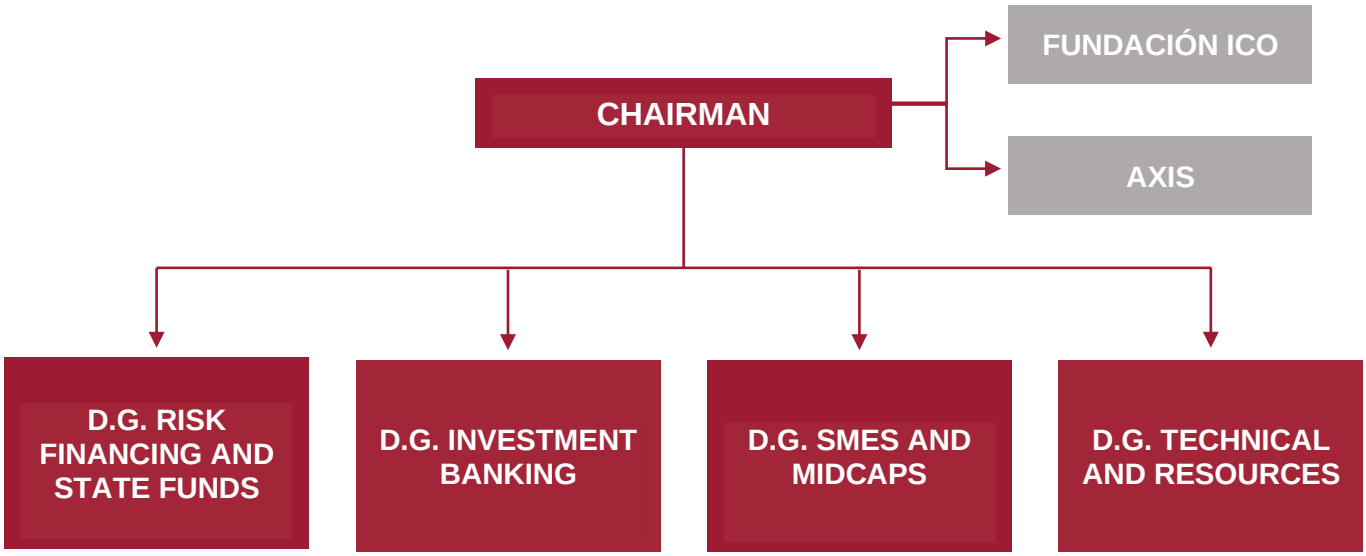
The organisation chart is included in section 7.1 of this document.

1.3 GOVERNANCE AND MANAGEMENT STRUCTURE

ICO

The governing structure of Instituto de Crédito Oficial is set out in its Articles of Association, approved by Royal Decree 706/1999, with the amendments contemplated in Law 40/2015 on the Public Sector Legal System, in Royal Decree 1149/2015 and in Royal Decree 390/2011. It is complemented by the internal operating and control bodies, approved by the Chairman of ICO within the scope of the powers conferred on him by its Articles of Association. The internal regulations in force as of 31 December are Organisational Circular 2/2024 of 18 September 2024 and the Collective Bodies Circular 3/2024 of 30 October 2024.

The Chairman of ICO is also Chairman of Axis and of Fundación ICO. Four directorates general report to the presidency, as well as the Internal Audit Department, the Legal Department and Board Secretariat, the Strategy Department, the Budget and Financial Control Department and the Communications Department**.** The detailed organisation chart can be found in section 7 of this document.



The new Circular adapts the organisational structure to the operational processes necessary for a more effective implementation of the objectives, with special emphasis on driving SME and midcap financing. This includes the territorial expansion of activities related to direct financing and the systematisation of production processes.

As defined in the Articles of Association, the governing bodies are the General Council and the Chairman. The rest are management bodies as defined in the above-mentioned Circular on Collegiate Bodies. These include the Operations Committee and the Steering and Strategy Committee, whose main functions are described below. The complete list of organisational bodies is as follows:

GOVERNING BODIES	
General Council	**Chairman**
MANAGEMENT BODIES	
Steering and Strategy Committee	Operations Committee
Sustainability Committee	Assets and Liabilities Committee
Audit and Compliance Committee	Recruitment Committee
Information Security Committee	Regulatory Compliance Technical Committee
Code of Ethics and Conduct Compliance Committee	Business Continuity Committee

The Circular on collegiate bodies updates and simplifies the structure of these bodies, abolishing the Credit Committee, the Monitoring Committee and the EU and International Activity Committee.

GOVERNING BODIES

GENERAL COUNCIL

Regulatory framework and functions

The composition, functions, system of meetings and resolutions of ICO General Council are defined in its Articles of Association, approved by Royal Decree 706/1999.

Law 40/2015 and Royal Decree 1149/2015 incorporated the figure of independent directors, reinforcing the autonomy of the Institute and its alignment with the highest European standards. These directors play a key role as they have a double vote in decisions related to the operations of the Institute's financial business, ensuring greater representativeness.

Structure and composition

The General Council is composed of the Chairman of the Institute and ten members. The Secretary and, where appropriate, the Vice-Secretary shall also attend, and shall have the right to speak but not to vote.

In accordance with the provisions of Royal Decree-Law 12/1995 and Royal Decree 1149/2015, the appointment and dismissal of the members is the responsibility of the Council of Ministers, at the proposal of the Minister of Economy, Trade and Enterprise, choosing them from among professionals of recognised prestige and competence in ICO's field of activity. The designation is made on the basis of the following criteria:

- Four members shall be independent, i.e. not belonging to the public sector. The term of office is three years, with the possibility of a single re-election.
- Six members shall come from the public sector, including up to two representatives from the Ministry of Finance and at least two from the Ministry of Economy, Trade and Enterprise.

Details of the composition of ICO General Council as of 31 December 2024 can be found in section 7.2 of this document.

Equality and diversity in the General Council

At the end of the 2024 financial year, ICO General Council had the following members:

- Three women among its ten members (30%).
- 25% of independent members are women.
- Three members under 50 years of age (30%) and one member aged 60 or over (10%).
- An average age of 50, 53 for female directors and 49 years for male directors.

In terms of decision-making weight:

- Independent directors represent 36% of the Board, but due to the double value of their vote in key decisions, they account for 53% of the total votes in these cases.
  The women's vote represents 27% of the total votes in decisions where the independent vote counts twice.
- Considering age and the double value of the vote, the under-50s hold 20% of the total vote.

Directors' allowance policy

Royal Decree 462/2002 regulates the payment for attendance at meetings of collegiate bodies of the Administration and public bodies. Pursuant to Article 10 of ICO’s Articles of Association, the members of the General Council, the Secretary and the Deputy Secretary exclusively receive these indemnities. The financial remuneration must be authorised by the Ministry of Finance on a twice-yearly basis, and authorisation has been obtained for 2023 and 2024.

However, according to Law 3/2015, if a director holds the status of senior officer, his or her attendance fee must be paid into the Public Treasury.

For 2024, the maximum amount approved was 11,984.3 euros per year, spread over 11 sessions, equivalent to 1,089.5 euros per session. The amount is equal for men and women, regardless of gender or age. In addition, the Chairman and the Secretary of the Board are excluded from these payments in accordance with Royal Decree 451/2012.

In 2024, the total amount accrued by the members of the General Council was EUR 111,126.90 (same as in 2023), distributed as follows:

- EUR 65,368.80 received by men.
- EUR 45,758.20 received by women.

The members of the General Council do not receive variable remuneration, social benefits or loans from ICO Group. In addition, they are subject to the incompatibility and conflict of interest regimes established in the regulations in force.

Main issues dealt with by the General Council

Within the framework of its competencies and without being exhaustive, the main issues dealt with by the General Council can be summarised as follows:

- **Financing operations**: It analyses and, where appropriate, approves direct financing operations for which this body is responsible, approves the terms and conditions of intermediation facilities, ICO's investment commitments in securitisation funds, portfolio guarantee programmes or private equity entities, including AXIS, as well as conditions, programmes or other operations whose approval corresponds to the General Council. It is also informed of all transactions approved by the Operations Committee.
- **Monitoring ICO's activity**: It receives regular information on the activity of the Institute, through the Chairman's Report, as well as specific reports such as the quarterly activity report, reports on the activity of state funds, international activity, or fund-raising. Specifically, it is also informed of operations instructed by the Government Executive Commission for Economic Affairs or by the Council of Ministers.
- **Sustainability**: Specifically, it receives recurring information on sustainability, regulatory developments, ICO's financial activity, impacts and other initiatives in this area, notwithstanding to the information on sustainability included in the operations it approves or in other reports.
- **Strategic and budgetary planning**: It approves the Annual Action Plan, receives monitoring and evaluation information on the Strategy, as well as information on the Management Budget and the Multi-annual Action Programme. It also approves the individual and consolidated financial statements of the Institute and this Non-Financial Information Statement (NFIS), separately as required by law.
- **Governance:** On governance, it approves the most important policies. For example, in September 2024 it approved the Addendum to the current ICO Group Strategy and in January of the same year it approved the update of the Sustainability Policy. It is also responsible for regulatory compliance and auditing activities and other relevant actions relating to the prevention of money laundering and the financing of terrorism, as well as matters related to the anti-fraud plan, among others.
- **Risk management**: It approves the Capital and Liquidity Self-Assessment submitted annually to the Bank of Spain, as well as the Risk Appetite Framework (RAF) and receives information on the RAF scorecard, as well as information on prudential relevance, risk limit monitoring and borrower positions.

CHAIRMAN

The chairman is the entity's chief executive, with the functions and under the terms provided for in the Articles of Association[1].

Manuel Illueca Muñoz, appointed Chairman of Instituto de Crédito Oficial by the Council of Ministers Agreement (CMA) of 27 August 2024 (Royal Decree 860/2024), brings a solid academic and professional background. He holds a PhD in Business Administration and Management from the Universitat Jaume I in Castellón and a degree in Economics and Business Administration from the Universitat de València.

Mr Illueca has extensive experience in finance and public management. From 2015 to 2023 he directed the Instituto Valenciano de Finanzas and chaired the Mutual Guarantee Society of the Comunidad Valenciana. In September 2023, he took over as CEO of Findango Finance, before being appointed Director General of Risk and Financial Control at ICO. In the latter position, he was actively involved in the design and implementation of the main lending lines of the Recovery, Transformation and Resilience Plan (RTRP), as well as in the drafting of the 2025-2028 multi-annual budget, providing a key strategic vision for the institute.

His teaching and research experience is equally outstanding. He was a lecturer in Financial Economics and Accounting at the Universitat Jaume I (2004-2015) and collaborated as an associate researcher at the Instituto Valenciano de Investigación Económica. He has published articles in prestigious international journals such as the Journal of Financial Intermediation and Review of Finance, as well as serving as editor of the Spanish Journal of Accounting RC-SAR.

Manuel Illueca takes over from José Carlos García de Quevedo. Mr Illueca's experience in public and academic management reinforces ICO's commitment to its strategic role in the Spanish economy, with a vision adapted to current and future challenges.

MANAGEMENT BODIES

STEERING AND STRATEGY COMMITTEE

The Steering and Strategy Committee is the body that assists the Chairman in the exercise and implementation of his functions and powers, and facilitates coordination between the different Directorates General of ICO.

The functions, structure and composition of the Steering Committee are defined in the Circular on Collegiate Bodies.

Functions

The functions of the Steering and Strategy Committee are basically to direct the actions of ICO by determining, driving and coordinating the following matters, notwithstanding to the powers of approval that other bodies may have, in particular the Operations Committee or the General Council:

- ICO's strategy, through analysis and discussion, as approved by the Operations Committee and/or General Council.
- ICO's objectives, as well as the management of the processes leading to their implementation (Management by Objectives).

[1] https://www.boe.es/buscar/act.php?id=BOE-A-1999-10738

- The action programmes, policies, products and activities of the various organisational units that ICO is structured into and the assessment of their outcomes in terms of the fulfilment of ICO's purposes and functions, as well as suggestions for improvement, particularly in the light of this assessment.
- ICO's positioning, both nationally and internationally.
- Proposals for new products, which entail a relevant change; organisational strategies of Human Resources and Information Systems to achieve greater motivation and professional performance; and the means of adapting the current technology and processes in ICO to the new digital environment.

Any member of the Steering and Strategy Committee is responsible for reporting to the Committee on matters within his or her competence

Structure and composition

The Steering and Strategy Committee consists of the chair and its members. The committee chair is the Chairman of Instituto de Crédito Oficial and the members are the heads of the General Directorates of the Institute, the Directorate of Legal Counsel and Secretary of the Board, the Directorate of Communication, the Directorate General of AXIS and the Directorate of Fundación ICO. The composition as of 31 December 2024 is detailed in section 7.2 of the document.

Remuneration system

The members of the Steering and Strategy Committee do not receive specific remuneration for attending meetings.

The Chairman of ICO has the status of "senior official" (Law 3/2015 of 30 March, regulating the exercise of senior positions in government agencies). The remuneration of the Chairman of ICO is determined by the Secretary of State for Budget and Expenditure of the Ministry of Finance. The gross annual remuneration of the Chairman of ICO for the 2024 financial year amounts to EUR 153,808, which includes all the remuneration to be received for the performance of his duties, except for any length of service that may correspond to him in accordance with the regulations in force and including, where applicable, any remuneration in kind. This remuneration does not include the additional 0.5% increase linked to the variation in the HICP for the years 2022, 2023 and 2024 established in Article 6.1 of Royal Decree-Law 4/2024, of 25 June, which may correspond to the 2024 financial year, as it is pending approval at the date of this document.

ICO has four Directorate General posts and one post in the Directorate of Legal Counsel and Secretary of the Board, which are considered as "Senior Management". ICO's senior management remuneration system is regulated by Royal Decree 451/2012 of 5 March, which regulates the remuneration system for senior managers and executives in the public business sector and other entities. The Ministry to which ICO is attached is responsible for setting remuneration, which is subject, in all cases, to the limits established in the Ministerial Order of 12 April 2012 of the Ministry of Finance and Public Administrations, which approved the classification of public business entities and other public law entities.

The regulations governing the remuneration policy for senior management staff guarantee equal pay for men and women. The data on the maximum annual remuneration of the senior management posts are recorded in the Register of Senior Management (RPD in its Spanish initials) and amount to a total remuneration of EUR 718,842.50 for the 2024 financial year for the five posts, including remuneration in kind. The amount indicated does not include amounts received with respect to length of service, if any.

The five senior management positions at ICO received an average gross annual remuneration of EUR 124,214.30 in 2024, including variable remuneration linked to the achievement of objectives. This remuneration does not include the additional 0.5% increase linked to the variation in the HICP for the years 2022, 2023 and 2024 established in Article 6.1 of Royal Decree-Law 4/2024, of 25 June, which may correspond to the 2024 financial year, as it is pending approval at the date of this document.

These positions, like the rest of the staff, are also covered by meal vouchers, health insurance and life insurance. The total remuneration accrued by the Senior Management in 2024, including this

remuneration in kind, excepting the length of service that may correspond to the holder of the post in accordance with the regulations in force, amounted to EUR 633,353.40, for the time the posts have been occupied.

Finally, in accordance with the provisions of Article 8 of Royal Decree 451/2012, senior management does not receive any remuneration for attending meetings of the governing or administrative bodies of public bodies and of the Boards of Directors of state-owned companies.

OPERATIONS COMMITTEE

This collegiate management body exercises decision-making and advisory powers within the terms and limits delegated to it by the General Council or by the Chairman. Its competences include:

- Approving grant proposals for operations and investments.
- Approving new policies, methodologies and procedures and their updates.
- Examining and authorising certain procurement dossiers.
- Receiving relevant information from its members on matters within its authority.

The composition of the Operations Committee at year-end is detailed in section 7.2 of the document.

SUSTAINABILITY COMMITTEE

The Sustainability Committee defines and proposes ICO Group's sustainability strategy, aligning it with regulatory developments. Its functions include:

- Regularly monitoring the Group's sustainable activity and reporting to the Council.
- Issuing proposals for action to ensure compliance with sustainability regulations.
- Reviewing the Sustainability Policy and other environmental and social policies.

ASSETS AND LIABILITIES COMMITTEE

This committee defines and proposes financial risk management strategies. Its functions include:

- Managing liquidity, interest rate, foreign exchange and counterparty risks.
- Issuing proposals on fund-raising, balance sheet hedging and financial margin analysis.

AUDIT AND COMPLIANCE COMMITTEE

In the area of auditing, this committee:

- Approves the Annual Audit Plan.
- Oversees compliance with internal and external audit recommendations.
- Ensures the proper functioning of internal audit services.

In regulatory compliance, it:

- Approves the Annual Compliance Plan.
- Oversees issues related to the securities market, data protection, money laundering, fraud and conflicts of interest.

RECRUITMENT COMMITTEE

This committee:

- Prepares and publishes the Annual Recruitment Plan.
- Examines and authorises contracts in accordance with ICO's Internal Recruitment Guide.

INFORMATION SECURITY COMMITTEE

The functions of the Information Security Committee consist of:

- Ensuring that security-related activities are conducted in accordance with the information security policy and that the recommendations and obligations arising from the National Security Framework are implemented.
- Proposing information security methodologies and processes and identifying significant changes in threats and the exposure of information and information processing facilities to threats.

REGULATORY COMPLIANCE TECHNICAL COMMITTEE

The functions of the Regulatory Compliance Technical Committee are as follows:

- Handling issues related to the prevention of money laundering and terrorist financing and due diligence measures, as well as matters relating to the correct application of data protection regulations.
- Being familiar with and analysing any new regulations that may be applicable to ICO or its operations, and to this end, and where appropriate, propose the necessary measures for compliance.

CODE OF ETHICS AND CONDUCT COMPLIANCE COMMITTEE

The functions of the Code of Ethics and Conduct Compliance Committee are as follows:

- To handle any queries relating to the interpretation and/or application of the regulations contained in the Code that may be submitted to it, either directly or due to disagreement with the response to the initial query, or those which, due to their special importance, may fall within its competence.
- To receive and process possible complaints regarding breaches of the Code, received through the Ethics Channel, as well as agreeing on possible measures or actions in relation to the reported information.

BUSINESS CONTINUITY COMMITTEE

The Business Continuity Committee's fundamental responsibility is to manage contingency situations, and to act as a steering committee and ultimate responsible for the Business Continuity Management System as a whole.

AXIS

Pursuant to Article 13 of the Company's Articles of Association, the governing, administrative and representative powers of the Company are vested in the General Meeting of Shareholders, the Board of Directors and its chairman.

BOARD OF DIRECTORS

This is the governing body which is responsible, among other functions, for the legal and out-of-court representation of the Company and the full management and administration of all matters relating to the corporate purpose, its assets and its business, being empowered to enter into and grant all manner of civil and commercial acts and contracts of administration and ownership, whatever the nature of the related assets and the person or entity involved. In addition, the Board of Directors is responsible for the application, placement and investment of the funds entrusted to the management of the Company.

According to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of nine members.

Details on the composition of the AXIS Board of Directors as of 31 December 2024 are included in section 7.2 of this document.

Equality and diversity on the Board of Directors

As of 31 December 2024, there were 4 women on the AXIS Board of Directors (44%).

Directors' allowance policy

The members of the Board of Directors receive remuneration for attending Board meetings, except for the Chairman and the Vice-Chairwoman, who, as they have senior management and senior executive contracts, respectively, may not receive attendance fees for attending Board meetings, in accordance with the legislation in force applicable to them in each case. The maximum remuneration for attending meetings of the Board of Directors is established by Ministerial Order of the Ministry of Finance.

In 2024, the annual remuneration received by each member of the Board of Directors amounted to EUR 6,809.80, the same amount as in 2023. There is no gender pay gap in the remuneration of the AXIS Board of Directors.

In 2024 the Company did not incur any pension obligations with respect to former or current members of the Board of Directors and senior management, nor did it have any obligations assumed on their behalf by way of surety bond. Nor were there any loans or advances to members of the Board of Directors and senior management.

Incompatibilities

No director of the management company (AXIS) is a director of any other company in which AXIS has an interest through the funds managed.

Prohibitions on holding office

No member of the Board of Directors has informed the Company during 2024 that he or she has been indicted or tried for any of the offences set forth in Article 213 of the Spanish Companies Act (Ley de Sociedades de Capital).

COMMISSIONS AND COMMITTEES

AUDIT AND CONTROL COMMITTEE

A specialised body set up within the Board of Directors to provide it with support and technical assistance in the area of oversight.

INVESTMENT COMMITTEES

There is a committee for each of the following funds: FOND-ICOpyme, F.C.R., Fond-ICO Global, F.C.R., FOND-ICO Next Tech, F.C.R. and FOND-ICO Sostenibilidad e Infraestructuras, F.I.C.C. whose members are appointed by Axis or ICO, including independent members with a majority of votes in each Investment Committee. These are the bodies responsible for approving investment and divestment proposals.

FUNDACIÓN ICO

GOVERNANCE BODIES

BOARD OF TRUSTEES

The governing, administrative and representative body of the Foundation. It is made up of a minimum of six members. The chairman of the Board of Trustees is the Chairman of ICO. It also has a secretary, a position held by the Secretary of ICO General Council. The composition as of 31 December 2024 is included in section 7.2.

Equality and diversity in the Board of Trustees

As of 31 December 2024, there were four women out of a total of seven members on the Board of Trustees of Fundación ICO (57%).

Allowance policy for members of the Board of Trustees

The members of the Board of Trustees do not receive any financial remuneration for the performance of their duties.

COMMITTEES

EXECUTIVE COMMITTEE

This body is responsible for studying and proposing the Foundation's programmes and specific actions to the Board of Trustees. It is established as a redress and agreement body in those matters that for reasons of urgency so require, except for the approval of the accounts, action plan and functions attributed to the Board of Trustees that cannot be delegated.

The Executive Committee is chaired by the Chairman of the Board of Trustees and consists of a minimum of three trustees and a maximum of five.

Meetings of the Executive Committee are attended by the Foundation Director, who has the right to speak but not to vote.

Details of the composition are given in section 7.2 of the document.

ART ADVISORY COMMITTEE

Its functions are to advise on the design of ICO Museum's programming. Details of the composition are given in section 7.2 of the document.

1.4 MATERIALITY ANALYSIS

This report is based on the materiality analysis conducted in 2022 and updated in 2023, which identified the material issues for ICO Group. The findings of that study remain fully valid and form the basis of this report.

During 2024, ICO has focused its efforts on preparing for the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the Sustainability Reporting Standards (SRS), which are expected to be implemented in 2025, with the first report under this framework due in 2026. As part of this process, the dual materiality analysis will be updated in the coming months, ensuring its adaptation to new regulatory and methodological requirements and underpinning the Group's commitment to best practices in sustainability.

The prior materiality study was developed through an exhaustive internal and external analysis focused on identifying relevant aspects, trends and key reference frameworks. This analysis was conducted from a dual materiality perspective, considering:

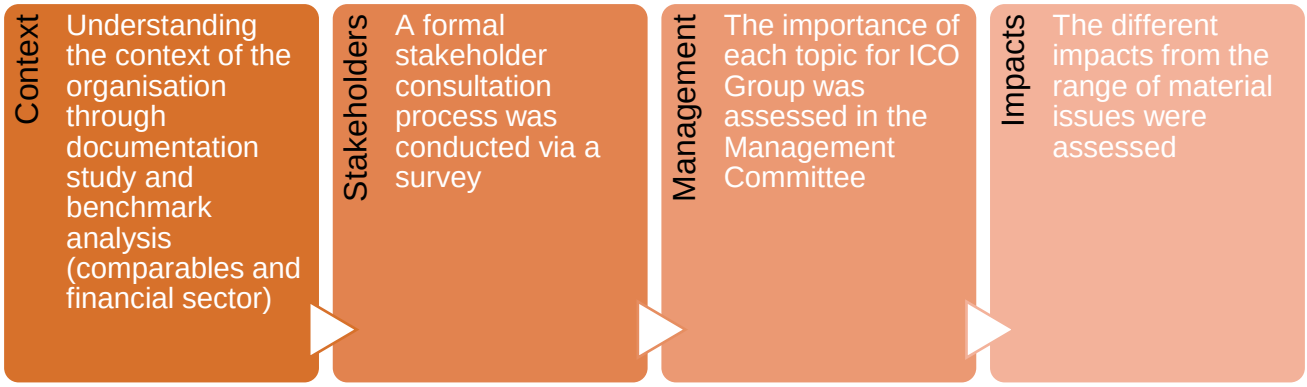
- The real and potential impacts of the Group's activity externally (from the inside out).
- The impacts that these material issues may have on the Group, affecting its situation, outcomes and future development (from the outside in).

A key element of the analysis was the consultation carried out with group stakeholders. 480 surveys were collected and analysed, which included the participation of:

- Employees
- Self-employed persons and companies of all sizes
- Financial institutions
- Analysts, consultants, auditors
- Investors
- Business and sector associations
- Public administrations
- Social organisations
- The media

The completed consultation complements ICO Group's ongoing approach to dialogue with its stakeholders through various channels, as detailed in this report.

In addition, it conducted an exercise to identify the impacts associated with each one of these issues on the economy, the environment and people.



Based on the severity and likelihood of occurrence, 17 issues that exceeded the materiality threshold were prioritised. These issues were assessed both for their relevance to the Group's commitments and results (from the outside in) and for their potential external impacts (from the inside out).

ICO GROUP MATERIAL ISSUES 2024	DESCRIPTION
MI1 - Good Corporate Governance, Transparency and Business Ethics	Maintaining good corporate governance, ethics and transparency requirements strengthens trust in the institution and helps to mitigate reputational risks. These aspects are also reflected in greater job stability and in boosting economic activity through job creation and the promotion of responsible business practices. In addition, good corporate governance drives innovation and efficiency, while facilitating the identification and exploitation of new business opportunities, in line with ESG (Environmental, Social and Governance) criteria and contributing to sustainable growth.
MI2- Financial and Non-Financial Risk Management	Appropriate risk management engenders the confidence of different stakeholders towards the entity, offers investors and clients peace of mind by protecting and creating value to achieve the proposed objectives, improves competitiveness, shows the organisation's proactiveness and enhances its reputation.
MI3 - Sustainable Financing linked to ESG Criteria	The integration of ESG criteria in ICO's activity, together with its traditional financial and risk criteria, allows it to offer clients long-term financing and investment products that contribute to preventing and mitigating climate change, empowering the transition to a carbon neutral economy and fostering social development, with the consequent positive impact on all stakeholders and the environment.
MI4- Economic Solvency and Resilience	Maintaining good performance in this aspect has an impact on all the entity's stakeholders, by facilitating new business opportunities, improving financing conditions and contributing to strategy development and the allocation of resources necessary to ensure business continuity.
MI5 - Privacy, Data Protection and Cybersecurity	Implementing a strong privacy and data protection policy is essential to guaranteeing customers, investors and society as a whole control over their personal data, their use and destination in order to prevent the unlawful processing harmful to their personal rights and freedoms. In addition, empowering cybersecurity enables all employees to work safely and securely, directly impacting their productivity.
MI6 - Digital Transformation and Innovation	Digitalisation is one of the main vectors for promoting competitiveness, productivity, sustainable economic growth and job creation, as well as providing the productive fabric with greater resilience to face future crises and stimulation to take advantage of new opportunities. ICO provides the Spanish business community with different mechanisms to promote the investments needed to undertake the digital transformation of companies, especially SMEs and start-ups, and industry in terms of R&D+I. It is also relevant to other stakeholders, as this contributes to fostering social cohesion.
MI7 - Public-Private Partnerships	As stated in SDG 17, public-private partnerships are essential to mobilising private-sector financial and technical resources, complement public funds and increase investment capacity. These partnerships are a key strategy in maximising project impact and sustainability, improving business efficiency and accelerating progress towards the Sustainable

	Development Goals of the 2030 Agenda, directly impacting all stakeholders.
MI8 - Support for the Productive Fabric and Value Creation	Support for the productive fabric is a key enabler for driving economic activity in our country, with a direct impact on job creation and stimulating economic activity through an array of financial formulas and initiatives that promote innovation and improve the competitiveness of companies and the self-employed. This activity contributes to long-term sustainability by promoting responsible business practices.
MI9 - Respect for Human Rights	Respect for human rights must be a core tenet of the sustainability strategy of any organisation, regardless of its size and sector. The 2030 Agenda is closely linked to human rights, so avoiding rights impacts in the value chain and with stakeholders can be synonymous with important contributions to the SDGs. Human rights are necessary to protect and preserve the humanity of each individual to ensure that all can live a life of dignity.
MI10 - Client Experience and Satisfaction	Offering service that meets client demands has a direct impact on building long-term relationships. Among the rest of the stakeholders, this impact is most notably felt in investor relations, where quality and excellence translate into higher profitability. For their part, employees and suppliers perceive a high level of demand and need for specialisation. The entity's good performance in these areas has a direct impact on stakeholders by maintaining their confidence in ICO and protecting their interests.
MI11 - Talent Management, Training and Development of its Professionals	Attracting and retaining talent in turn helps to ensure good financial results for investors and a better level of service, resulting from high employee satisfaction. It also has an impact on improving employee performance, conduct and the working environment, which leads to increased staff satisfaction and therefore overall productivity. Training activities have a direct impact on ICO staff, enabling their professional development and providing them with the tools they need to achieve their career goals. In turn, specialisation leads to higher profitability through better results and a better level of service perceived by customers themselves.
MI12 - Employee Safety, Health and Well-being	The objective of implementing an Occupational Health and Safety system is to anticipate, recognise, evaluate and control risks that may affect the health and safety of the organisation's employees, which has a direct impact on promoting the maintenance of their physical, mental and social well-being.
MI13 - Diversity, Inclusion and Equal Opportunities	A diverse and inclusive work environment makes employees feel happier and more confident, improving their well-being, self-esteem and pride in belonging to the group. It also has a direct impact on under-represented groups, since inclusion is the foundation of a society's prosperity, of its economic, political and social development.

MI14 - Financial Education	Education is a basic pillar for financial inclusion and for the protection of the users of financial services. Teaching financial concepts helps people make better decisions on how to manage their resources, thus contributing to the safety and security of their finances. It has a direct impact on a better understanding of economic concepts, reducing information asymmetries between clients and providers of financial services, protecting the most vulnerable through targeted approaches and supporting market stability.
MI15 - Social Engagement and Community Impact	By carrying out activities under the prism of social commitment and making a positive impact on the community, it contributes to the development of local economies and different groups, through the generation of employment and financial empowerment. It also improves the image that customers have, one of a responsible institution, having an impact on its positioning, intensifying the relationship and commitment with its employees, increasing the likelihood of finding new investors and improving its relationship with all stakeholders.
MI16 - Protecting the Environment, Combating Climate Change, and the Energy Transition	Focusing the operations financed and to be financed in the coming years on key areas such as green finance linked to sustainable mobility, transport infrastructure, renewable energy (including renewable hydrogen), energy efficiency, the circular economy, water treatment, and the construction and rehabilitation of social or affordable housing with energy efficiency criteria. These activities have a direct impact on the environment and society.
MI17 - Fair Ecological Transition	Contributing to a fair ecological transition is a key line of action, endorsed by the International Labour Organisation and the United Nations Framework Convention on Climate Change. It aims to minimise the social and economic risks associated with the decarbonisation processes in certain sectors, as well as to ensure the financing of new activities and the necessary transformations for the adaptation of the sectors most dependent on fossil fuels.

These material issues were prioritised according to the impact and relevance criteria in both directions; from the outside in, evaluating the potential impacts, severity and probability of occurrence, and from the inside out, analysing how these might influence the Group's commitments, results, current position and future development. This analysis gave rise to the following materiality matrix where the aspects furthest from the starting point are those that should be given the most relevance and consideration from the organisation.

ICO Materiality Matrix

There is a relationship between the material issues and the strategic axes and action plans contemplated in the current Strategy and its Addendum, and also in the contribution to the Sustainable Development Goals, whose most significant can be seen in the following table.

Compendium of Material Issues 2024	Strategic Axis 2022-2027	SDG
MI1	AXIS 4 - Governance	
MI2		
MI9		
MI7	AXIS 1 - Business Growth AXIS 3 - Digitalisation	
MI4	AXIS 1 - Business Growth AXIS 4 - Governance	
MI3	AXIS 1 - Business Growth AXIS 3 - Sustainable Finance	
MI5	AXIS 2 - Digitalisation AXIS 4 - Governance	
MI6		
MI10		
MI8	AXIS 1 - Business Growth AXIS 2 - Digitalisation AXIS 3 - Sustainable Finance	
MI16	AXIS 3 – Sustainable Finance	
MI17		
MI11	AXIS 4 - Governance	
MI12		
MI13		
MI15	AXIS 4 - Governance	
MI14		

This materiality study, discussed in the Sustainability Committee and approved by means of the established procedures, continues to be a key element in guiding ICO's sustainability management. The preparation for the CSRD has underscored the importance of this analysis as a strategic tool to identify key challenges and opportunities. Its forthcoming update will fully incorporate the specific requirements of the CSRD, ensuring regulatory compliance and aligning the Group with established international sustainability standards.

1.5 ICO GROUP STRATEGY

OVERVIEW OF ICO GROUP STRATEGY 2022-2027 AND ADDENDUM

ICO Group's Strategy for the 2022-2027 period, approved by ICO General Council on 25 November 2021, is implemented through ICO's activities, together with AXIS and Fundación ICO. This strategy focuses on promoting sustainability, digital transformation and support for the Spanish business fabric.

After three years of implementing the Strategy, new challenges have emerged that require adaptation to meet a constantly changing economic and social environment. To address these challenges, an Addendum was drawn up in September 2024 that reinforces ICO's strategic focus, complementing its traditionally countercyclical role with a non-cyclical approach. This new approach enables the Group to play a proactive role not only in times of crisis, but also in times of economic growth, maintaining its capacity to act in a continuous and sustainable manner.

The Addendum focuses on refocusing ICO's business model to pre-identify areas of strategic impact, such as market failures, access to housing, support for digitalisation and the promotion of sustainability, thus ensuring its relevance at any stage of the economic cycle. In this context, the four fundamental strategic axes that have guided ICO Group's actions are maintained: Business Growth and Competitiveness, Digital Transformation, Sustainable Finance and Corporate Governance. These pillars continue to be the basis for guiding the Group's initiatives in its commitment to economic and social development, and are coherently integrated in the reorientation of the business model set out in the Addendum.

Business growth and competitiveness

Powering business growth, competitiveness and resilience of the Spanish economy and creating employment.

Digital transformation

Powering the digital transformation of the Spanish productive fabric.

Sustainable finance

Promoting the ecological transition and the sustainability of environmental, social and governance (ESG) in the Spanish business fabric.

Corporate governance

Strengthening governance and digital/technological resources, driving the organisational transformation and expanding its institutional, communication and CSR activity.

MAIN INITIATIVES OF THE ADDENDUM

The Addendum aims to further some of the existing action plans, incorporating activities that are either already being carried out and were not foreseen in the original Strategy, such as the channelling and management of the funds of the Recovery and Resilience Mechanism (RRM), or responding to the need to bring ICO closer to the business fabric at times of an economic growth cycle.

Market failure correction: At this time of economic growth, ICO Group intends to strengthen its capacity to identify and address potencial market failures in the banking sector, which mainly affect Spanish SMEs, by addressing both the supply and demand side of financing. The correction or mitigation of these failures will be achieved through the development of specific products that address needs not met by traditional financial institutions. This includes, for example, unbanked companies; companies with high growth potential, but subject to funding constraints; companies in need of intangible financing; or situations of underfunding.

Access to Housing and Social Cohesion: Problems of access to housing have increased in recent years, concentrated among lower income households. ICO has expanded its range of initiatives to improve accessibility to housing, supporting both the purchase of first homes and the financing of social

housing for affordable rentals, especially those operations that require longer financing terms than the traditional financial sector can offer.

Improved governance of ICO Group: To further underpin the process of continuous improvement of the Institute's governance, a series of initiatives are proposed so that ICO can reinforce its standards of independence, transparency and accountability, aligning itself to the best practices in the sector. This includes improving the effectiveness and efficiency of internal procedures; investing in the digitisation of processes; developing client access platforms; or incorporating artificial intelligence to streamline and automate operations.

Regional Attention and Organisational Improvements: This is designed to strengthen ICO's regional presence, identify opportunities and collaborate with stakeholders such as chambers of commerce and business associations.

Promotion and Reorientation of Lines of Action: ICO Group will continue to deploy its lines of action, reorienting its operations with commercial banks and supporting internationalisation by strengthening the FIEM Fund.

Emergency Response - DANA 2024: ICO Group has played a key role in the response to the DANA, the severe storm and flash flooding which affected at least 78 municipalities in the Comunidad Valenciana, Castilla-La Mancha, Andalusia, Catalonia and, to a lesser extent, the Balearic Islands and Aragon between 28 October and 4 November 2024. Within the framework of RDL 6/2024 of 5 November, urgent measures were approved, including the "Guarantee Facility for those affected by the DANA", totalling up to 5 billion euros, to provide liquidity to households, the self-employed and companies. Moratoriums were also implemented to temporarily suspend interest and principal payments on loans and credits for holders affected by the weather phenomenon.

Channelling and Management of Funds from the Recovery and Resilience Mechanism: In the context of the Addendum to the Recovery, Transformation and Resilience Plan, ICO Group plays an important role. Throughout 2024, it has activated ICO-Green and ICO-Businesses and Entrepreneurs initiatives to channel financing to self-employed and SME projects and ICO-Housing initiative aimed at increasing the stock of affordable rental housing.

What is more, in the second phase of the Recovery Plan, ICO is collaborating, via AXIS, in the management of the Next Tech initiative, endowed with 4 billion euros, along with SETT (*Sociedad Española para la Transformación Tecnológica*), the Spanish government agency driving technology transformation. This cooperation is currently framed within Spain's contribution to the European Tech Champions Initiative (ETCI).

In December 2024, an agreement was signed with MITECO [Ministry for the Ecological Transition and the Demographic Challenge] to deploy the Water Use Digitisation Line during 2025.

Strengthening public-private partnerships: In the key role that ICO Group plays in channelling European funds to power the dual green and digital transition in Spain, it acts as a bridge between the public and private sectors, reinforcing this collaboration by mobilising private investment in key sectors, optimising the impact of European funds and ensuring an efficient allocation aligned with the priorities of sustainability and technological innovation.

SUSTAINABLE FINANCE AND CAPITAL MARKETS PRESENCE

ICO is mainly financed through the capital markets and always under market criteria, never recurring to the Spanish State Budget. It does have the explicit, irrevocable, unconditional and direct guarantee of the Spanish State for the debts and obligations it incurs by raising funds. One of the Institute's objectives is to maintain an active presence in the capital markets through regular issues, mainly of green and social bonds.

In 2024, ICO continued to consolidate its position as a benchmark issuer in the European sustainable bond market, a path begun in 2015 with the issuance of its first social bond. During the year, the sixth green bond and the eleventh social bond were issued, both for an amount of EUR 500 million. With these

new operations, ICO has made a total of 17 sustainable issues, for a cumulative amount of EUR 8.55 billion, earmarked for Spanish companies' projects to boost sustainable growth.

COMMITMENT TO SUSTAINABILITY

Sustainability is one of the main axes promoted through ICO Group's strategy, with the objective that at least 40% of the volume of new operations be conducted under sustainability criteria in the period 2022-2027. In 2024, direct approvals with a sustainable rating, according to ICO's internal criteria based on the EU Taxonomy and international standards such as ICMA and LMA, accounted for 54% of total new business. This translates into a volume of EUR 3.493 billion in approved sustainable financing and mobilised investment of EUR 25.144 billion.

In addition, in April 2024, ICO Group signed its adoption of the PCAF (Partnership for Carbon Accounting Financials) methodology, an internationally adopted system within the financial sector for the measurement and disclosure of greenhouse gas (GHG) emissions associated with loans and investments. By joining the PCAF, the group will be able extend the range of its carbon footprint calculation by including the most significant scope (scope 3), derived from its activity as a financier/investor. Further information on this methodology, its application and results are given in section 4.4.3.

1.6 ICO INVESTEES

Instituto de Crédito Oficial has shareholdings in the following entities, among others:

AXIS PARTICIPACIONES EMPRESARIALES, SGEIC, S.A. S.M.E. (AXIS)

Venture capital fund manager established in 1986. ICO owns 100% of the share capital.

COMPAÑÍA ESPAÑOLA DE REAFIANZAMIENTO, S.A (CERSA)

The majority shareholding is publicly owned through the Directorate General of State Assets (DGPE) and ICO, which holds 24.4% of the share capital. It is a state-owned company attached to the Ministry of Industry and Tourism. Its mission is to make it easier for SMEs and the self-employed to obtain all types of financing, with special emphasis on recently created and smaller companies. CERSA gives its support through counter-guarantees within the Reciprocal Guarantee System in Spain, which is made up by CERSA, 20 guarantee companies and SAECA.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A, S.M.E.

The group holds 20.31% of the share capital. It is a state-owned company attached to the Ministry of Industry and Tourism. Its mission is to finance viable medium and long term overseas private investment projects in which there is some kind of Spanish interest, in order to contribute to the development of the countries receiving the investments and to the internationalisation of the Spanish economy and companies, on a profitability basis.

EUROPEAN INVESTMENT FUND (EIF)

ICO has been a partner since its foundation in 1994 and currently holds a 0.66% stake in the capital. The main shareholder is the European Investment Bank (EIB) and its main objective is to facilitate financing to SMEs in Europe through venture capital and debt products, such as portfolio guarantees and securitisation.

EUROPEAN DATAWAREHOUSE (EDW), GMBH

ICO has a 3.57% shareholding. EDW is a securitisations repository registered with ESMA and the FCA that collects data on the loans that make up securitised portfolios for use by investors and other market

participants in their analysis, providing the market with greater transparency. Through EDW data, users can analyse underlying asset portfolios and make systematic portfolio comparisons.

SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION, SCRL (SWIFT)

ICO has participated in this company since 2008. Its share is less than 0.001%. SWIFT was established in 1986 under Belgian law with the corporate purpose of providing a secure network to enable financial institutions worldwide to send and receive financial transaction information. The company has around 2,400 members worldwide, 27 of which are Spanish financial institutions. This holding allows ICO to use this platform to conduct financial transactions in a secure, standardised and trusted environment.

VENTURE CAPITAL FUND HOLDINGS

As part of its functions to foster economic activity, ICO participates in several venture capital funds (in some cases as a sole participant). In these cases, the percentage of participation varies from one to another, depending on the conditions established in each case. As an Implementing Partner of the InvestEU activity, ICO participates in four funds, three of them during 2024.

1.7 ALLIANCES AND PUBLIC-PRIVATE PARTNERSHIP

Collaboration with other economic agents is a hallmark of ICO Group's activity. These partnerships are grouped in several areas:

- Collaboration on sustainability: ICO Group plays an active role in relevant partnerships in this area, as detailed in section 3.2.4.
- Dialogue and collaboration with business associations and third-sector entities: These include dialogue with chambers of commerce, bank employers' associations, regional promotion bodies and third-sector associations. These relationships facilitate the dissemination of information on ICO Group's activities, gather concerns and take the form of agreements, collaborations and sponsorship of specific initiatives.
- International collaboration with other national promotional banks: ICO actively participates in forums and associations such as NEFI (The Network of European Financial Institutions for Small and Medium Sized Enterprises), ELTI (European Long-Term Investors Association) and ALIDE (Latin American Association of Development Financing Institutions), promoting joint initiatives and collaborations in different activity areas.
- Collaboration with European institutions: These partnerships reinforce ICO's role as a channel for European funds under the Multi-annual Financial Framework. Notable initiatives include InvestEU's collateral management.
- Business alliances for the distribution of financial products: ICO has agreements with intermediary financial institutions, partnerships in syndicated loans, the network of collaborating agents[2], international agreements within the International Channel framework, liability agreements with international institutions. For its part, AXIS has partnerships with funds in strategic initiatives.
- Agreements with Spanish public sector entities: It is crucial for ICO and AXIS to develop joint sectoral initiatives, especially in channelling RTRP funds as well as mobilising private funds, maximising the impact of public funds.

News on the Group's collaboration with other economic agents can be found in the Press Releases[3] section of the organisation's website.

[2] https://www.ico.es/web/guest/ico_newsletter/e1?p_l_back_url=/buscador?q=agentes+colaboradores&type=com.liferay.journal.model.JournalArticle

[3] https://www.ico.es/es/web/guest/actualidad/notas_de_prensa

Information on agreements signed by ICO within the framework of Law 40/2015 of 1 October is available on the Transparency Portal accessible from ICO website[4].

In short, ICO Group's network of alliances and contacts provides for a variety of formal and informal communication channels with different stakeholders.

1.8 ECONOMIC AND FINANCIAL OPERATING ENVIRONMENT

The general economic and financial situation in which ICO Group operates is a key factor insofar as it defines the context in which it acts. It also has a significant influence on the Group's strategic orientations, enabling it to adapt its response to the needs of the Spanish economy and its productive fabric.

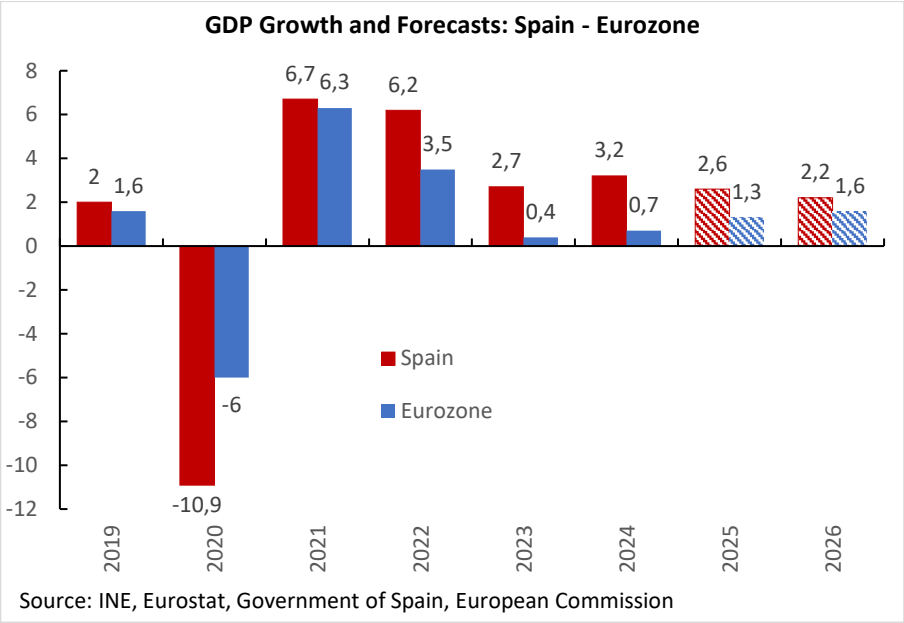
THE SPANISH ECONOMY GREW FASTER THAN EXPECTED AND ACCELERATED ITS PACE OF EXPANSION COMPARED TO 2023, DESPITE THE PREVALENT UNCERTAINTY

In 2024, the Spanish economy accelerated its growth rate to 3.2%, above its 2.7% growth in 2023 and above the forecasts from early in the year. Spanish GDP growth again stood out in a context in which the major European economies featured weak growth and even the contraction of activity, such as Germany. Thus, once Spain reached 2019 outputs level in 2022, our country has led economic growth among the main Eurozone economies from 2019 to today, amidst a context of great uncertainty, with several conflicts in the vicinity of Europe, a stressed energy market and weakness in the evolution of international trade. Moreover, although in the second half of 2024 interest rates started to decline, the monetary policy stance remained restrictive.

Thus, the Spanish GDP not only grew above that of the large Eurozone economies, but also above that of the Eurozone aggregate itself, whose GDP grew by 0.4% in 2023 and 0.7% in 2024. As a result, the Spanish economy is showing a greater capacity to adapt to the challenges arising from the current economic situation, despite being subject to very similar conditions to those of the rest of the Eurozone.

Moreover, the outlook for 2025 and 2026 is that Spain will continue to outgrow the Eurozone. According to the IMF's January 2025 updated forecast, the Spanish GDP will grow by 2.3% in 2025 and 1.8% in 2026, higher than the large Eurozone countries and the Eurozone's own aggregate figure, whose growth forecast is 1.0% in 2025 and 1.4% in 2026. The Spanish government's forecasts, which in recent years have been among the most accurate, anticipate 2.6% growth for Spain in 2025 and 2.2% in 2026, in any case above the Eurozone (the European Commission forecasts 1.3% growth this year and 1.6% in 2026).

[4] https://www.ico.es/web/guest/contratos-convenios-y-subvenciones



A more specific analysis of Spanish growth during 2024 shows that the expansion of activity was mainly driven by domestic demand, although the foreign sector continued to make a positive contribution last year. Within domestic demand, both consumption and investment increased their contribution to growth and made positive contributions. Private consumption rose more than in 2023, propped up by improved purchasing power and a strong labour market, while public consumption also maintained its upward trend. The public consumption figures were influenced by the increased deployment of the RTRP financed by Next Generation EU funds, which also had a significant influence on the evolution of investment, which as mentioned above made a larger contribution than in the previous year. During 2024, ICO has continued to participate in the deployment of these European funds. These investment operations, in addition to their immediate effect, are expected to have a structural effect that will continue to have a positive impact for several years to come. The momentum of the external sector was due to the resilience of trade in goods, the remarkable recovery of tourism and the dynamism of trade in non-tourism services.

On the labour market, job creation continued to be strong during 2024, in line with the overall energy in economic activity. According to data from the Active Population Survey (APS), 468,100 more people were employed in the fourth quarter of 2024 than in the fourth quarter of 2023, equivalent to a 2.2% increase in employment. Thus, employment growth continued, following a 2023 in which 749,000 jobs were created, equivalent to a 3.6 % increase in relative terms. With these positive developments, the number of employed persons according to the APS reached a new all-time high in 2024 (21,857,900 employed persons in the 4th quarter of 2024). In parallel, the APS reported that the unemployment rate continued to fall in 2024 and stood at 10.6% at the end of the year, down from 11.8% in Q4 2023, with the total number of unemployed falling to 2,595,500, 265,300 fewer than a year earlier (in relative terms the decline was 9.3%) and a new low at the end of the year since 2007.

During 2024 Spain has had to deal with the harsh effects of a climate catastrophe caused by torrential rains that mainly affected the province of Valencia during the autumn of 2024. In addition to the horrible loss of life, the natural disaster caused substantial material losses, and coordinated efforts are being made by all public administrations to help mitigate the damage and rebuild the damaged structures as quickly as possible. This catastrophe, according to Bank of Spain estimates, could have detracted between 0.1 and 0.2% from quarterly GDP growth in the fourth quarter of 2024, although this would be a transitory impact that would be offset in the first months of 2025 by the fiscal impulse from the various support measures approved. ICO has participated prominently in these efforts, in particular with the deployment of specific guarantee programmes, in coordination with the other institutions.

All in all, Spain was able to accelerate its pace of growth in 2024 in a context that continued to be characterised by uncertainty and weak growth in its immediate environment. This strong performance continued to be the result of growth with a positive contribution from both domestic demand and the external sector, reflected, among others, in a dynamic labour market, ample financing capacity of the Spanish economy and a decline in both public and private indebtedness relative to the GDP.

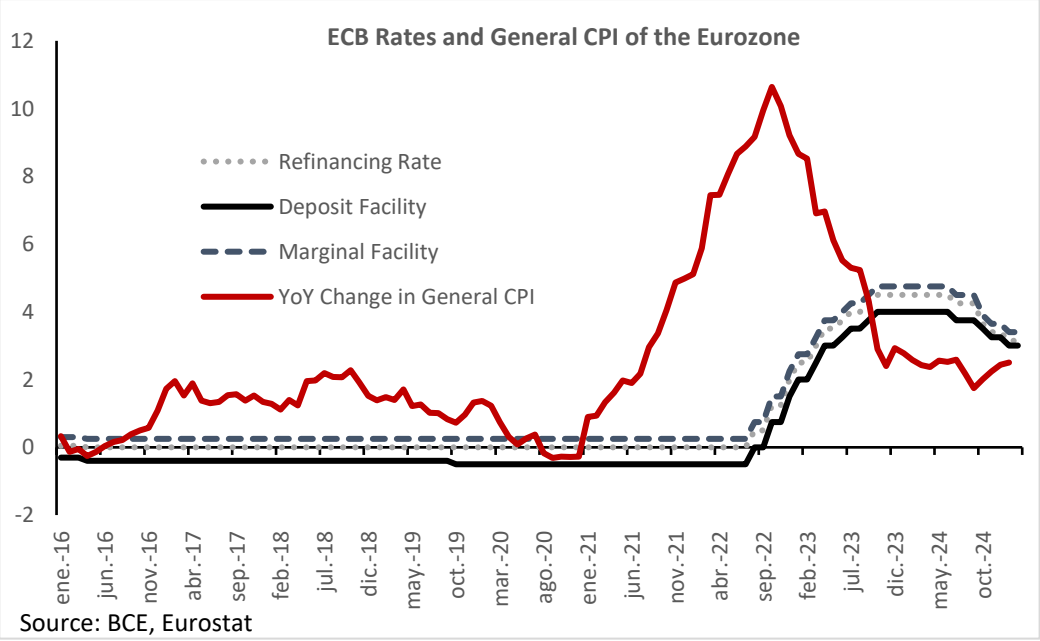
INFLATION CONTINUED TO TAPER OFF DURING 2024

Throughout 2024 inflation continued to show a moderating trend, although there have been ups and downs in price developments as a result of the comparative effect between individual months. In 2024 as a whole, prices increased by 2.8% compared to the previous year, when they had risen by 3.5%. The moderation of inflation is even more noticeable when looking at what happened in 2022, when prices grew by 8.4%. Core inflation also decelerated in 2024 to 2.9%, broadly in line with general inflation, but well below the 6.0% increase in core inflation in 2023. This generalised tapering off of price increases has been influenced by the lower inflationary pressure from energy and commodities, the measures implemented by the government to alleviate inflation and the monetary policy of the European Central Bank (ECB), which, despite applying some interest rate cuts in 2024, held firm to a restrictive monetary policy during the year. In the Eurozone as a whole, inflation was also on a decelerating trend without yet reaching the 2% target, with average inflation standing at 2.4% in 2024, down from 5.4% in 2023.

The forecasts of the main organisations, both for Spain and for the Eurozone as a whole, estimate that in 2025 inflation will be in line with the monetary policy target (2% in the medium term). Moreover, institutions such as the ECB expect inflation not only to reach the target, but to stabilise at that target in the medium term. However, all forecasts are equally uncertain about these projections, with a variety of risks that could disrupt the actual materialisation of these forecasts.

THE ECB HAS APPROVED SEVERAL INTEREST RATE CUTS

The Governing Council of the ECB intensified during 2024 the normalisation process initiated in previous years. Thus, following the cycle of interest rate hikes, it kept interest rates unchanged between September 2023 and June 2024, when, in view of the gradual convergence of inflation towards the 2% medium-term target, it decided to cut interest rates for the first time. This rate cut in June 2024 was followed by three more in 2024. Following these rate cuts, the deposit facility, which is the rate at which the ECB has guided its monetary policy stance of late, ended 2024 at 3.0%, compared to the 4.0% where the deposit facility ended 2023.



Source: BCE, Eurostat

At the beginning of 2025 the ECB decided on a further rate cut and it is expected that this cut may be followed by several more during 2025. These have come as the ECB expects inflation for the Eurozone as a whole to be at the 2% target in 2025 and to remain around that target over the medium term. In any case, the ECB Governing Council maintains that it will continue to apply a data-dependent approach to the determination of its monetary policy.

In addition to the interest rate cuts, the process of reducing the ECB's balance sheet was intensified in 2024, with all amounts of refinancing operations with financial institutions being fully repaid during 2024 and the balance sheet reduction being intensified through the redemption of maturing amounts of ECB-owned debt. In 2025, the balance sheet reduction is expected to continue, although it historically remains at a high level.

THE DEPLOYMENT OF EUROPEAN FUNDS CONTINUED IN 2024

In 2024, the Spanish government continued to manage European funds from the Next Generation EU (NGEU) instrument through the RTRP, which includes a wide range of investments and reforms that, in addition to the quantitative impact of the investments themselves, are expected to have a structural and qualitative impact on the structure of the Spanish economy.

According to data published through the Spanish Government's ELISA data visualisation tool, as of 31 December 2024, EUR 79,854 million had been committed in various programmes, of which the vast majority (EUR 77,419 million) had already been committed. EUR 47,616 million of this total amount was for calls for proposals that had been decided. This progress continued at a good pace in 2024 (by the end of 2023, the total calls issued amounted to EUR 59 billion while the calls decided stood at EUR 33 billion).

ICO is part of the entities in charge of the implementation of the RTRP, in particular part of the Addendum approved by the European Commission in October 2023. ICO is focusing on supporting SMEs, upholding investments in the green and social areas, promoting housing, as well as key future areas in the digital transition.

At the European level, 2024 saw the publication of reports by Mario Draghi on European competitiveness and by Enrico Letta on the common market. Both documents are intended to serve as a roadmap for EU action in the coming years. Mario Draghi's report proposes a wide range of actions to combat the EU's economic decline vis-à-vis other powers such as the US and China. This decline would have been largely due to lower productivity growth in Europe, which calls for a rethink of many actions to improve productivity. Thus, the report starts from the need for a common European approach to face the current challenges: technological transformation, decarbonisation, economic security and the maintenance of the European social model. To address these challenges, Draghi proposes strengthening public and private investment and improving European governance. For this stronger investment, Draghi proposes a significant increase in the EU budget in a multi-annual framework.

In addition, Enrico Letta's report focuses on updating the European single market after more than 30 years of operation so that it can better respond to the challenges posed by the current situation. Letta proposes spurring research, innovation and education. He also agrees with Draghi on the need to improve public and private investment in strategic sectors such as the green and digital economy. He also calls for strengthening healthcare resilience and strategic autonomy. The report also calls for the simplification of existing regulations, greater unity in defence, and the integration of efficient energy and climate policies.

BUSINESS RATES WERE LOWERED IN 2024 IN PARALLEL WITH CUTS IN OFFICIAL INTEREST RATES

The ECB's monetary policy was reflected in the evolution of rates on new refinancing operations, which followed a clear downward trend. The lowering of the rates applied to new operations, in addition to the clear effect of making financing cheaper, is causing an increased flow in new credit, with this being

particularly evident from the second half of 2024 onwards. The average interest rate applied to companies in transactions of less than EUR 1 million, which can be taken as an approximation of the rate applied to SMEs, fell from 5.3% in December 2023 to 4.1% in December 2024. In any case, there has been a general reduction in the interest rates applied, irrespective of the size of the transactions and their maturity.

These interest rate changes were reflected in the volume of financial sector activity during 2024, with new business lending operations rising by 16.0% in 2024 compared to 2023, when there was a 3.4% decline in the volume of new business lending compared to 2022. The rate of transactions of under 1 million grew faster, from 11.9% in 2023 to 16.0% in 2024 while those over 1 million went from a 17.6% drop in 2023 to 16.0% growth in 2024.

This increase in new business was also reflected in total cumulative lending. The outstanding balance of total credit to enterprises at the end of 2024 was 1.0% higher than that at the end of 2023, when it had been 2.1% lower than the rate of the previous year.

THE DOUBTFUL ASSETS RATIO SHOWED A SLIGHT DOWNWARD TREND IN 2024

The doubtful assets ratio of Spanish credit institutions trended gently downwards throughout 2024. In December 2024 it stood at 3.32%, down from 3.54% in December 2023. This development is explained by the lower volume of credit classified as doubtful, in parallel with an increase in the volume of total credit. With regard to credit to production activities, the doubtful assets ratio stood at 3.98% in September 2024 (latest available data), also down from 4.06% in December 2023.

Banks' perceived and expected demand for corporate credit in the bank lending survey increased, especially in the second half of 2024. This was influenced by the easing of financial conditions applied by banks, particularly in the second half of the year.

In this new context of lower interest rates, although still far from pre-2020 interest rates, ICO will continue to offer a wide range of products to the Spanish productive fabric. With its range of intermediary entities, ICO will continue to offer advantageous conditions so that financing continues to flow towards the productive fabric, while still providing direct financing through its different modalities and broadening the focus towards smaller companies, with special emphasis on the priorities outlined in its frameworks of reference and its Strategy, complemented by the Addendum approved in September 2024. It will also continue to manage the RTRP products that it is responsible for channelling into the economy, using public-private partnership mechanisms.

2 BOOSTING SUSTAINABLE GROWTH AND COMPETITIVENESS

2.1 FINANCING ACTIVITY: SUPPORT FOR THE PRODUCTIVE FABRIC

Through its dual role as a National Promotional Bank and State Financial Agency, ICO Group carries out its activity with the aims of making a significant positive impact on the Spanish economy in general and on the productive fabric in particular. The following page lists ICO Group's products and initiatives, organised according to these two functions.

ICO Group offers a comprehensive range of financing options and guarantees that help to promote viable business projects, favouring companies' growth, their long-term investments and their international activity. This wide range of products is dynamic and adaptable to changing needs over timeful, with the launch of new products or the modification of existing ones to best meet the needs of the productive fabric.

Through its wide range of products and financing initiatives, ICO Group supports companies of all sizes, especially SMEs, the self-employed and entrepreneurs, with nationwide and cross-sector coverage, with special attention paid to sectors and companies aligned with ICO's strategic axes, the priorities of the Spanish Government's RTRP, the Next Generation EU Programme and the European Union's Multi-annual Financial Framework 2021-2027. ICO Group has added new financing facilities to its catalogue aimed at sustainability, the energy transition, the digital transformation, and social and territorial cohesion.

During 2024, ICO Group managed a total volume of activity of EUR 281,167[5] million through its product catalogue, 0.7% higher than at the end of 2023, which includes both ICO loans and guarantees (recorded on ICO balance sheet) and funds and guarantees managed on behalf of the State (recorded off the balance sheet).

[5] From the financial year 2024 onwards, COVID guarantees are accounted for with the outstanding activity balance instead of the initial guarantee amount.

FINANCING TOOLS TO STRENGTHEN THE PRODUCTIVE FABRIC

National Promotional Bank
Financing for companies, SMEs and the self-employed in Spain and internationally

ICO mediation facilities

DOMESTIC

- ICO Businesses and Entrepreneurs
- ICO RRM-Businesses and Entrepreneurs
  - Tourism Tranche
  - PERTE New Language Economy (Spanish universities)
- ICO Red.es Acelera
- ICO Red.es Digital Kit
- ICO MGS/SAECA Guarantee
  - MGS / SAECA Guarantee
  - MAPA-ICO SAECA < 40 years old
  - MAPA-ICO- SAECA
- ICO RRM-Green
- ICO MITMA Sustainable Mobility
- ICO MITECO Digitalization of Water Uses
- ICO MIVAU Rehabilitation of Residential Buildings
- ICO RRM-Social rental housing
- DANA ICO MAPA SAECA (RDL 7/2024, 11 Nov; January/2025 call)
- ICO Trade Credit

INTERNATIONAL

- ICO International
- ICO Exporters
- ICO International Channel
- ICO RRM-Green
- ICO RRM-Businesses and Entrepreneurs

Direct loans and guarantees

DOMESTIC

- Corporate loans (ICO resources + RRM)
- Institutional loans
- Guarantees

INTERNATIONAL

- Corporate loans (ICO resources + RRM)
- Institutional loans
- Project Finance loans
- International guarantees

Complementary financing

- Corporate bonds (ICO + RRM resources)
- Project bonds
- MARF bonds
- MARF promissory notes
- Asset-backed securities

Private Equity (AXIS)

- Fond-ICO Global
- Fond-ICO SME
- Fond-ICO Sustainability and Infrastructures
- Fond-ICO Next Tech

State Financing Agency
Management of funds and guarantees on behalf of the State (off-balance sheet)

Guarantees on behalf of the State

- COVID-19 Guarantees
- Ukraine Guarantees
- MIVAU Guarantees Housing for young people and families
- MIVAU Guarantees Social Housing Promotion
- MIVAU Guarantees Rehabilitation of Residential Buildings
- Guarantees for those affected by DANA flooding

Funds on behalf of the State

- Internationalisation
  - FIEM
  - CARI
- Development cooperation
  - FONPRODE (FEDES, after the closure of FONPRODE)
  - FCAS
- Regional funds
  - Autonomous Communities
  - Local Communities

*RRM – Recovery and Resilience Mechanism

With regard to the new activity generated, the following table shows a breakdown of the approvals made over the last two years, through the various direct financing instruments and ICO's mediation facilities.

During 2024, the total volume of approvals stood at EUR 9,956 million, an increase compared to the previous year (EUR 9,407 million). Of particular note was the growth in direct financing, which stood at EUR 6,859 million. Mediation facilities also played a key role in access to finance, with an approved volume of EUR 3,097 million. The total direct and intermediated funding drawdowns during the year amounted to EUR 7,532 million.

NEW ICO ACTIVITY Approvals. Figures in millions of euros	**2024**	**2023**
DIRECT FINANCING	**6859**	**6174**
Direct loans and guarantees	**4533**	**3780**
Domestic	***2560***	***2385***
Corporate loans	*2245*	*1711*
Institutional loans	*92*	*674*
Guarantees	*223*	*0*
International	***1973***	***1395***
Corporate loans	*1447*	*688*
Institutional loans	*0*	*125*
International guarantees	*526*	*582*
Complementary financing	**2326**	**2394**
Corporate bonds	*928*	*397*
Project bonds	*0*	*0*
Asset-backed securities	*395*	*490*
MARF bonds	*16*	*19*
MARF promissory notes	*987*	*1488*
MEDIATION FACILITIES	**3097**	**3233**
Domestic	*2034*	*2105*
International	*1063*	*1128*
TOTAL	**9956**	**9407**

ECONOMIC RESPONSE TO THE DANA FLASH FLOODING: MORE THAN EUR 5 BILLION IN SUPPORT MEASURES

MEASURES MANAGED BY ICO FOR THOSE AFFECTED BY DANA FLASH FLOODING

Figures in millions of euros

ICO DANA Guarantee Facility (Modalities 1, 2 and 3) **RDL 6/2024 of 5 November** (Granted until 31/12/2025) *CMA 11/11/2024: 1st tranche enabled (modalities 1, 2 and 3)* *RDL 8/2024 of 28 November: 2nd tranche enabled (modality 3; interest rate subsidy)*	**Up to 5,000** *1,000* *240*
Moratoriums on loans with Covid-19 and Ukraine guarantees **(Suspension of obligations to pay interest and principal)** RDL 6/2024 of 5 November	-
ICO-MAPA-SAECA Facility - DANA victims **RDL 7/2024, 11 November** Call for applications in BOE 31/12/2024 (application from 16/01/2025 to 1/09/2026)	**53.1**
ICO-Tourism FOCIT Facility - DANA victims **RDL 8/2024, of 28 November** (zero interest rate)	**200**

Urgent measures were approved in order to mitigate the damage caused by the DANA flash flooding, in particular the guarantee facility for up to 5 billion euros and the temporary suspension of payment obligations for affected loans.

Likewise, on 31 December 2024, the Ministry of Agriculture, Fisheries and Food (MAPA) announced ICO-MAPA SAECA facility for 53.1 million euros to facilitate the financing of farms affected by the DANA. Of this amount, EUR 41.3 million is earmarked to subsidise up to 15% of the principal amount of ICO loans, which must be guaranteed by SAECA. On the same day, the call for SAECA's guarantee subsidy was published in the BOE for 11.9 million euros, which will be increased by 5.4 million euros in 2025. This aid will cover in full the cost of guarantees for loans subsidised under ICO-MAPA-SAECA facility. The period for submitting applications shall be open from 16 January 2025 to 1 September 2026.

In November 2024, within the framework of the PLAN REINICIA+ initiative, a specific ICO-Tourism FOCIT financing facility was approved, with zero interest, to undertake the necessary investments to reactivate the business activity of the tourism sector in the areas affected by the DANA flash flooding, especially the hotel and catering industry, and at the same time, to promote the modernisation, competitiveness and resilience of these companies.

CHANNELLING, THROUGH PUBLIC-PRIVATE PARTNERSHIP, THE FUNDS OF THE RTRP ADDENDUM TOWARDS THE SPANISH BUSINESS FABRIC

- ✓ **EUR 34.15 billion in Recovery Plan Financing Facilities for the green and digital transition, business growth and social housing, from the RTRP Addendum**

On 17 October 2023, the Council of the European Union approved the Addendum to the RTRP (Phase 2), assigning ICO Group to channel loans from the RRM until 31 August 2026. These resources are managed through the mediation facilities, direct financing and venture capital to support projects that drive the green and digital transition, social and territorial cohesion and affordable housing.

In 2024, several funding initiatives totalling EUR 34.15 billion have been launched:

RTRP FACILITIES AT YEAR-END 2024	Amount Available (2024-August/2026) million €
ICO Green Resources to increase the funding available for the green transition (sustainable transport, energy efficiency, renewable energy, and energy storage and transmission, decarbonised industry and value chains, water treatment, the circular economy, climate change adaptation, etc.) Beneficiaries: Public and private enterprises and households, depending on the product	**22,000** Through Mediation Facilities, Direct Financing, Bonds and Venture Capital
ICO Businesses and Entrepreneurs Resources for financing business growth and resilience. EUR 7 billion to drive the business fabric, in particular SMEs; EUR 1 billion from ICO-Tourism Facility for the transformation and improvement of the Spanish tourism model and EUR 150 million for financing from the PERTE for the New Language Economy) Beneficiaries: Business fabric (self-employed, SMEs, mid-caps, large companies, universities and start-ups)	**8,150** Through Mediation Facilities, Direct Financing, Bonds and Venture Capital
ICO Promotion of Social Rental Housing Resources to finance the promotion of social rental housing and improve existing stock of social housing Beneficiaries: Public and private developers of social/affordable rental housing, housing recipients, the residential rental market and the social housing stock as a whole	**4,000** Through mediation facilities and direct financing
TOTAL AVAILABLE	**34,150**

Public-private collaboration, especially with financial institutions, is key to ensuring that these funds reach companies of all sizes and sectors across Spain, promoting investments in renewable energy, energy efficiency, the circular economy, digital transformation, tourism and social housing.

BRINGING FINANCING CLOSER TO THE SPANISH BUSINESS FABRIC, WITH SPECIAL ATTENTION TO SMALLER COMPANIES, BOTH IN TIMES OF CRISIS AND IN TIMES OF ECONOMIC UPTURN

- ✓ **18,682 operations financed in 2024 in Spain with ICO mediation facilities**
- ✓ **99% of operations to companies with less than 250 employees**
- ✓ **67% of operations to companies with less than 10 employees**

The Spanish business fabric is mainly made up of small and medium-sized enterprises and the self-employed. Specifically, SMEs accounted for 99.8% of the total number of companies in Spain and generated 61.6% of total employment with data as of 31 December 2024. ICO Group's financing is therefore largely geared to companies of this size.

Smaller companies may have greater difficulties in accessing financing, so ICO Group's support in financing these companies is very important for the start-up of their activities, their investments and growth, providing improved prices, conditions and simplified procedures.

During 2024, ICO has continued to channel an important part of its financing activity, in public-private partnership with the banking sector, with ICO acting as a second-tier bank that funds credit institutions. Financial institutions provide the capillarity of their commercial network, identify and analyse the risk of the companies and determine whether the financing is granted, assuming the credit risk of the final recipient. This public-private partnership allows the distribution of some ICO products to all types of companies, especially SMEs and the self-employed, in all sectors throughout Spain. These ICO Facilities are characterised by providing added value in terms of longer maturities for financing companies' liquidity needs of their business and their investments and bringing ICO's activity closer to SMEs and the self-employed.

ICO Facilities have become a well-established product in the market due to the advantages of the great capillarity that characterises these lending operations, which are mainly aimed at small amounts granted to micro-SMEs and the self-employed.

At the end of 2024, the amount drawn through ICO mediation facilities amounted to EUR 3,050 million (EUR 2,521 million in 2023), of which EUR 2,034 million were at the national level (EUR 2,105 million in 2023) and EUR 1,016 million at the international level (EUR 416 million at the international level). The breakdown of the operations provided for is shown in the table below:

PROVISIONS ICO MEDIATION FACILITIES IN SPAIN (*)				
	2024		2023	
COMPANY SIZE	NO. OF OPERATIONS	% OF TOTAL LOANS	NO. OF OPERATIONS	% OF TOTAL LOANS
Less than 10 employees	12,549	67%	7,595	63%
Between 10 and 49 employees	4,552	24%	3,011	25%
Between 50 and 149 employees	1,077	6%	958	8%
Between 150 and 249 employees	258	1%	253	2%
More than 250 employees	246	1%	294	2%
TOTAL	**18,682**	**100%**	**12,111**	**100%**

* Does not include the International Channel

In addition to SME financing through mediation facilities, ICO is committed to promoting direct financing for SMEs that do not obtain the necessary financing due to possible market failures that affect the channelling of savings towards investment. To do so, the General Directorate for SMEs and Midcaps was created in 2024, whose functions include the generation and management of the Institute's direct financing activity for SMEs and midcaps, complemented by the private sector through all types of operations and asset products, including guarantees and collateral. It includes the territorial expansion of the direct financing activity to SMEs and midcaps.

In 2024, ICO Guarantee Programme for SME Portfolios was renewed for 2024-2026, for a maximum guarantee amount of EUR 2 billion, the purpose of which is to facilitate access to financing for SMEs in Spain, valid until 31 December 2026.

As regards European funds earmarked for SMEs, the following table shows the different initiatives that ICO Group is carrying out to channel budgetary resources and European funds with the approval of the 1st phase of the Spanish Government's RTRP: ICO Red.es-Acelera, ICO Red.es-Digital Kit, ICO MITMA Sustainable Mobility and ICO MIVAU Rehabilitation of Residential Buildings. In total, ICO Group will channel more than EUR 6 billion of aid and guarantees, in public-private partnership, which will mobilise additional financing.

RTRP PHASE 1 INITIATIVES AT YEAR-END 2024	Amount Approved million €
ICO Red Acelera Facility Accelerate the digitalisation process of SMEs and establish measures to support the creation of technological solutions for their digitalisation	**800** Through subsidies
ICO Red.es Digital Kit Facility Accelerating the digital transformation process of SMEs and the self-employed	**3,000** Through subsidies
ICO MITMA Sustainable Mobility Facility Implementation of low-emission zones and digital and sustainable transformation of transport. Financing for companies and municipalities	**1,460** Through subsidies
ICO MIVAU Rehabilitation of Residential Buildings Facility Foster the refurbishment of residential buildings that contributes to improving energy efficiency	**1,100** Through guarantees
TOTAL APPROVED ON 1ST PHASE RTR PLAN ICO FACILITIES	**6,360**

PROMOTING STRATEGIC PROJECTS FOR ECONOMIC TRANSFORMATION AND RECOVERY

- ✓ **EUR 4,533 million in approvals during 2024 in direct activity, largely covering large projects**
- ✓ **Strong support for direct financing of operations with a sustainable component**

ICO, as a national promotional bank, offers direct financing and complementary financing instruments on its own account to Spanish companies for the development of large investment projects and large long-term strategic projects, with high added value and with a tractor and catalytic effect on SMEs, both in Spain and abroad. To this end, ICO is a strong backer of complementing its activity through private initiative, providing support to sustain and promote economic activities that contribute to growth and a better distribution of domestic wealth.

Likewise, ICO Group finances, preferably in public-private partnership, those major projects and strategic projects that contribute to achieving the Spanish government's objective of having stronger strategic autonomy and security, implemented in five dimensions: energy, agri-food, industrial, technological and digital, which coincide with the orientation of EU institutions and are in line with the strategic axes and action plans of ICO Group's 2022-2027 Strategy and its Addendum. The European funds allocated to ICO Group through the RTRP Addendum Facilities are a great opportunity to achieve this objective

At the international level, ICO has become a leader in project finance associated with large infrastructures, with its ties to financial partners being a fundamental axis for the growth of the activity. In its support for the internationalisation of Spanish companies, ICO facilitates access to the guarantees required in international procurement operations, which include international public and private tenders and direct awarding of projects abroad, among which the most common are: tender guarantees, performance guarantees, advance payment guarantees, defects or maintenance guarantees, equity guarantees and completion guarantees.

In 2024, ICO approved EUR 6,859 million in direct financing to promote large strategic projects in Spain and in international markets. These resources, channelled through loans, guarantees and bond issues, strengthen business competitiveness and facilitate global expansion.

The loans and guarantees approved within direct financing amounted to EUR 4,533 million. Nationally, EUR 2,560 million have been approved, with a clear focus on corporate lending (EUR 2,245 million). In the international sphere, the financing approved amounted to EUR 1,973, 1,447 million of which was in corporate loans and 526 million in international guarantees, facilitating companies' standing abroad.

In addition, ICO has earmarked EUR 2,326 million in complementary financing, consolidating its role in the development of financial markets. Corporate bonds recorded 928 million in approvals, while MARF promissory notes reached 987 million, strengthening this instrument as a key channel for corporate financing.

With these figures, ICO reaffirms its commitment to financing strategic projects, contributing to business growth and economic transformation in an environment of change and expansion.

NEW DIRECT ACTIVITY	Approvals 2024 Millions of euros	Approvals 2023 Millions of euros
Direct loans and guarantees	**4,533**	**3,780**
Domestic	***2,560***	***2,385***
Corporate loans	*2,245*	*1,711*
Institutional loans	*92*	*674*
Guarantees	*223*	*0*
International	***1,973***	***1,395***
Corporate loans	*1,447*	*688*
Institutional loans	*0*	*125*
International guarantees	*526*	*582*
Complementary financing	**2,326**	**2,394**
Corporate bonds	*928*	*397*
Asset-backed securities	*395*	*490*
MARF bonds	*16*	*19*
MARF promissory notes	*987*	*1,488*
TOTAL	**6,859**	**6,174**

STRENGTHENING MEDIUM- AND LONG-TERM FINANCING FOR THE SPANISH PRODUCTIVE FABRIC

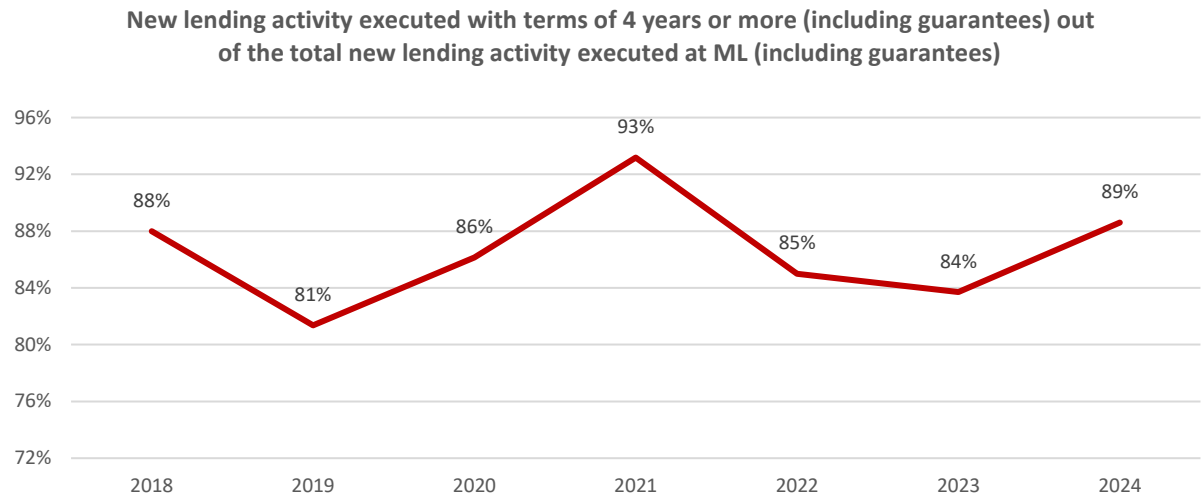
- ✓ **89% of new formalisations in 2024 were medium and long term**

The promotion of longer-term financing allows, among other things, to foster a more sustainable growth model, as well as to promote the development of large long-term investment projects that support the transformation of key productive sectors for the Spanish economy, such as energy, agri-food, industrial, technological and digital, giving impetus to Spain's strategic autonomy.

ICO Group's financial instruments take a long-term outlook, which gives added value to companies of all sectors and sizes by providing them with sufficient financial leeway to carry out their projects, facilitating their growth and competitiveness, and boosting their domestic and international activity.

Access to medium- and long-term financing operations is also facilitated for smaller companies that may encounter greater financing impediments, by transferring the competitive conditions for the mobilisation of greater resources.

The new direct financing (including own guarantees) and ICO-mediated financing executed during 2024, with maturities of 4 years or more, represents a high percentage of the total new lending activity undertaken in the medium and long term, having reached 88.6% in 2024 and standing at over 80% in the last 6 years. This figure demonstrates the strong contribution of ICO to driving long-term investment by Spanish companies that may find it more difficult to finance themselves at longer maturities.



It is worth noting that, overall, the provisions of ICO Mediation Facilities are particularly used over the medium and long-term (98% of the total in 2024 and 97% in 2023), which defines ICO's commitment to helping companies of all sizes in their long-term financing.

HIGH CAPILLARITY TO CONTRIBUTE TO THE ECONOMIC DEVELOPMENT AND COHESION BETWEEN REGIONS

- ✓ **Companies in +3,000 municipalities in Spain financed through ICO Mediation Facilities**
- ✓ **47% direct + mediation in Spain to Autonomous Communities with <GDP per capita**
- ✓ **32% direct + mediation in Spain to Autonomous Communities with >unemployment rate**

Another of the priorities of ICO Group's financing, both through ICO Mediation Facilities and direct financing in Spain, is to ensure nationwide access to financing, promoting regional cohesion and benefiting all the country's regions and cities equally.

It should be noted that this priority is also found in the RTRP, so ICO Group focuses mainly on the digitisation of SMEs, sustainable mobility, renewable energy and energy efficiency, and environmental sustainability, as well as contributing to counter rural depopulation, supporting projects that guarantee, among other things, the economic diversification of the most disadvantaged areas, the promotion of innovation, widespread digital connectivity, and the adequate provision of basic services, as well as reducing other gaps to promote social and regional cohesion.

In 2024, from the point of view of the contribution to economic development and cohesion between territories, it is worth noting that EUR 1,126 million of the 2024 ICO Mediation Facilities (not including the International Channel) were channelled to companies located in Autonomous Communities with GDP per capita below the national average in 2023, which made up 53% of the total disposition (EUR 1,266 million and 56%, respectively, in 2023 mediation provisions). For regions with unemployment rates above the national average in 2024, the yearly mediation provisions were EUR 680 million, which is 32% of the total distributed in Spain (EUR 794 million and 35%, respectively, for mediation in 2023).

As for the regional distribution of ICO's direct financing to Spanish companies at year-end 2024, an amount drawn down of EUR 1,425 million was allocated to Autonomous Communities with a GDP per capita below the national average, representing 44% of the total financing drawn down, (EUR 1,814 million and 45% of the total, respectively, with data at the close of 2023) and an amount of EUR 1,045 million, representing 32% of the total, to those with an unemployment rate above the national average in 2024 (EUR 1,273 million and 31% of the total, respectively, with data at the close of 2023).

Of the entire amount of provisions for mediated and direct financing at the close of 2024, EUR 2,551 million, representing 47% of the total amount drawn down, was intended for regions with a GDP per capita below the Spanish average (EUR 3,080 million and 49% of the total, respectively, from data at the

close of 2023) and an amount of EUR 1,726 million, representing 32% of the total drawn down, to those regions with a higher than average unemployment rate (2,067 million euros and 33% of the total, respectively, with data at the close of 2023).

	2024		2023	
	Amount drawn down € Million	%/Total	Amount drawn down € Million	%/Total
ICO mediation facilities				
To regions with below-average GDP per capita	1,126	53%	1,266	56%
To regions with above-average unemployment rate	680	32%	794	35%
Direct financing				
To regions with below-average GDP per capita	1,425	44%	1,814	45%
To regions with above-average unemployment rate	1,045	32%	1,273	31%
Total				
To regions with below-average GDP per capita	2,551	47%	3,080	49%
To regions with above-average unemployment rate	1,726	32%	2,067	33%

* Does not include provisions of the International Channel, asset-backed securities or one-off loans. In the projects whose investment destination covers various autonomous communities, the amount available has been distributed according to the weight of these communities in the domestic GDP.

SUPPORT FOR SOCIAL AND REGIONAL COHESION THROUGH SOCIAL/AFFORDABLE HOUSING PROGRAMMES

- ✓ **7 billion euros in financing and more than 5 billion euros in guarantee management, which will enable the mobilisation of more than 16 billion euros to drive up the supply of social housing in Spain and improve the energy efficiency of the existing housing stock**

In view of the rise in housing prices over the last decade, which has made housing increasingly unaffordable, ICO Group is stepping up its efforts to actively contribute to tackling this problem.

ICO has extensive experience in financing projects to increase the stock of social or affordable rental housing with the aim, among others, of offering the most vulnerable social groups better options for access to housing. Specifically, ICO has been granting direct financing for the promotion of subsidised housing (VPO) for rental purposes since 1992 as a collaborating credit institution, in accordance with the applicable regulations under the current Housing Plans and in accordance with the conditions of the various collaboration agreements signed between ICO and the Ministry responsible for housing.

ICO has specific programmes and initiatives to support territorial cohesion and sustainable activity. This area includes the financing that ICO grants jointly with other public and private entities through ICO Housing and Urban and Rural Regeneration Programme 2022-2025 to increase the stock of social or affordable rental housing, improve energy efficiency, decarbonisation and sustainability of housing, conserve and improve accessibility within and to homes, and promote urban and rural regeneration and renewal. The granting of direct ICO financing is additional to the aid that, where appropriate, is granted under the State Housing Plan 2022-2025, the current programmes under the general framework of the RTRP or other housing-based programmes that are approved.

During 2024, the loans of the "Facility for the Promotion of Social Housing" for rental purposes amounting to EUR 4,000 million (from funds linked to the RTRP Addendum) and the guarantee facility amounting to EUR 2,000 million (a facility created by the Spanish Government) for the management of guarantees on behalf of the State under the "Facility for the Promotion of Social Housing" for rental purposes have been put into operation. These loans are available to public and private developers for the purpose of building affordable rental housing, estimated at around 43,000 affordable rental dwellings. The loans will have to be applied for by 1 June 2026 and executed by 31 August 2026. The final objective is to support the increase in the supply of rental housing through financing, with a special focus on regions with the most stressed residential markets. Under these programmes, loans amounting to EUR 652 million have been approved during 2024 for the construction of more than 5,500 homes.

These programmes are reinforced with Facilities that foster the refurbishment of residential buildings that contributes to improving energy efficiency, such as ICO-MIVAU Rehabilitation of Residential Buildings Facility, whose operations are 50% guaranteed by the State (through MIVAU), with the amount of the Guarantee Facility being up to EUR 1,100 million, which will let up to EUR 2,200 million in financing to be mobilised, which will be granted to the beneficiaries of the Next Generation EU funds.

In addition, ICO manages the MIVAU home purchase guarantee facility on behalf of the State amounting to EUR 2,500 million, intended for partial coverage of the financing for the purchase of a first home for the habitual and permanent residence within the national territory by young people up to 35 years of age and families with dependent minors who, being solvent, do not have prior savings. The guarantee covers 20%, or 25% if the property to be purchased has a minimum energy rating of D or higher. The deadline for formalising loans under this guarantee facility is 31 December 2025, which may be extended to 2027. The guarantee will be valid for 10 years after the transaction is executed. By July 2024, MIVAU and ICO had more than 60 financial institutions signed up with this guarantee facility for first-time home buyers with . By 31 December 2024, 844 transactions had been concluded for a total financing amount of EUR 95.5 million, whose guarantee amount requested amounted to EUR 16.9 million.

Similarly, in mid-November 2024, ICO launched the "ICO InvestEU Social Fund" initiative, a new financial instrument through which it will invest EUR 268 million in equity funds specialised in promoting social and affordable rental housing projects. This initiative will be backed by a 50% guarantee (EUR 134 million) from the InvestEU Programme to ICO, in its capacity as EC Implementing Partner.

ICO's main housing products are detailed below:

ICO Group Products	Purpose	Allocation € million
ICO-RRM Facility Social housing development [RTR Plan Phase 2] *Through direct financing and mediation facilities*	Increase the stock of social or affordable rental housing, as well as improve the existing stock of social housing. Loans from the Social Housing Development facility amounting to EUR 4,000 million (from funds linked to the Addendum to the RTRP), and a EUR 2,000 million guarantee facility (created by the Spanish Government) that will back these loans. Channelling of redemptions for new operations: until 2036	**4,000 in loans and 2,000 in guarantees** Application: before 1/06/2026. Operation executed: prior to 31/08/2026
InvestEU Social Fund Sustainable Social Infrastructure Window (SIW), with InvestEU Social and Affordable Housing product *Equity and quasi-equity financing through financial intermediaries*	It aims to make a relevant contribution to the EU Green Pact by investing in the social sector through funds in the construction of social and affordable rental housing. Target sectors: Among others, and as a priority, the following: - Social rental housing. - Affordable rental housing. - Housing solutions with social consideration. Final beneficiaries: Public and private companies or project companies and investment vehicles making investments in a project or a portfolio of projects.	**Up to 268** (has 134 InvestEU guarantee)
ICO Housing and Urban and Rural Regeneration Programme (2022-2025) *Through direct funding*	Funding going to projects at: Construction of social or affordable housing for rent or lease, Refurbishment of social or affordable housing for rent or lease, Improving energy efficiency, decarbonisation and sustainability of housing, Preservation and improvement of accessibility in and to dwellings, Urban and rural regeneration and renewal.	**250 per year, extendable to 500** Validity: Until 31/12/2025
Guarantee facility for the purchase of a primary residence for young people under 35 years of age and families with dependent minors *Guarantee facility on behalf of the State*	MIVAU guarantee facility amounting to EUR 2,500 million, managed by ICO on behalf of the State, for partial coverage of the financing for the purchase of a first home intended for habitual and permanent residence within the national territory by young people up to 35 years of age and families with dependent minors who, being solvent, do not have prior savings. The guarantee will cover 20%, or 25% if the property to be purchased has a minimum energy rating of D or higher. The term of the guarantee shall be a maximum of 10 years after the transaction is executed.	**Guarantees of up to 2,500** Operation executed: up to 31/12/2025, extendable until 2027
ICO-MIVAU Rehabilitation of Residential Buildings Facility [RTR Plan Phase 1] *Through Mediation Lines*	The State guarantees up to 50% of the loans granted to finance refurbishment works that contribute to the energy improvement of residential buildings, within the framework of the RTR Plan. Future loans, which can only be granted to beneficiaries of NextGenerationEU funds, will be amount to EUR 2,200 million and will be granted by financial institutions that join ICO guarantee facility.	**2,200 in funding and 1,100 in guarantees** Application until 30/11/2025

All of these ICO Group financing initiatives have a positive social, territorial and environmental impact, as they contribute to economic development, social cohesion in Spain and climate change mitigation.

On the one hand, they facilitate access to affordable and social housing, especially in those regions with the greatest demographic challenges, such as depopulation or lack of an adequate housing supply. On the other hand, they spur economic activity by encouraging investment in construction, renovation and urban and rural regeneration projects, which generates employment and enhances the regional business fabric. Finally, they promote energy efficiency, housing decarbonisation and sustainability; conservation and improvement of accessibility in and to housing; and the regeneration and renovation of urban and rural spaces.

Likewise, public-private collaboration in these programmes makes it possible to mobilise additional resources to finance projects that contribute to reducing the regional divide, improving people's quality of life and promoting more balanced development throughout the country.

WIDE RANGE OF FINANCING OPTIONS TO SUPPORT THE INTERNATIONALISATION OF SPANISH COMPANIES

- ✓ **20% increase in direct and mediation financing in 2024 compared to 2023**
- ✓ **26% of the new activity undertaken in 2024 was for overseas investment**

Driving internationalisation is one of the factors that allow companies to increase their size, supporting a greater presence abroad, improving their competitiveness and growth and, consequently, job creation.

One of the objectives of the Spanish Government's RTRP is to promote SMEs, which are the foundation of the domestic productive fabric and play a key role in the economy of the EU and Spain. The smaller average size of Spanish SMEs, compared to other European countries (measured by the number of employees), negatively affects productivity, competitiveness, growth and job creation in the Spanish economy.

Promoting the internationalisation of Spanish companies is one of ICO Group's priorities. It has the objective of supporting companies of all sizes, sectors and geographic locations, facilitating the financing for their activities in Spain and in international markets. Special attention is paid to SMEs, the self-employed and entrepreneurs, adapting the supply of credit to their needs in order to finance their investments abroad and contribute to strengthening the foreign sector, consolidating its role as an engine of growth, recovery and transformation of the Spanish economy.

ICO Group is part of the Strategy for the Internationalisation of the Spanish Economy 2017-2027, led by the Secretary of State for Trade, actively contributing to its objectives. The group's product catalogue is designed to support companies' growth and expansion, both nationally and internationally, and includes specific financial instruments to promote international business. These instruments make it possible to diversify markets, currencies and financial products, acting as a competitive lever and adapting to the needs of the productive fabric according to the environment in which they operate.

ICO Group offers the following products, classified according to its two main activities:

NATIONAL PROMOTIONAL BANK:

Mediation facilities:

- **ICO International:** aimed at financing business activities and/or investment and general needs outside the national territory of the self-employed, companies and Spanish public and private entities, both those resident in Spain and those resident abroad with Spanish interest. Repayment terms of up to 20 years
- **ICO Exporters:** short-term financing for the self-employed and companies for advances on invoices from the company's commercial activity abroad, as well as for the company's liquidity needs to cover production and processing costs on the goods or services to be sold abroad
- **ICO International Channel:** promotes the activity and financing of projects of companies with Spanish interest with international presence in third markets, through intermediation with institutions. This programme transfers the operating scheme of ICO Facilities to multilateral,

public promotional or private banks located abroad. It facilitates the application process for companies and incorporates the institution's knowledge of the local market as an added value. In addition, it provides Spanish companies in third markets with the possibility of financing their projects in local currency in the countries where the investment projects or business activity is carried out

Direct international funding: Promotes the development of the corporate activity of companies and their investment projects abroad through various forms of direct financing. The financing is aimed mainly at mid-cap and large companies so they can finance long-term operations. ICO participates in conjunction with other domestic or international private or public entities, under formulas such as corporate credits and loans, syndicated loans, project finance, corporate bonds and financial guarantees. At the international level, ICO has become a leader in project finance associated with large infrastructures, with its ties to financial partners being a fundamental axis for the growth of the activity.

International Guarantees Programme: ICO grants bank guarantees to companies to enable them to participate in international bidding processes or formalise contracts awarded abroad where guarantees are required.

Venture Capital / Axis: AXIS's activity is focused on promoting the growth, development and internationalisation of Spanish companies through capital and quasi-capital instruments through a public-private partnership scheme. Axis is currently approved by ICO to manage EUR 12.15 billion, of which EUR 9.15 billion is already allocated to its four funds.

STATE FINANCING AGENCY:

Management of funds for the internationalisation of companies (on behalf of the State):

- **Corporate Internationalisation Fund:** The purpose of the fund is to promote the export operations of Spanish companies and Spanish direct investment abroad through financing operations and projects of special interest for the internationalisation strategy of the Spanish economy. The technical assistance required for these operations and projects in both developed and developing countries may also be financed. In general, financing will mainly take the form of loans, credits and credit facilities, although technical assistance and consultancy, as well as projects and operations may be financed on a non-reimbursable basis when so required by the specific circumstances of these projects and operations
- **Reciprocal Interest Adjustment Contract:** A financial instrument that is similar to interest rate insurance, the aim of which is to promote Spanish exports by encouraging financial institutions to grant loans at a fixed interest rate.

In terms of ICO's direct activity, new approvals of international direct financing (with international guarantees) rose to EUR 1,973 million at the end of 2024 (EUR 1,395 million in 2023, +41%), the purpose of which is to promote projects abroad.

	Approved 2024 *€ Million*	Approved 2023 *€ Million*
Direct activity (incl. guarantees)	*1,973*	*1,395*
ICO Mediation Facilities	*1,063*	*1,129*
Internationalisation	**3,036**	**2,523**

With regard to ICO's bank mediation activity, EUR 1,063 was approved in 2024 (EUR 1,129 million in 2023; -6%), earmarked for investments outside the national territory.

On the other hand, in the area of direct financing, the guarantees issued during 2024 were aimed at Spanish companies developing international solar, wind, battery and hydrogen projects, water treatment, industrial plants, infrastructure sectors, renewable energies and new technologies, sectors related to the reduction of emissions in hydrocarbon processing plants, the petrochemical and energy industry, or the manufacture and maintenance of high-speed light trains, all of which are considered a cross-sectoral strategic priority for ICO Group.

Overall, ICO's international activity approvals (including both direct operations with guarantees and mediation) amounted to EUR 3,036 million in 2024, an increase of 20% compared to 2023. As for executed operations, they amounted to EUR 2,027 million (+3% compared to 2023), while the drawdown figure stood at EUR 1,922 million (+42% compared to 2023).

The weight of operations executed for investment outside the national territory (considering both direct financing with guarantees and activity carried out through ICO mediation facilities) has held steady above 24% of total ICO activity over the last six years.

During 2024, ICO has continued to consolidate its long-term multi-currency support, with an international portfolio that includes transactions in 14 currencies: EUR, GBP, CAD, USD, INR, SAR, JPY, CLP, AED, AUD, ZAR, BRL, CLF, COP.

During the year, 10 financing agreements were approved in the International Channel Facility amounting to EUR 968 million (8 agreements for a total amount of EUR 991 million in 2023), including the first collaboration agreement with the Financiera de Desarrollo Nacional (FDN) to promote business development between Spain and Colombia, and the approval of the first loan with Banco Estado de Chile (new partner). In terms of executed operations, agreements have been reached for a total of EUR 990 million in 2024 (EUR 830 million at the end of 2023).

Since the launch of ICO International Channel Facility in 2015, a volume of EUR 5,250 million has been approved through the end of 2024, consisting of 49 operations corresponding to 23 different counterparts. The cumulative amount executed under the programme is EUR 4,900 million, with the volume drawn down standing at EUR 2,980 million.

In addition, ICO manages the FIEM and CARI funds on behalf of the State, whose objective is to support internationalisation. At the end of 2024, the total balance of the activity managed by ICO in these two funds was EUR 5,920 million (EUR 5,881 million at the end of 2023).

THE ROLE OF ICO IN THE MANAGEMENT OF FUNDS FOR SPANISH COMPANIES AND PROJECTS WITH SPANISH INTEREST[6] AS IMPLEMENTING PARTNER OF THE EUROPEAN COMMISSION

- ✓ **+EUR 2,000 million to be mobilised in initiatives to channel European resources from the NGEU and MFF 2021-2027 into public-private partnerships**

ICO, as a European Commission Implementing Partner since 2020, manages European funds from the Multi-annual Financial Framework 2021-2027 and the NextGenerationEU Initiative. This accreditation allows it to channel resources through key programmes such as InvestEU and Connecting Europe Facility (CEF), supporting the competitiveness and sustainability of the Spanish economy.

[6] As a general rule, Spanish interest is considered to be:

1.- Development of business activities or investments in Spain, regardless of the nationality of the shareholder or financial holder. 2.- Development of business activities or investments outside Spain, i) if there is direct or indirect holding of the Spanish company in the share capital of the foreign financial holder, ii) there are supplies, works or services provided by Spanish companies, iii) emission rights are obtained for Spain, iv) there is a transfer of technology, subcontracting or franchising of Spanish companies or v) there are other circumstances of interest for the internationalisation of the Spanish company, trade policy and the Spanish economy. 3.- Business activities involving the acquisition of Spanish goods and services by non-resident companies, whatever the nationality of the shareholder of the acquiring company, non-resident public or private entities or by national, regional or local governments of third countries, within the country risk limits in force at any given time.

CEF

ICO participates in two key instruments within the CEF, managed by the European Commission to improve sustainable mobility and digitisation in the EU:

CEF-ALTERNATIVE FUELS INFRASTRUCTURE FACILITY (AFIF)

Objective: To finance projects for the transition to alternative fuels in the framework of sustainable mobility and the modernisation of the trans-European transport network (TEN-T).

Status:

- In April 2024, ICO and the European Commission's Directorate-General for Mobility and Transport, with the support of MITMA, signed the second AFIF call.
- Companies will be able to submit proposals on three key dates: 24 September 2024, 11 June 2025 and 17 December 2025.
- ICO has been working since May 2024 on different financing proposals so that interested companies could apply for the first 24 September 2024 date of the new **CEF-AFIF 2** call of the European Commission (through CINEA - European Climate, Infrastructure and Environment Executive Agency-)
- Since July 2024, letters of support for projects totalling EUR 118 million have been approved and submitted, mobilising an investment of EUR 365 million.
- CINEA will decide on the associated grant applications within the next six months.

CEF-CONNECT

Objective: Finance digitalisation in the EU's digital interconnection system, including fibre optic networks, 5G and data centres.

Status: Under the CEF-Connect 2021-2027 Programme, ICO has committed EUR 100 million in 2024.

INVESTEU

ICO manages several instruments under the InvestEU programme to mobilise private finance in strategic sectors:

INFRASTRUCTURE FUNDS AND GREEN FUNDS

Objective: Facilitate access to finance for sustainable infrastructure, the circular economy and green energy projects.

Status: Presentation of two operations with 50% guarantee from InvestEU:

- Marguerite III Infrastructure Fund: EUR 100 million investment.
- InvestEU Green Funds: EUR 99 million in 3 funds dedicated to sustainable agriculture, the circular economy and green energy.

These investments will mobilise EUR 1,254 million in private capital.

ICO INVESTEU SOCIAL FUNDS

Objective: Support the promotion and management of social and affordable rental housing.

Status: In November 2024, ICO launched this initiative with an investment of EUR 268 million, backed by a 50% guarantee from InvestEU (EUR 134 million).

A public call for proposals was launched on 14 November 2024 to select the private fund managers that will manage these funds.

With this structure, up to EUR 550 million euros in private investment for social housing projects in Spain is expected to be mobilised.

EU PROGRAMMES		
CEF- AFIF	AFIF combines ICO financing in the form of equity or debt up to 100% of the project with a minimum of EUR 10 million and a grant from the EC up to 30% of the investment to finance projects related to the switch to cleaner alternative fuels non-dependent on imports outside the EU, in the framework of sustainable and multi-modal mobility for the modernisation of the European transport network (Ten-T). Projects may be financed for alternative charging infrastructures (hydrogen, liquefied natural gas and electricity) and the production, storage and transport of green hydrogen, among others, within the framework of the Ten-T network.	**Approvals 2024**: ✓118 million euros in new financing for infrastructures for the production and supply of decarbonised ammonia and methanol; development of an electric vehicle recharging network with chargers at service stations; implementation of renewable hydrogen hydrogenerators; other electric energy supply projects; renewal of the port machinery fleet with 100% electric and hybrid equipment.
CEF - CONNECT	Combines ICO funding up to 100% of the project with a minimum of EUR 5 million and an EC grant for projects related to digitisation in the framework of the EU digital interconnection. The total amount of the CEF-Connect Programme 2021-2027 amounts to EUR 2 billion and will be earmarked for widespread 5G access, fibre junctions, high-speed networks and integrated data centres, among others.	**Approvals 2024:** ✓Total amount of the CEF-Connect Programme 2021-2027: EUR 2,065 million. ICO allotment: EUR 100 million
InvestEU Programme	EC guarantee for equity or quasi-equity products, mediation financing or direct financing to facilitate funding to Spanish companies through five policy windows: sustainable infrastructure, research, innovation and digitalisation, SMEs, social investment and training, and the Strategic Technology Europe Platform (STEP). The EC will guarantee up to 50% of the investment in direct operations, up to 75% in equity and 80% in mediation.	**Approvals 2024:** ✓The following funds have been submitted to the InvestEU Investment Committee under the InvestEU Guarantee Programme: (i) Marguerite III Infrastructure Fund of EUR 100 million ✓Launch of the "ICO InvestEU Social Funds" initiative in which ICO will manage and invest EUR 268 million (with EUR 134 million backed by the InvestEU Programme)

STRONG SUPPORT FOR THE DIGITAL TRANSFORMATION OF SPANISH COMPANIES, ESPECIALLY THE SMALLEST

- ✓ **+13 billion euros to be mobilised in public-private partnerships to benefit Spanish companies investing in their digital transformation**

THROUGH THE TRADITIONAL ACTIVITY OF ICO GROUP

Promoting the digital transformation of the Spanish productive fabric is one of the main strategic axes of ICO Group. The objective is to provide funding to support the necessary investments that enable companies to improve their competitiveness, productivity, resilience and contribute to territorial and social cohesion, in line with the EU Digital Strategy and the Spain Digital Agenda 2026.

ICO Group's extensive catalogue includes the following products and initiatives specifically intended to foster the digital transformation:

Product of ICO Group (traditional activity of ICO Group)	Purpose: Digital Transformation	Allocation € Million
ICO Red.es Digital Kit Facility Non-repayable aid for small enterprises, micro-enterprises and the self-employed	Collaboration between Red.es and ICO to promote access to ICO financing through financial institutions for beneficiary companies and digitalisation agents, for those projects that have received subsidies from Red.es within the Digital Kit Programme.	EUR 3,000 million (subsidies)
ICO Red.es Acelera Facility ICO will finance up to 100% of the amount of the project approved by Red.es, except the amount of the subsidy advance	Loans in collaboration with financial institutions to accelerate the digitalisation process of SMEs and establish measures to support the creation of technological solutions for their digitalisation	Up to EUR 800 million (subsidies)
ICO-RTVE Agreement	ICO direct financing programme for the production of new audiovisual works, such as feature films and shorts, made-for-TV films, documentaries and animated series and other culture-oriented European works	Up to EUR 100 million (direct financing)

In addition, ICO's accreditation in 2020 as a European Commission Implementing Partner has enabled it to finance projects through various instruments, including the CEF-AFIF, the CEF-CONNECT and the InvestEU Programme, as they are related to the digital transformation.

AS MANAGER OF THE RTRP FUND

According to the Commission Staff Working Document issued by the European Commission on 2 October 2023, the Addendum amending the RTRP will contribute 25.8% to the digital transformation of society and the economy, representing an investment of more than 40 billion euros.

The RTRP Addendum, approved on 6 June 2023 in the Council of Ministers and subsequently validated on 2 October by the European Commission and on 17 October by the EU Council, foresees the channelling of up to EUR 5.15 billion through ICO Group, in public-private partnership.

These funds are used, among other things, to finance projects aimed at the digital transformation of companies. The amount will be distributed through mediation lines, direct financing programmes and

venture capital (Axis), in products such as ICO-Tourism Facility and the PERTE of the New Language Economy, notwithstanding the financing that may be granted in other RRM facilities that contribute to the digital transformation without being specifically oriented to it.

ICO RRM-Businesses and Entrepreneurs facility includes ICO-Tourism Facility, endowed with EUR 1 billion, aimed at financing investment projects in tourism companies. These projects are intended for the modernisation and digitisation of the sector, promoting the digitisation of processes, investment in technological equipment and the retraining of human resources. Through this initiative, the aim is to contribute to the transformation and improvement of the Spanish tourism model, making it more digital and competitive.

In addition, this facility incorporates specific funding for the New Language Economy PERTE, with an allocation of EUR 150 million. These funds are intended to grant financing to Spanish universities to promote digitisation and the development of artificial intelligence projects, with the aim of advancing technological sovereignty and strengthening innovation in the educational and linguistic fields.

CONSOLIDATING NEW FUNDING THROUGH COMPLEMENTARY FUNDING PROGRAMMES

- ✓ **Around EUR 1.9 billion of additional funding to be made available in 2024**

ICO has become a major investor in the MARF market, catalysing other investors in support of companies seeking alternative financing in this market through the issuance of fixed income securities and, in particular, through promissory note programmes to cover the short-term financing needs of the issuing companies.

Longer-term bond issues in this market also help these companies to raise funds to finance their general corporate needs, particularly new investment projects and the adaptation of their financial structure.

To do this, ICO continues to promote complementary sources of financing, whose presence in the MARF market, in promissory notes, bonds, and asset-backed securities, is highly important as it allows diversification of financial resources with other alternative sources to banking with the aim of supporting the growth of companies in all sectors and of sizes, with particular focus on small and medium-sized enterprises.

In addition, ICO-RRM Green and ICO-RRM Businesses and Entrepreneurs facilities of the funds managed by ICO from the Addendum to the RTRP will be channelled, among others, through the purchase by ICO of medium and long-term senior fixed-income securities issued in organised markets, such as AIAF or MARF, by companies to finance their investment plans.

Complementary sources of ICO funding include:

CORPORATE BONDS	**Drawdowns of EUR 1,874 million in 2024**	**Direct financing programme for companies through the acquisition of bonds and debentures** issued by Spanish companies to finance their medium and long-term investment plans. Preference will be given to companies that are certified as responsible issuers or listed on sustainability indices, favouring activities and projects that improve environmental performance
PROJECT BONDS		**Project bond purchase programme** as a medium and long-term financing instrument especially linked to large infrastructure financing operations
MARF BONDS AND NOTES		**ICO's direct financing programme for companies through the subscription of MARF promissory notes and bonds** to inject liquidity and finance the medium and long-term investment plans of Spanish companies with issuance programmes registered in the MARF.
ASSET-BACKED SECURITIES		**General framework for investing in securitisation assets** to encourage the diversification of SME and entrepreneur financing in Spain. As a condition for its participation, ICO requires an explicit commitment from the originating institution to generate new financing for companies and the self-employed in Spain. This ensures that the impact of ICO's investment is reflected in new credit in general and credit directed at the productive fabric in particular.

DIRECT ACTIVITY. COMPLEMENTARY FINANCING	Drawn 2024 € Million	Drawn 2023 € Million
Corporate bonds	*557*	*257*
MARF bonds	*16*	*9*
MARF promissory notes	*975*	*1,479*
Asset-backed securities	*326*	*536*
TOTAL	**1,874**	**2,281**

MANAGEMENT OF GUARANTEE FACILITIES ON BEHALF OF THE STATE

- ✓ **EUR 6.086 billion in guarantees to offset the impact of war in Ukraine**
- ✓ **EUR 1.1 billion in guarantees for housing rehabilitation**
- ✓ **EUR 2.5 billion in guarantees for first-home purchases**
- ✓ **EUR 2 billion in guarantees for social rental housing**
- ✓ **EUR 5.1 billion in guarantees for victims of the DANA flash flooding**

ICO, in its role as the State Financial Agency, manages various guarantee facilities on behalf of the State to support liquidity, investment and economic recovery in different sectors.

KEY DATA ON GUARANTEE FACILITIES IN 2024

ICO-COVID-19 Guarantee Facility

- Aimed at providing liquidity and investment to companies and the self-employed affected by the COVID-19 health crisis.
- Ratio of non-payments: 4.20% according to the October 2024 data.

Ukraine Guarantee Facilities

- Created in 2022 to mitigate the economic effects of the war in Ukraine, especially liquidity strains resulting from rising energy and commodity prices.
- Amount granted: EUR 6,086 million in guarantees (total amount up to 9,000 million).
- Funding mobilised: EUR 7,826 million.
- Executed transactions: 37,339 operations for 29,724 companies and the self-employed.
- Concession period ended: 31 December 2024.

Guarantee Facility for the Refurbishment of Residential Buildings

- Supports the financing of refurbishment projects to improve energy efficiency.
- Amount approved: up to EUR 1,100 million.
- Operations executed up to 2024: 30 operations, with EUR 10.6 million in guarantees requested and EUR 21.2 million in financing mobilised.
- Application deadline: 30 November 2025.
- Execution period: until 31 December 2025.

Guarantee Facilities for the Acquisition of a First Home

- Aimed at young people up to 35 years of age and families with dependent minors for the purchase of their first home.
- Amount approved: up to EUR 2,500 million.
- Agreement signed with MIVAU: April 2024.
- Operations executed up to 2024: 844 operations.
- Execution period: until 31 December 2025, with the possibility of extension until 2027.

ICO RRM Guarantee Facility for the Promotion of Social Rental Housing

- Created in 2024 to promote the construction and improvement of social and affordable housing stock.
- Amount approved: up to EUR 2 billion in guarantees under the EUR 4 billion RTRP facility.
- Agreement signed with MIVAU: July 2024.
- Grant period: until 31 December 2026.

Guarantee Facility for DANA flash flooding victims

- Aimed at providing liquidity to households, the self-employed and businesses affected by the DANA flooding between 28 October and 4 November 2024.
- Amount approved: up to EUR 5,000 million.
- Guarantees granted through credit institutions and financial credit institutions.
- Concession period: until 31 December 2025, with the possibility of extension via MCA.

GUARANTEE FACILITIES ON BEHALF OF THE STATE Data at the close of 2024 *Management of guarantees on behalf of the State (off-balance sheet activity)*	Year of start-up	Amount in guarantees approved in 2020-2024 € Million	Guarantees granted in 2020-2024 € Million
COVID-19 ICO Guarantee Facilities (Liquidity + Investment)	2020	140,000	107,187
Ukraine Guarantee Facilities	2022	9,000	6,086
Residential Building Rehabilitation Guarantee Facilities	2024	1,100	10.6
Guarantee Facility for the purchase of a first home by young people and families with children	2024	2,500	16.9
Total		**152,600**	**113,300.5**

MANAGING FUNDS ON BEHALF OF THE STATE

- ✓ **EUR 223,604 million managed by ICO on behalf of the State at the end of 2024 (+6% compared to 2023), in addition to the State Guarantee Facilities**
- ✓ **Support for the internationalisation of Spanish companies, Spanish development cooperation and the financial sustainability of Autonomous Communities and Local Governments**

In addition to the management of the above guarantee facilities, ICO, as the State Financing Agency, performs financial services to manage certain funds and instruments off-balance sheet and on behalf of other Ministries, targeted at supporting internationalisation (through the FIEM and CARI programmes), supporting development cooperation (through the FONPRODE and FCAS programmes) and facilitating the sustainability of regional and local administrations (through the FFCCAA and FFEELL financing programmes).

At the end of 2024, ICO managed funds on behalf of the State with a total balance of EUR 223,604 million (+6% compared to the end of 2023).

State Financing Agency *Management of funds on behalf of the State (off-balance sheet activity)*	Balance 2024 € Million	Balance 2023 € Million
Internationalisation (FIEM + CARI)	5,920	5,881
Development Cooperation (FONPRODE + FCAS)	581	551
Territorial Funds (Autonomous Regions and Local Governments)	217,103	204,252
Total	**223,604**	**210,684**

PROMOTING VENTURE CAPITAL THROUGH ITS SUBSIDIARY AXIS, AS AN ALTERNATIVE FINANCING VEHICLE

- ✓ **Axis has EUR 9.15 billion under management, allocated to its 4 funds**

ICO promotes complementary financing for companies through Axis, its 100%-owned venture capital manager, in public-private partnership. AXIS carries out its activity through investments in private equity and venture capital funds aimed at fostering the creation and growth of companies throughout the entire investment life cycle, from the early stages (Business Angels, incubation, technology transfer), to start-up, scale-up, expansion and growth capital (equity) and debt.

During 2024, Axis has approved commitments of more than EUR 1.15 billion through its four funds:

	Fund Size (*) € Million	Approved commitments 2024 € Million	Approved commitments 2023 € Million
Fond-ICO Global	4,500	900	900
Fond-ICO SME	250	0	30
Fond-ICO Sustainability and Infrastructures	400	60	32
Fond-ICO Next Tech	4,000	193	244
Total	***9,150***	***1,153***	***1,206***

Fond-ICO Global, allocated EUR 4.5 billion, is the first public venture capital/private equity "fund of funds" created in Spain and aims to promote the creation of privately managed venture capital funds that invest in Spanish companies at all stages of development. The AXIS Board of Directors in May 2024 approved the resolution of the 16th Call of Fond-ICO Global (the largest call to date), which selected 12 funds/managers to invest the EUR 900 million through funds from the facilities managed by ICO in the RTRP Addendum. This investment will mobilise EUR 2.4 billion in public-private partnerships to finance Spanish companies and projects that promote business growth and the green and digital transformation.

On 27 December 2024, ICO opened the 17th call for Fond-ICO Global to channel 900 million euros from the RTRP to boost investments that promote business growth and the green and digital transformation. The approved investment, thanks to the public-private partnership scheme whereby Fond-ICO Global operates and the RTRP funds, will be able to mobilise EUR 2.4 billion for projects in Spain.

Fond-ICO SME, allocated with EUR 250 million, aims to invest in funds that in turn invest in strategic or innovative activity segments, such as sustainability and social impact or the entrepreneurial ecosystem, as well as promoting complementary financing to bank loans through business angels or diversified debt (crowdlending/crowdfunding).

Fond-ICO Sustainability and Infrastructures, allocated 400 million euros, aims to invest, directly or through other investment funds, in sustainable infrastructure projects in Spain and abroad with Spanish companies. In 2023 the AXIS Board of Directors approved the adaptation of the prospectus and other legal documentation of the fund to Regulation (EU) 2019/2088 of the European Parliament on sustainability disclosures in order to achieve its classification under its Article 8 (financial products promoting environmental or social features). Once filed with the Spanish Securities Market Commission (CNMV), it was registered.

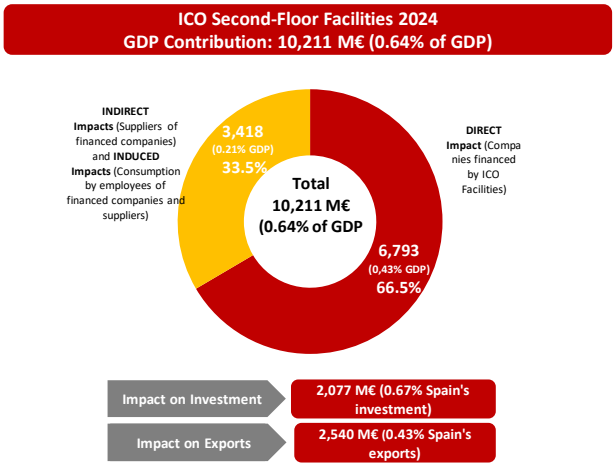
Fond ICO Next Tech, allocated EUR 4 billion, is a joint initiative of ICO and Axis with the Secretary of State for Digitalisation and Artificial Intelligence (SEDIA), included in the first phase of the RTRP, with the aim of promoting the development of high-impact digital and innovative projects and investment in growth companies (scale ups).

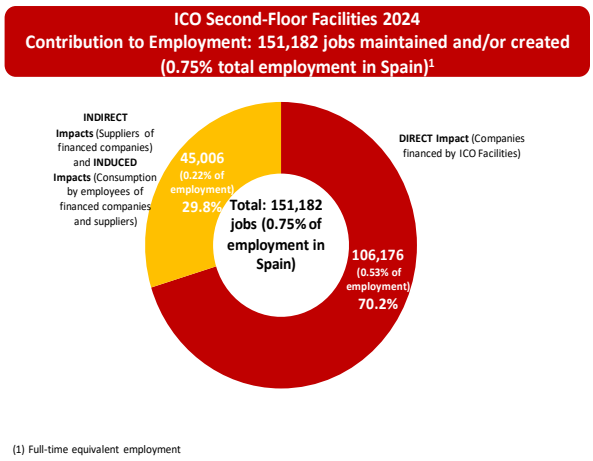
2.2 POSITIVE MACROECONOMIC IMPACT ON THE SPANISH ECONOMY

MEDIATION ACTIVITY: IMPACT ON GDP AND EMPLOYMENT

ICO has carried out an analysis to quantify the macroeconomic impact of its financing activity. This analysis, based on a methodology that uses the Input-Output Tables of the National Accounts combined with statistical and econometric techniques, shows that the presence of ICO as a relevant stakeholder in the Spanish financial sector has a notable impact on the economy, generating a significant contribution to certain macroeconomic variables such as GDP, exports, investment or employment.

With regard to the impact on economic activity of the financing distributed by ICO in 2024 through its Mediation facilities, estimates put it at EUR 10,211 million in terms of GDP, equivalent to 0.64%. Likewise, ICO's financing activity generated EUR 2,077 million in investment, which represents 0.67% of total gross fixed capital formation (GFCF) in Spain last year. In relation to exports, the impact generated by ICO financing, estimated at EUR 2,540 million, represented 0.43% of the total volume of Spanish exports.





(1) Full-time equivalent employment

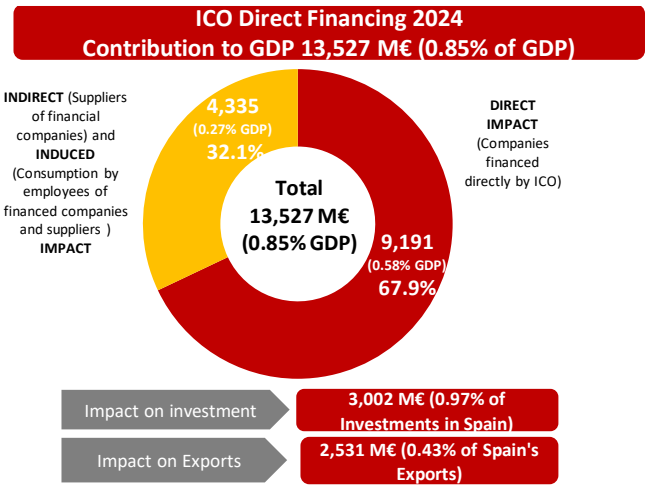
In turn, there is a significant impact on employment. The estimated employment generated and/or maintained as a result of ICO activity in 2024 through its Mediation facilities is 151,182 jobs, representing 0.75% of the total volume of full-time equivalent employment.

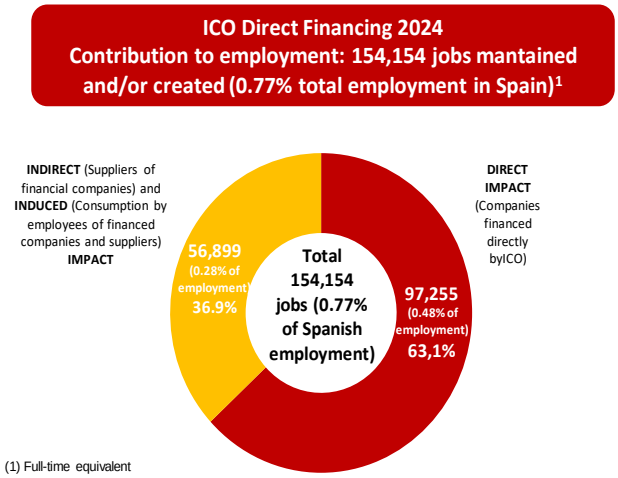
DIRECT FINANCING ACTIVITY: IMPACT ON GDP AND EMPLOYMENT

Using the same methodological procedure, ICO estimates the impact on certain macroeconomic variables of its activity as a direct financier.

The impact generated by ICO's direct financing operations executed in 2024 is estimated at EUR 13,527 million in terms of GDP, equivalent to 0.85%.

Similarly, these direct financing operations have meant EUR 3,002 million in investment, which represents 0.97% of the total gross fixed capital formation (GFCF) in Spain in 2024 and have generated an impact on exports estimated at EUR 2,531 million, which represents 0.43% of the total volume of Spanish exports.





The quantification, in terms of employment generated and/or maintained as a result of these direct financing operations, amounts to 154,154 jobs, which represents 0.77% of the total volume of full-time equivalent employment.

2.3 SUSTAINABILITY-FOCUSED FINANCING

ICO Group contributes to long-term sustainable development by pursuing a balanced approach to economic and social development and environmental protection. ICO Group promotes growth through the financing of business activities that contribute to the generation of employment and economic development, both in Spain and in other countries, in line with, among others, the 17 Sustainable Development Goals of the United Nations 2030 Agenda, the Paris Climate Agreement (COP 21), the UN Guiding Principles on Business and Human Rights and the EU Sustainable Finance Action Plan, all of which have been signed by Spain and implemented at the European and domestic level. ICO Group's sustainable financing is framed within the European context of promoting sustainable finance and is aligned with the European sustainability priorities set out in the EU New Green Deal, which have subsequently been transposed into the European Climate Law. ICO Group also endorses the environmental objectives incorporated in the European regulation on sustainable investments when determining its activity and is working towards incorporating these criteria entity wide.

The Institute operates in a constantly evolving regulatory and strategic framework, defined by both domestic and international regulations that guide its sustainability-based actions. These frameworks are essential, not only to ensure regulatory compliance, but also to align its activities with sustainable development goals and the energy transition. The main frameworks that apply to it include the Climate Change and Energy Transition Act, the National Integrated Energy and Climate Plan (PNIEC), EU Taxonomy, and the commitments made under the Paris Agreement.

The PNIEC, whose update for the period 2023-2030 was recently published, provides a fundamental roadmap for the decarbonisation of the Spanish economy. This plan sets ambitious targets for emission reductions, energy efficiency and renewable energy, in line with Europe's climate neutrality commitments for 2050. The relevance of the PNIEC is that it orients both the Institute's operations and strategy towards key sectors for the energy transition, encouraging investments in sustainable projects that can drive economic and social development while cutting back on its environmental impact.

In addition, the EU Taxonomy framework provides a uniform classification system for identifying sustainable economic activities, which bolsters transparency and consistency in its financial operations.

On 29 November 2024, the Spanish government approved the Green Paper on Sustainable Finance in Spain, aimed at promoting and guiding the adaptation of the private sector in the energy transition through a series of actions structured around three axes aimed at promoting the adaptation of the financial sector and companies, especially SMEs; orienting savings and investment towards sustainability and promoting public-private collaboration.

In this sense, ICO's participation is essential for the development of green financial products, with the aim of providing sustainability-oriented companies with access to better financing conditions. Within the framework of the second phase of the RTRP, ICO Green Facility, allocated with EUR 22 billion, is intended to finance projects that make a contribution to climate change in accordance with the areas of intervention set out in the RRM Regulation. The facility's design envisages the development of a "positive list" of bankable projects to facilitate quick access to finance and promote the familiarisation of financial institutions and companies. In addition, all projects financed under this facility must meet certain sustainability requirements, in particular the principle of doing no significant harm (DNSH) to the environment.

ICO GROUP'S SUSTAINABILITY POLICY

ICO Group has a Sustainability Policy which is updated according to events that oblige its adaptation to reflect the current reality. Updated in January 2024, its main lines of action are as follows:

- Act as a signpost in the design and application of the activities undertaken by ICO in matters of sustainability, encouraging its stakeholders to share its objectives and commitments in this matter.
- Combat climate change and protect our natural assets, in adherence to best international practices, and in particular the European Union's principle to do no significant harm.
- Foster a fair and inclusive transition, in such way that ICO becomes a decisive agent of change, putting all within reach of the new opportunities that arise.

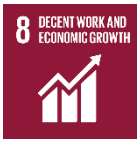
This policy establishes a general framework of action and is complemented by the rest of the internal policies that govern the activity of the Institute, such as the Environmental Policy, the Quality Policy, the Anti-Money Laundering and Terrorism Financing Policy, the Anti-Fraud Measure Plan and Institutional Declaration to Combat Fraud, the Direct Financing Policy, the Occupational Safety, Health and Well-being Policy, the CSR Policy, the Equality Plan, the Data Protection Policy, the Code of Ethics and Conduct and the Internal Regulations of Conduct in the Securities Market, among others.

Main developments in the 2024 update:

- **Mainstreaming and governance**: Integrated at all organisational levels, influencing the decisions of the General Council and coordinating with key areas such as strategy and risk.
- **Strategic objectives**: Reinforces the commitment to achieving carbon neutrality by 2050, with the measurement of Scope 1, 2 and 3 emissions and the design of a transition plan aligned with European standards.
- **Strategic alliances**: Enhances participation in European initiatives, reinforcing ICO's role in channelling resources towards green and transition activities.
- **Support for SMEs and suppliers**: Extends support to SMEs through sustainability training, transition tools and tailored financing.
- **Risks and transparency**: Implements mechanisms to identify and mitigate ESG risks associated with the funded projects, in line with international frameworks such as the Equator Principles.

ICO GROUP AND THE SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda and the Sustainable Development Goals must be fundamental pillars of all government action. ICO Group fully aligns its activities with these goals, both in terms of its financial activity, in other initiatives external in scope, as well as in its internal management, as described in the different parts of this report



By the nature of its core business, the direct impact of the Institute's activities stems from one main purpose: to contribute as much as possible to SDG8 on decent work and sustainable economic growth.

Support for projects and activities that promote SDG8 is complemented by the contribution to other relevant SDGs through different actions, such as 7 and 13, which are particularly relevant to our financial activity. In any case, all the SDGs to which ICO contributes are interconnected and lay out the roadmap that the Group takes towards sustainability and social responsibility.

In addition, and in order to encourage SMEs to learn about, apply and promote the Sustainable Development Goals, in 2019 a joint initiative was launched with the Spanish Global Compact Network and with the support of the High Commissioner for the 2030 Agenda https://icopymeods.ico.es/ , which is still in force. This initiative aims to involve Spanish SMEs in their alignment with the SDGs, as well as the business opportunities it can bring them.

With this initiative, ICO Group takes another step forward in its commitment to the sustainability of Spanish SMEs, informing them of the changes that companies must adopt to align themselves with the 2030 Agenda, offering a series of resources to build a strategy oriented towards the SDGs.

ICO, as a National Development Bank, is faced with two major challenges. On one hand, promote and accelerate the transformation of the economic model towards a more sustainable one from a social and environmental standpoint. On the other, taking into account the structure of a business community mostly composed of SMEs and the self-employed, accompany the main stakeholders of the economy in this transition so that no one gets left behind.

The strategic axis of ICO Group includes the fostering of environmental and social sustainability, having set the goal of having at least 40% of all new funding operations in the 2022-2027 be sustainable. To do this, internal sustainability assessment procedures aligned with the main international standards have been implemented with the purpose of identifying operations with a social and environmental contribution. These internal criteria are mainly based on the EU Taxonomy and standards developed by associations such as ICMA and LMA.

In recent years, ICO Group has been funding companies in their sustainable projects - environmental and social - as a means of driving the transformation of the Spanish economy towards a more sustainable and fairer model. At year-end 2024, 56% of the new business analysed was classified as sustainable, thus meeting the 40% target set in its strategy. 75% of the sustainable activities had an environmental impact, while 29% focused on social impact. The sum exceeding 100% is explained by the fact that in mediation the balances can simultaneously contribute to environmental and social objectives.

Flow analysis (new activity) 2023-2024 (EUR million):

	Total Amount		Sustainable		Environment		Social		Sustainability Share	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
New Direct Financing Activity	6,464	6,184	3,493	2,846	2,829	2,652	665	194	54%	46%
Domestic mediation facilities (disbursements during the year) (1)	2,094	2,228	918	1,301	618	1,151	537	751	44%	58%
International Channel (disbursements during the year)	715	281	438	71	432	68	6	3	61%	25%
AXIS (new activity, approvals) (2)	252	306	252	275	132	192	120	83	100%	90%
FOND-ICO Global	900	-	775	-	387	-	387	-	86%	-
Total amount	**10,425**	**8,999**	**5,876**	**4,493**	**4,398**	**4,063**	**1,715**	**1,031**	**56%**	**50%**

(1) This includes facilities subject to framework contracts and sustainable ministerial facilities. Classification based on the information reported in the Sustainability Annex and the methodological criteria applicable to International Channel. An operation can contribute simultaneously to environmental and social objectives, so the sum of the environmental and social value is higher than the sustainable value. These criteria imply a different level of stringency to those applied in Direct Financing, International Channel and Axis, and are not homogeneous for the aggregation and comparability of the results obtained.

(2) Approvals in FondICO-SME, Fond-ICO Sustainability and Infrastructures, Fond-ICO Next Tech. Analysis of Fond-ICO Global approvals began as of 2024. It is presented separately to facilitate a better comparison with the previous year.

As can be seen in the table covering 2023-2024, ICO Group has gone from approving new sustainable (environmental and social) direct financing activity for an amount of EUR 2,846 million in 2023 to an amount of EUR 3,493 million in 2024 (+23%). The same upward trend can be observed in International Channel, whose new sustainable activity has increased from EUR 71 million in 2023 to EUR 438 million in 2024 (+517%). As for domestic mediation facilities, we see a drop from EUR 1,310 million in 2023 to EUR 918 million in 2024 (-30%). As for AXIS, activity declines slightly, from EUR 275 million in 2023 to EUR 252 million in 2024 (-8%)[7]. Finally, looking at the total figures, the sustainable amount rose from EUR 4,493 million in 2023 to EUR 5,101 million in 2024 (+14%)[8].

The Addendum to Spain's RTRP provides for the channelling through ICO Group, in public-private collaboration and others, of an ICO-Green Facility for an amount of EUR 22 billion for financial support to the green transition. At the end of the 2024 financial year, the first direct financing transaction in the amount of 230 million euros was executed for the deployment of renewable energy and energy storage projects. During 2025, these funds will continue to be channelled to drive the green transformation of our economies.

In addition, the RTRP Addendum also assigns ICO Group a Facility for the promotion of social housing—ICO RRM Facility for the promotion of social rental housing—for an amount of EUR 4 billion, whose objective is to increase the stock of social or affordable rental housing, as well as to improve the existing housing stock. This Facility may finance the construction of energy-efficient rental housing or energy-efficient refurbishment by public or private developers. The final objective is to support the increase in the supply of rental housing through financing with a special focus on regions with the most stressed residential markets. It is expected that from 2025 onwards, the channelling of these European

[7] For a better analysis of ICO Group's sustainability, the study of FOND-ICO Global approvals has been included for the first time for the 2024 financial year. However, in order to make comparisons with previous years, the amount of FOND-ICO Global has not been added to the total.

[8] The amount of FOND-ICO Global for 2024 has not been included.

funds, in public-private partnerships, will further increase ICO Group's new activity in the field of sustainability.

NEW SUSTAINABLE DIRECT FINANCING IN 2024

- ✓ **238 sustainable operations approved in 2024**
- ✓ **EUR 3,493 million approved with positive environmental and social impact, 54% of total new direct operations**
- ✓ **EUR 25,144 million in sustainable investment to be mobilised, in public-private partnership**

Within the framework of direct financing to companies with Spanish interest, ICO Group relies on the following financial instruments to encourage investment in activities that contribute to the achievement of sustainability goals: green and social loans, loans linked to sustainability goal, acquisition of sustainable bonds and promissory notes, and financing under European funds with sustainable characteristics (CEF-AFIF and RRM).

During 2024, ICO Group continued to push forward sustainability by approving operations with a positive environmental and social impact. The sustainable share represents 54% of the new direct operations approved, which translates into a volume of EUR 3,493 million of approved financing and a mobilised investment of EUR 25,144 million.

The amount of operations approved during 2024 with an environmental impact rose to EUR 2,829 million, with a mobilised investment of EUR 24,225 million. The largest volume of financing is focused on supporting the fight against climate change, having dedicated a total amount of EUR 2,666 million.

The amount of operations approved with a social impact rose to EUR 665 million, with a mobilised investment of EUR 919 million. This is highlighted by the 5,594 social housing units financed within the framework of ICO Housing and Urban and Rural Regeneration Programme 2022-2025.

Detail of new approved direct activity, total and sustainable, at year-end 2024:

Classification Sustainability	No. Operations	Amount (€ million)	%		Mobilised Investment (€ million)
Environment	**208**	**2,829**	**44%**	x 8.6	**24,225**
Climate Change	204	2,666	41%		23,490
Protection of biodiversity and ecosystems	1	28	0.4%		73
Circular economy	2	115	2%		628
Sustainable use and protection of water and marine resources	1	20	0.3%		34
Social	**30**	**665**	**10%**	x 1.3	**919**
Housing	27	652	10%		901
Social inclusion	3	12	0.2%		18
Sustainable	**238**	**3,493**	**54%**		**25,144**
Not determined	**374**	**2,971**	**46%**		**14,206**
TOTAL	**612**	**6,464**	**100%**		**39,351**

Note: The multipliers are the result of the proportion between the total investment linked to the approved operations (mobilised investment) and the amount approved by ICO

BALANCE OF SUSTAINABLE DIRECT FINANCING PORTFOLIO IN 2024

- ✓ **469 sustainable operations in the portfolio in 2024**
- ✓ **EUR 7,251 million with a positive environmental and social impact, 50% of the total balance sheet**

At year-end 2024, the sustainable balance makes up 50% of the total direct financing operations in the portfolio, which translates into EUR 7,251 million on the balance sheet.

The amount in operations with an environmental impact totals EUR 6,448 million, the balance mainly focused on supporting the fight against climate change, with an amount of EUR 6,036 million, representing 41% of the total.

As for the balance of operations with a social impact, these amounted to EUR 803 million, highlighting operations contributing to the objective of social inclusion, with an outstanding balance of 347 million euros.

Detail of the balance sheet for direct, total and sustainable financing at the end of 2024:

Classification Sustainability	No. Operations	Amount (€ million)	%
Environment	**221**	**6,448**	**44%**
Climate Change	203	6,036	41%
Sustainable use and protection of water and marine resources	10	72	0%
Circular Economy	7	314	2%
Protection and restoration of biodiversity and ecosystems	1	26	0%
Social	**248**	**803**	**5%**
COVID measures	9	230	2%
Housing	224	204	1%
Social inclusion	14	347	2%
Development cooperation	1	22	0%
Sustainable	**469**	**7,251**	**50%**
Not determined	397	7,383	50%
TOTAL	**866**	**14,633**	**100%**

NEW DIRECT ACTIVITY ALIGNED WITH SDGS BY 2024

- ✓ **Impact of operations on eleven SDGs**
- ✓ **Decent Work, Climate Action, Affordable Clean Energy, and Sustainable Cities and Communities carry the most weight**

In addition to the classification presented, ICO also classifies direct financing operations according to the Sustainable Development Goals (SDGs). In the framework of the 2030 Agenda for Sustainable Development, the Spanish state must report on the activities that promote the achievement of the seventeen SDGs, and ICO, as a public body, must report on its contribution.

The main objective of ICO's financial activity is to contribute to SDG 8. Decent Work and Inclusive and Sustainable Economic Growth. EUR 3,203 million of new activity linked to SDG 8 was approved during this semester, with a mobilised investment of EUR 14,815 million.

It also highlights the contribution to the energy and climate transition through SDG 7. Affordable and Clean Energy and SDG 13. Climate Action, with a volume of approvals amounting to EUR 2,253 million and mobilised investment of EUR 21,431 million. These goals have been promoted by ICO through operations in renewable energies, sustainable mobility, energy transport and distribution and green bond underwriting, among others.

Finally, it is worth highlighting the support given to SDG 11. Sustainable Cities and Communities, amounting to EUR 720 million and a mobilised investment of EUR 1,868 million. This objective has been promoted through social housing and sustainable mobility projects.

Detail of new direct activity approved by SDG at year-end 2024:

SDG		Approvals (€ million)	%
SDG 1	The end of poverty	-	-
SDG 2	Zero hunger	-	-
SDG 3	Health and well-being	11	0.2%
SDG 4	Quality education	46	0.7%
SDG 5	Gender equality	36	0.6%
SDG 6	Clean water and sanitation	35	0.5%
SDG 7	Affordable and clean energy	1,010	15.6%
SDG 8	Decent work and economic growth	3,203	49.5%
SDG 9	Industry, innovation and infrastructure	89	1.4%
SDG 10	Reducing inequalities	-	-
SDG 11	Sustainable cities and communities	720	11.1%
SDG 12	Responsible production and consumption	58	0.9%
SDG 13	Climate action	1,244	19.2%
SDG 14	Life below water	14	0.2%
SDG 15	Life on land	-	-
SDG 16	Peace, justice and strong institutions	-	-
SDG 17	Partnerships to achieve the objectives	-	-
TOTAL		**6,464**	**100%**

x 4.6

SDG		Inv. Mobilised (€ million)
SDG 8	Decent work and economic growth	14,815

x 9.5

+

SDG		Inv. Mobilised (€ million)
SDG 7+13	Affordable and clean energy Climate action	21,431

x 2.6

SDG		Inv. Mobilised (€ million)
SDG 11	Sustainable cities and communities	1,868

Note: The multipliers are the result of the proportion between the total investment linked to the approved operations (mobilised investment) and the amount approved by ICO.

BALANCE SHEET DIRECT FINANCING ALIGNED WITH SDGS IN 2024

- ✓ **Impact of operations on fourteen SDGs**
- ✓ **Decent Work, Climate Action, Affordable Clean Energy, and Industry, Innovation and Infrastructure carry the most weight**

The balance is mostly concentrated in SDG 8. Decent work and Inclusive and Sustainable Economic Growth, with an outstanding amount of EUR 6,354 million.

Standing out in the trend of new activity is SDG 7. Affordable and Clean Energy and SDG 13. Climate Action, with an outstanding amount of EUR 5,056 million.

Finally, it is worth highlighting the contribution to SDG 9. Industry, Innovation and Infrastructure, with an outstanding amount of EUR 1,173 million. This objective has been promoted through infrastructure development projects for sustainable mobility, telecommunications infrastructure, and road construction and operation projects.

Detail of balance by SDG at year-end 2024:

SDG		Approvals (€ million)	%
SDG 1	The end of poverty	-	-
SDG 2	Zero hunger	12	0.1%
SDG 3	Health and well-being	92	0.6%
SDG 4	Quality education	20	0.1%
SDG 5	Gender equality	190	1.3%
SDG 6	Clean water and sanitation	97	0.7%
SDG 7	Affordable and clean energy	2,050	14.0%
SDG 8	Decent work and economic growth	6,354	43.4%
SDG 9	Industry, innovation and infrastructure	1,173	8.0%
SDG 10	Reducing inequalities	103	0.7%
SDG 11	Sustainable cities and communities	1,222	8.4%
SDG 12	Responsible production and consumption	282	1.9%
SDG 13	Climate action	3,006	20.5%
SDG 14	Life below water	20	0.1%
SDG 15	Life on land	-	-
SDG 16	Peace, justice and strong institutions	-	-
SDG 17	Partnerships to achieve the objectives	11	0.1%
TOTAL		**14,633**	**100%**

ICO MEDIATION FACILITIES IN SUSTAINABILITY

- ✓ **EUR 1,355 million approved with environmental and social impact, 48% of total new operations**
- ✓ **The impetus from the International Channel facility stands out, with 61% of new sustainable operations**

In its mediation activity, ICO demonstrates its commitment to sustainable financing through three lines of activity:

- **ICO mediation facilities**: according to the information reported in the Sustainability Annex, a survey on the categorisation of operations, a total of EUR 622 million in operations that generate a positive effect on sustainability were financed in 2024, representing 35% of the total financed activity.
- **Sustainable ministerial ICO facilities**: through the MAPA-SAECA facility, EUR 275 million with a positive social impact were mobilised by contributing to the support of economic sectors affected by drought and other climate risks; for its part, through the MIVAU Building Rehabilitation Facility, EUR 21 million were channelled, which will contribute positively to the environment by promoting projects to improve the building energy efficiency.
- **International Channel Facility**: operations totalling EUR 438 million were financed for renewable energy projects, sustainable mobility, electricity transmission and distribution, and wastewater management systems in Latin American countries.

Flow detail (new activity) at year-end 2024:

ICO Mediation Facilities	Total amount (€ million)	Sustainable	% Sustainable	Environment	Social
Amount disbursed (1)	1,798	622	35%	597	262
Sustainable ministerial ICO facilities					
Amount disbursed MAPA-SAECA Facility 2024	275	275	100%	-	275
Amount disbursed MIVAU Building Rehabilitation Facility	21	21	100%	21	-
International Channel Facility					
Amount disbursed	715	438	61%	432	6
TOTAL					
Amount disbursed	2,808	1,355	48%	1,050	543

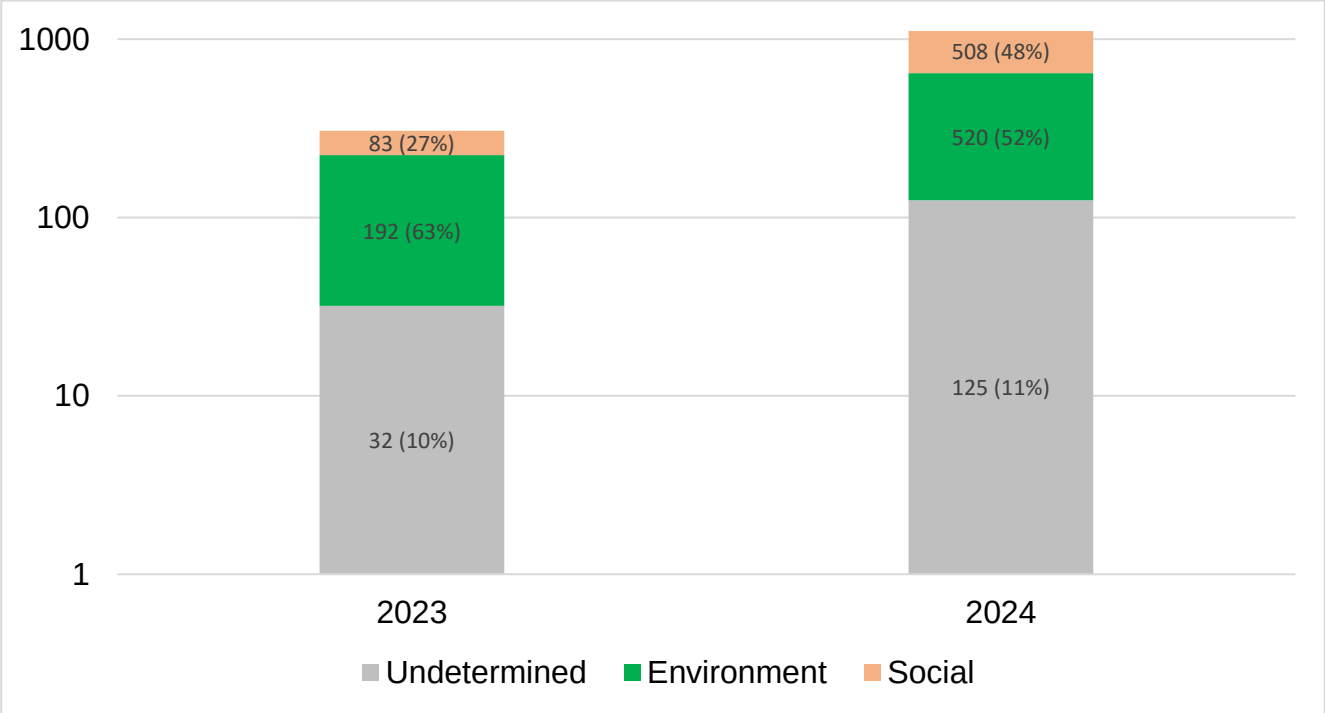
(1) Classification based on the information reported in the Sustainability Annex and the methodological criteria applicable to International Channel. An operation can contribute simultaneously to environmental and social objectives, so the sum of the environmental and social value is higher than the sustainable value. These criteria imply a different level of stringency to those applied in Direct Financing, International Channel and Axis, and are not homogeneous for the aggregation and comparability of the results obtained.

AXIS IN SUSTAINABILITY

- ✓ **EUR 1,028 million approved in sustainable investments in 2024, 89% of total new operations**
- ✓ **EUR 308 million in sustainable assets under management, 53% of the total**

The action taken by Axis through its investment activity reinforce ICO Group's clear positioning in favour of sustainability. A total amount of EUR 1,028 million in sustainable investments was approved in the 2024 financial year[9].

Flow detail (new activity) 2023-2024 (€ million):



* Approvals in FondICO-SME, Fond-ICO Sustainability and Infrastructures, Fond-ICO Next Tech.
Analysis of Fond-ICO Global approvals began as of 2024 (data expressed logarithmically).

EUR 775 million has been approved through **Fond-ICO Global**:

- EUR 725 million investment in seven funds under Article 8 of the SFDR Regulation (EU), the assets of which will be allocated to projects with an environmental and/or social impact.
- EUR 50 million investment in an Article 9 SFRD fund (EU), the assets of which will be allocated to technology companies mainly specialised in the agri-food sector.

A total of EUR 192.5 million has been approved through **Fond-ICO Next Tech**:

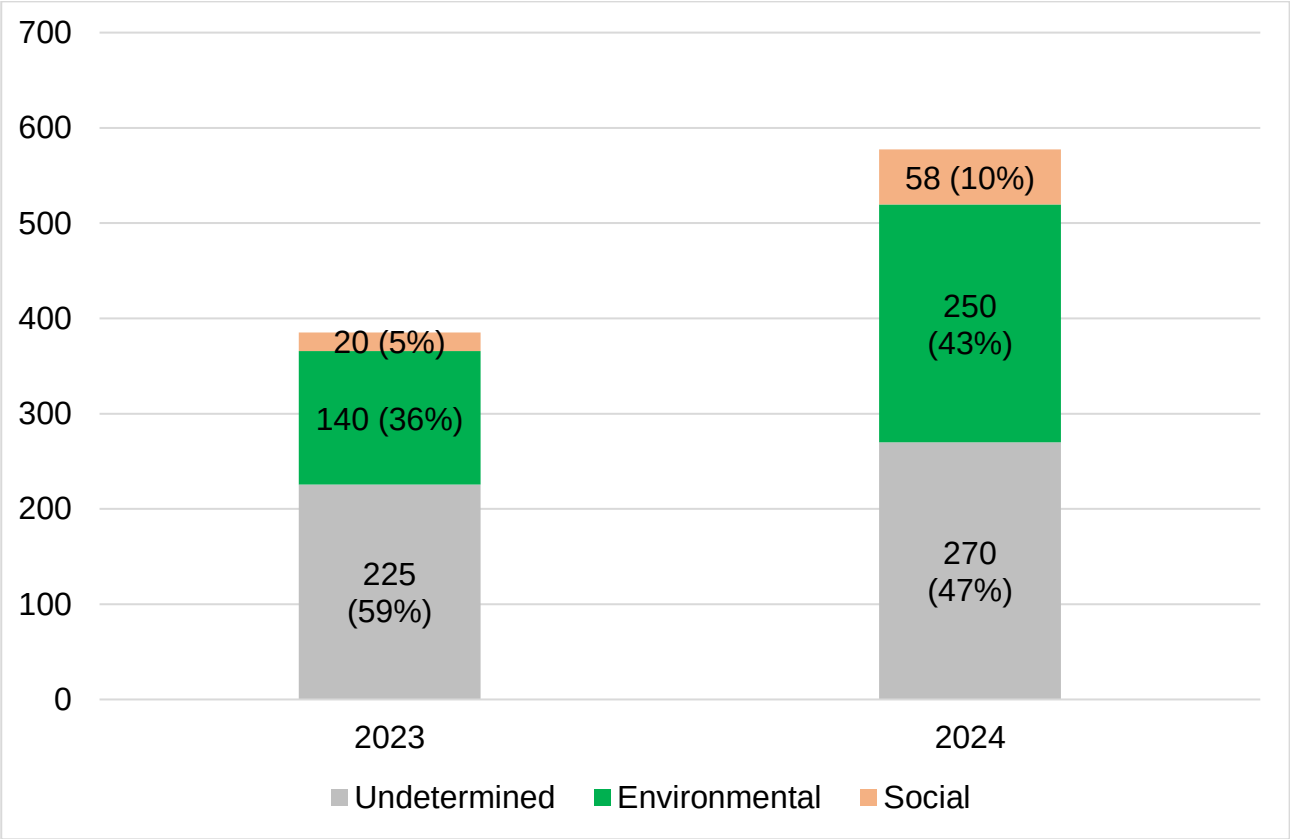
- EUR 185 million investment in four funds under Article 8 of the SFDR Regulation (EU), the assets of which will be allocated to projects with an environmental and/or social impact.
- EUR 7.5 million investment in one company whose activity contributes to the improvement of the treatment of diseases of the central nervous system.

EUR 60 million have been approved through **FOND-ICO Sustainability and Infrastructures**:

[9] In order to continue making a better analysis of ICO's activity, the study of FOND-ICO Global approvals has been included in this report for the first time. In the next steps, a study of the assets under management of this fund will also be initiated.

- EUR 30 million investment in an Article 9 SFRD fund (EU), the assets of which will be allocated to companies in the field of renewable energy and the circular economy.
- EUR 30 million investment in a wind energy project.

Detail of assets under management 2023-2024 (€ million):



* Assets managed in FondICO-SME, Fond-ICO Sustainability and Infrastructures, Fond-ICO Next Tech.

In terms of AXIS's assets, the total sustainable assets under management amounts to EUR 308 million:

EUR 122 million is managed through FOND-ICO Sustainability and Infrastructures:

- EUR 41 million investment in two companies that contribute to the development of photovoltaic solar energy.
- EUR 41 million investment in four funds under Article 9 of the SFDR Regulation (EU), the assets of which will be allocated to renewable energy and energy efficiency projects.
- EUR 30 million in sustainable investment through the Marguerite II fund for renewable energy, energy efficiency, sustainable data management and sustainable mobility projects.
- EUR 10 million investment in a fund under Article 8 of the SFDR Regulation (EU), the assets of which will be allocated to projects promoting environmental and social issues.

A total of EUR 159 million is managed through Fond-ICO Next Tech on a sustainable basis:

- EUR 64 million investment in five companies that contribute to the circular economy and sustainable mobility through their activities.
- EUR 55 million investment in four funds under Article 8 of the SFDR Regulation (EU), the assets of which will be allocated to projects promoting environmental and social issues.
- EUR 40 million investment in two funds under Article 9 of the SFDR Regulation (EU), the assets of which will be allocated to projects with an environmental impact.

A total of EUR 26 million is managed through the Fond-ICO SME's Sustainability and Social Impact initiative, on a sustainable basis:

- EUR 23 million investment in eight European social entrepreneurship funds.
- EUR 3 million investment in a fund under Article 9 of the SFDR Regulation (EU), the assets of which will be allocated to projects with an environmental and social impact.

CHANNELLING EUROPEAN FUNDS ON A SUSTAINABLE BASIS: INVESTEU, CEF AND RTRP ADDENDUM

- ✓ **EUR 118 million in funding approved under the European CEF-AFIF programme for the promotion of alternative fuels infrastructure**
- ✓ **It also invests in green infrastructure venture capital funds**

ICO, as European Commission Implementing Partner, collaborates with different Ministries, organisations and entities that channel resources from European programmes, including the European Commission's InvestEU Programme. Through this European programme, based on guarantees and which includes sustainable infrastructures (SIW) as one of its main lines of action, ICO will be able to facilitate Spanish companies' access to sustainable investment financing.

ICO, as Implementing Partner-IP of the European Commission for channelling European resources, will continue to provide blended financing (long-term ICO financing and EU CEF grant) for projects under the CEF programme. ICO is currently studying and contributing to the search for eligible projects under the CEF-AFIF programme, within the MFF 2021-2027, with a budget of EUR 1,575 million for the whole of Europe. This programme promotes the participation of private sector investors and financial institutions in projects that contribute to the environmental sustainability and efficiency of the transport sector in Europe by promoting alternative fuel supply infrastructures.

As European Commission Implementing Partner, ICO invests under the umbrella of the InvestEU programme, in the Sustainable Infrastructure and Social Investment and Skills policy windows.

Within the Sustainable Infrastructure window, the InvestEU guarantee backs 50% of ICO's investment in four venture capital funds worth EUR 199 million. These funds invest in sustainable infrastructure projects and the agricultural and industrial ecosystem, especially in Spain.

Within the Social Investment and Skills window, ICO will invest up to EUR 268 million, 50% of which is guaranteed by the InvestEU programme. This investment will be used for the development of housing for social or affordable rent. The signature on the extension of the guarantee commitment from the European Commission and the selection of the funds for the investment are in the pipeline and are expected to be completed during the first half of 2025.

During 2024 ICO continued to approve new financing operations for sustainable mobility projects for a total of EUR 118 million, which will be submitted to the European Commission to obtain the CEF-AFIF mechanism grant. These operations consist of the approval of EUR 70 million in financing for the development of infrastructure for the production and supply of decarbonised ammonia and methanol, the approval of EUR 15 million in financing for the development and implementation of 180 electric vehicle recharging points, the approval of EUR 13 million in financing for the development of infrastructure for the production and supply of renewable hydrogen for H2 light and heavy vehicles, the approval of EUR 7 million in funding for the development and implementation of 20 hydroline stations, the approval of EUR 2 million in funding for the deployment of electric charging infrastructure at the cruise pier of the port of Cartagena, and EUR 11 million in funding for the deployment of electric charging infrastructure for the port equipment of the Spanish boarding bridges at APM Barcelona, Valencia and Gijón terminals.

In addition, as mentioned above, over the coming years ICO Group will channel around EUR 40 billion from the loans of the RTRP Addendum, including specific resources to finance investments that support the green transition of companies. These resources will be made available to the Spanish productive fabric through mediation facilities, direct financing instruments and risk/private capital funds.

GREEN ASSET RATIO - ALIGNMENT WITH EUROPEAN TAXONOMY AT YEAR-END 2024

✓ **Reported voluntarily**

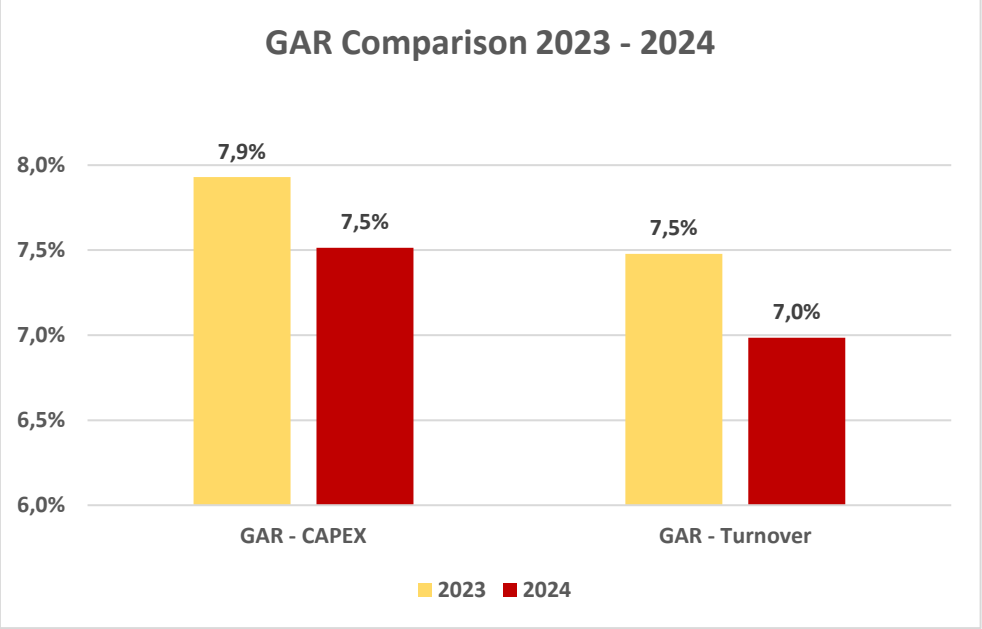
ICO Group promotes sustainability as one of the pillars of its strategy, implementing sustainable criteria in all its areas of action. This is why ICO has considered it a good practice to conduct an analysis of the taxonomic alignment of its credit portfolio. The methodology applied is an approximation to the criteria established under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, regarding the establishment of a Taxonomy to facilitate sustainable investments.

In this sense, it has been considered convenient to disclose the proportion of exposures to aligned economic activities with respect to the total assets covered in the GAR.

The ratios calculated as of 31 December 2024 are:

- % exposure to eligible economic activities (CAPEX): 14.3%
- % exposure to eligible economic activities (Turnover): 14.2%
- Green Asset Ratio (CAPEX): 7.7%
- Green Asset Ratio (Turnover): 7.2%

The comparative GAR 2023-2024 is as follows:



CONTEXTUALISATION OF GAR REPORTING

The information reported is voluntary, but it best meets the criteria defined under Regulation (EU) 2021/2178. The criteria and procedures used to calculate the Green Asset Ratio (GAR) are presented below:

With the purpose of having the most accurate information possible, publicly disclosed information was gathered and, in some cases, clients were contacted to:

- Confirm if the counterpart is a company subject to Articles 19 bis and 29 bis of Directive (EU) 2013/34 (public interest entities with over 500 employees).
- In generalist activities, request the Taxonomy disclosure tables.
- In fixed-purpose activities, confirm their alignment.

In the coming years, work will be done to complete the alignment information and, where appropriate, obtain supporting documentation from the counterparts.

Only stock information is reported this year. Work is under way so that, starting next year, flow information can be disclosed.

To calculate the ratio, the total assets covered by the GAR (denominator) have been considered. However, the eligibility and alignment analysis has only been applied to the credit portfolio (numerator).

For the mediation portfolio, it has been considered that the end client is made up entirely of small and medium-sized companies, counterparts not subject to NFRD.

For green bond transactions in which client information has not been obtained, the eligibility and alignment ratios reported in the Taxonomy Tables disclosed by the counterparts have been applied.

Due to the availability of information, a breakdown of the amount by facilitating and transition activities has not been given.

There is a 0.2% drop in GAR-CAPEX and 0.3% in GAR-VN compared to 2023. This variation is mainly explained by a decrease in the CAPEX and NAV KPIs reported by our counterparties, which are applied on the gross balances of generalist operations.

KEEP DRIVING AND EXPANDING THE SPANISH AND EUROPEAN SUSTAINABLE BOND MARKET

- ✓ **17 issues up to 2024 (6 green and 11 social) for an amount of EUR 8.55 billion**
- ✓ **Empowering projects that generate a positive social and environmental impact**

The Institute finances its medium and long-term activity mainly through debt issues on the capital markets and through bilateral loans from multilateral or private financial institutions. ICO is not financed through the General State Budget, nor does it take deposits from private individuals. During 2024, medium- and long-term funds amounting to EUR 10,887 million were raised, of which EUR 1,000 million were sustainable issues (9% of the total). ICO channels the funds raised with these operations towards the business community through its direct financing programmes, ICO Mediation Facilities and funds managed by AXIS.

ICO issued its first social bond in early 2015 when the guidelines had not yet been established. Since this first issue, ICO has demonstrated its leadership in the social bond market. ICO issued its eleventh social bond in June 2024 for an amount of EUR 500 million, maturing on 31 October 2029, to finance, in public-private partnership, projects of the self-employed, SMEs and Spanish companies that promote social and regional cohesion and have a positive impact on employment. With this issue, the fund volume raised in the social bond market by ICO issues amounts to EUR 5.55 billion.

ICO reinforced its commitment to the sustainable bond market with its first issue in the green bond market in 2019. ICO issued its sixth green bond in March 2024 for an amount of EUR 500 million to finance projects carried out by Spanish companies that contribute to furthering the eco-transition and the development of sustainable finance. This new operation brings the volume of green bonds issued

by ICO to EUR 3 billion and bolsters its commitment to developing the market for this type of transaction. With the funds raised in these operations, ICO has thus far promoted 44 projects that contribute to the deployment of renewable energy and sustainable mobility, which will avoid the emission of more than 1,163,433 tonnes of CO2 per year.

Transparency towards investors remains a cornerstone for ICO. The impact reports for 2023 issues of the social bonds[10] and green bonds[11] were published in 2024. These reports provide investors with information on the destination of the funds raised and the impact generated. The funds raised through the social bond reported in 2024 (tenth social bond, issued in 2023) financed 3,637 projects, mobilised more than EUR 674 million and enabled the creation or retention of 45,049 jobs in regions with below-average GDP per capita. In addition, funds have also been earmarked to finance access to health care, education, social housing and infrastructure for drinking water supply and sewage treatment. With the green bond reported in 2024 (fifth green bond, issued in 2023), 11 projects in the categories of renewable energies and clean transport were financed, which will avoid the emission of 287,479 tonnes of CO2.

With the 17 sustainable operations (11 social and 6 green), with a total amount issued amounting to EUR 8.55 billion, ICO reaffirms its role as a key player in the sustainable bond market, channelling these resources towards projects that drive sustainable growth.

ICO has also undertaken other initiatives to promote this sustainable debt issuance market. In July 2024, ICO brought together international investors and issuers at the 8th ICO Sustainable Bond Forum, a benchmark event to analyse the evolution of green, social and sustainable bond markets. The event was organised by ICO in collaboration with BBVA, Crédit Agricole, HSBC, ING and Santander.

IMPETUS FROM SUSTAINABILITY INITIATIVES

- ✓ **Ensuring a more sustainable and inclusive economic growth model**

EQUATOR PRINCIPLES

The Equator Principles (EP) are the framework used by the finance industry for the identification, assessment and management of potential environmental and social risks in project financing. Published in 2003, they are based on the Performance Standards of the International Finance Corporation (IFC) and the Environmental, Health and Safety (EHS) Guidelines of the World Bank.

In line with its values and its mission to promote a more sustainable economy, ICO signed the EP in October 2016 and reaffirmed its commitment to the Principles by signing a new membership agreement in 2023 with the aim of improving its risk management system for large financing projects and to identify and mitigate potential negative impacts on the environment, people and the climate that these projects could cause.

In the projects it finances, both nationally and internationally, ICO categorises projects by risk and encourages clients and borrowers to implement environmental and social management systems in the planning and execution of their projects.

[10] Link to the social bond report: https://www.ico.es/documents/20124/39502/Reporting+SB+JUL+2023.pdf/154f214d-6a22-9193-8381-2da418a9c2a6?t=1721302889554

[11] Link to the green bond report: https://www.ico.es/documents/20124/660035/Reporting+ICO+GB+feb+2023.pdf/d564fbc4-a082-cd0d-ebb1-4139778cd80d?t=1708431199608

ICO voluntarily adopts the Equator Principles and undertakes to become a benchmark in their management and compliance, including the annual publication of all projects financed within their scope and following the reporting guidelines indicated in the Principles themselves[12].

In 2024, ICO participated in the annual meeting of the EP Association, which was attended by 131 signatory entities and focused on strengthening the quality and consistency of environmental and social risk management frameworks in financial institutions.

INTERNATIONAL CLIMATE FINANCE STRATEGY

ICO is part of the Spanish International Climate Finance Strategy, approved by the Council of Ministers, which aims to meet Spain's commitments in terms of international climate finance, specifically in countries defined as non-Annex 1 in the United Nations Framework Convention (developing countries).

ANNUAL PARTICIPATION IN THE ELABORATION OF THE SDG BUDGET ALIGNMENT REPORT

Each year ICO participates, together with other public bodies, in preparing the report on the alignment of the General State Budget 2024 with the Sustainable Development Goals of the 2030 Agenda, which is carried out by the Ministry of Finance. ICO has submitted the contribution of its initiatives to the Sustainable Development Goals, assessing them in accordance with the methodology proposed by the Ministry of Finance in the ministerial order laying down the rules for the drawing up the General State Budget for 2024. (Order HFP/1254/2023 of 23 November).

JOINT INITIATIVES WITH OTHER NATIONAL PROMOTIONAL BANKS

Joint Initiative for the Circular Economy (JICE)

ICO is part of JICE from 2019, together with other national promotional banks such as BGK (Poland), CDC (France), CDP (Italy), KfW (Germany) and the EIB. JICE aims to avoid and eliminate waste, increase resource efficiency and foster innovation by promoting circularity in all sectors of the economy.

Initially, JICE committed to fund circular economy projects with a total of EUR 10 billion between 2019 and 2023. By the end of 2023, the initiative exceeded this target, reaching EUR 11.57 billion in funding. In April 2024, during the World Circular Economy Forum, JICE decided to extend its financial commitment to EUR 16 billion for circular economy projects until the end of 2025.

In addition, it welcomed Invest-NL, the national promotional bank of the Netherlands, as a new member of the initiative.

Clean Oceans Initiative (COI)

From 2020, the Institute will participate in the COI Initiative, together with the EIB, the Agence Française de Développement (AFD), the German KfW, the Italian Cassa Depositi e Prestiti (CDP) and, from 2022, the European Bank for Reconstruction and Development (EBRD).

This initiative aims to support projects in Asia, Africa and Latin America that reduce ocean pollution, with a special focus on the management of plastic and other solid waste through collection, treatment, recovery and recycling.

In February 2022, the COI extended its funding target to EUR 4 billion by 2025, doubling its initial goal. By October 2024, the initiative had reached 80% of this target, with EUR 3.2 billion invested in 90 projects benefiting more than 20 million people in Africa, Asia, Latin America and Europe.

[12] The following link provides access to ICO's annual reports:
https://www.ico.es/quienes_somos_ico/transparencia_y_buen_gobierno/principios_de_ecuador

By sector, approximately 67% of funding has been allocated to wastewater treatment, 22% to solid waste treatment and 11% to storm water management. These joint efforts reflect the commitment of the COI and its partners to the fight against ocean pollution and the worldwide promotion of sustainable practices.

European Long Term Investors Association (ELTI)

This group brings together 33 banks and national promotional entities of the European Union, including ICO, with the EIB as a permanent observer. ICO is a member of the ELTI Management Board. In 2024, the group welcomed Nordic Investment Bank, a public international financial institution of the Nordic and Baltic countries based in Helsinki, Finland. ELTI entities channelled new funding amounting to EUR 310 billion in 2023—more than 30% of which is qualified as sustainable finance—into projects in the energy, digitalisation and climate change sectors, in line with EU and Member State priorities. ELTI members have validated the new 2023-2033 Strategic Framework, where national promotional banks reaffirm their commitment to continue working in public-private partnerships to promote long-term financing for companies, with a special focus on SMEs, and projects in the fields of innovation, sustainable finance, infrastructure development, education and housing.

Water Finance Coalition (WFC)

ICO became a member of the WFC coalition in 2021. The aim is to promote and improve financing of the water and sewage sector to meet SDG 6 of the Paris Treaty and to contribute to the protection of biodiversity through the establishment of a network of domestic and international National Promotional Banks. The coalition meets quarterly to collaborate, research and share knowledge. The founding members are AFD, CAF, EIB, the World Bank and Sanitation and Water for All (SWA), with CAF acting as chair. At the Finance in Common Summit in September 2023, the WFC Declaration signed in 2021 was renewed and expanded. This declaration has been endorsed by ICO and has defined objectives aimed, among others, at contributing to attracting finance for climate commitments and increasing financing for water security.

3 COMMITMENT TO SOCIETY

ICO Group's activity is primarily financial and therefore aims to have an effect on Spanish society and the Spanish economy mainly through its financial initiatives. Such an impact has been described above. However, not all of the Group's contribution to society is through its financial products. Through various initiatives and projects, ICO Group contributes directly to the sustainable development and prosperity of communities, economically, socially and culturally. The Corporate Social Responsibility Policy and the Sustainability Policy specify the Group's strategic orientations.

The bulk of the Group's non-financial activities with an impact on society are conducted through Fundación ICO, whose activity is summarised in a specific section. It has an impact in multiple areas through its support for culture, knowledge and sustainability in general. Its activity contributes to disseminating ICO Group's actions, supporting environmental, economic and social initiatives that share the Group's objectives and facilitating society's awareness of ICO's activity, as well as its collaboration and social interaction with individual stakeholders and other public and private entities. The Fundación's activities add value by being complementary to those of the rest of the Group, and adding to them.

But these actions do not end there, as it makes positive contributions through its human rights policies, the treatment of clients and suppliers or specific initiatives such as corporate volunteering. Finally, ICO Group also contributes to the support of public expenditure through the generation of profits from its activity and the payment of the corresponding taxes in Spain.

3.1 PROMOTING CULTURE AND KNOWLEDGE

AREA OF ART AND SUSTAINABLE ARCHITECTURE

ICO COLLECTIONS

ICO Collections represent some of the most important artistic contributions of the 20th century in Spain. The loan of its works to domestic and international cultural institutions continued in 2024 to further consolidate the dissemination of this exceptional collection. A comprehensive review of ICO Collections was also undertaken and the usual preventive conservation tasks were conducted.

PARTNERSHIP WITH MUSEO NACIONAL CENTRO DE ARTE REINA SOFÍA

Within the framework of the partnership agreement signed by Fundación ICO and the Museo Nacional Centro de Arte Reina Sofía (MNCARS) on 30 August 2012, which has been extended twice, seven works from ICO Collections have been on loan at the MNCARS since 9 July 2013. In 2023, the loan contract with MNCARS was renewed for a five-year period.

TEMPORARY LOANS

The following requests for temporary loans from ICO Collections were handled in 2024.

- **Collection of Contemporary Spanish Painting (various works):** exhibition *Los años ochenta*, CEART Fuenlabrada Exhibition Centre, Madrid (from 17 February to 30 June 2024).
- **Eduardo Arroyo, *3 October 1990* and *Mesa Tío Pepe*:** Eduardo Arroyo exhibition, Bancaja Foundation, Valencia (from 22 February to 1 September 2024)
- **Eduardo Chillida, *Del plano oscuro*, 1956:** exhibition of Spanish Art from the second half of the 20th century. Tribute to the Gallery La Casa del Siglo XV, Sala Fundación Torreón de Lozoya, organised by Fundación Arte, Cultura y Patrimonio (from 17 May to 28 July 2024)
- **Pablo Ruiz Picasso, *Femme debout*, 1961 and Alberto Sánchez, *Homage to women*, 1960:** exhibition Chillida and the arts of his time (1950-1970) Museo San Telmo, San Sebastián (from 7 June to 29 September 2024).

- **ICO Collections (9 works):** exhibition *Els anys 80*. *La benedicció del caos*, Centre d'Art d'Escaldes-Engordany (Andorra) (from 5 July to 5 October 2024).
- **Pablo Ruiz Picasso*, Nude,* 1934:** exhibition *Picasso and the model. Profile of Jacqueline,* Bancaja Foundation, Valencia (from 19 September 2024 to 2 February 2025).

ICO COLLECTIONS ON THE CER.ES NETWORK

Since 2016, ICO Collections have been part of the Digital Network of Museum Collections in Spain[13] (CER.ES). This is a network managed by the Ministry of Education, Culture and Sport, which allows the online dissemination of the archives belonging to ICO Collections.

MUSEO ICOEXHIBITIONS

Fundación ICO, in addition to being entrusted by ICO with the management of its art collections, is in charge of the temporary exhibition programme of ICO Museum, which since 2012 has specialised in the research and dissemination of Architecture as an artistic and cultural discipline.

The exhibitions offered to the public at Museo ICOwere as follows:

- **Colonisation villages.** Glimpses of an invented landscape, from 14 February to 12 May 2024. First exhibition on the process of creation and development of 300 organised villages by the Instituto Nacional de Colonización. Produced by Fundación ICO and curated by Ana Amado and Andrés Patiño. The catalogue was published with Ediciones Asimétricas and both editions (2,000 copies) were sold out.
- ***Iwan Baan. Instants in Architecture (PHE24)*,** from 6 June to 8 September 2024. First international stop of the Dutch photographer's retrospective. It consists of photographs and film that provide an overview of early 21st century architecture around the world. Produced by Vitra Design Museum. Curated by Mea Hoffmann. Catalogue published by La Fábrica.
- ***José María García Paredes. Espacios de Encuentro*,** [Meeting Spaces] from 2 October 2024 to 12 January 2025. Produced in special collaboration with MNCARS. Exhibition commemorating the centenary of the architect and the first major retrospective of his work in the 21st century. Curated by Angela García de Paredes. Catalogue published by Fundación ICO in collaboration with Arquitectura viva

Museo ICOreceived a total of 49,857 visitors in 2024.

COMPLEMENTARY ACTIVITIES AND INCLUSION AND ACCESSIBILITY

This section includes guided tours and cultural mediation, workshops for schools, families and young people, and workshops for people with cognitive disabilities. All these activities are offered to the interested public free of charge.

Special attention has been devoted to issues of inclusion and accessibility, working on activities especially with deaf and intellectually disabled people, aimed at facilitating access to Museo ICOand the enjoyment of its activities by all types of public. Special mention should also be made of the Empower Parents programme for families with children with Autism Spectrum Disorder. 1,092 people have participated since 2013 and after transferring the methodology to eight exhibition spaces forming the Empower Parents Network.

SUSTAINABLE ECONOMY AND FINANCE AREA

The Economics Area promotes activities aimed at generating and disseminating knowledge in economic and financial matters, mainly through shared reflection and debate between experts and actors in these fields, with a special focus on the Circular Economy and sustainable finance. The

[13] http://ceres.mcu.es

activities in this area are classified into four main sections: publications, training, collaborations and discussion platforms.

PUBLICATIONS

Classics of Spanish economic theory

As part of the collection published in collaboration with the Real Academia de Ciencias Morales y Políticas, two works were published: "*Pablo Pebrer. Colección de Memorias y Documentos"* [Pablo Pebrer. Memoirs and Documents] and "*Enrique Fuentes Quintana. Historia del Pensamiento económico y financiero*" [Enrique Fuentes. History of Economic and Financial Thought].

Audiovisual project "*A hombros de gigantes*[14]" [On the Shoulders of Giants]

In 2024, a project to disseminate classics of economic theory was launched at the initiative of Fundación ICO, with the collaboration of the Complutense University and the ICEI. Six videos have been produced, in the form of a dialogue or debate between two economists, exploring issues examined in classical economics, especially in the books that make up Fundación ICO's collections of economic theory and related to current affairs.

EURO 2024 Yearbook

Published under the title "Moving forward in times of disinflation, fiscal consolidation, and challenges to prudential policies[15]", wholly in English. It features 10 articles by experts in different fields, as well as an executive summary by its coordinator, Fernando Fernández.

On 20 March 2024, a presentation was held in the auditorium of the Uría&Menéndez law firm, with the participation of Salvador Sánchez-Terán, Managing Partner of Uría&Menéndez, Lola Solana, President of the Instituto Español de Analistas [Spanish Institute of Analysts], José Carlos García de Quevedo, President of Fundación ICO and the coordinator of the yearbook, Fernando Fernández. This was followed by a round table discussion with the Secretary General of the Treasury and International Finance, Paula Conthe, the Director General of Economics and Statistics of the Bank of Spain, Ángel Gavilán, and the Director of the Bruegel Foundation, Jeromín Zettelmeyer.

Journals on Sustainable Finance and the Circular Economy

The aim of this periodical is to give an eminently practical form to current topics of interest in these matters, with the collaboration of prestigious authors who are active in the business world. They are coordinated by Analistas Financieros Internacionales (AFI).

Issue 4[16], dedicated to the Circular Economy and presented on 29 May, and issue 5, dedicated to Public Banking and Sustainable Finance, presented in December, were published in 2024, in both cases presented at ICO offices.

Annual Report of Fundación ICO 2024

In 2024, Fundación ICO's Annual Report for the financial year 2023 was published.

Other publications

"***La construcción industrializada: palanca para la sostenibilidad y asequibilidad de la vivienda"*** **[Industrialised construction: a lever for sustainability and affordability of housing]**

A study by an AFI research team that analyses the economic and social impact that industrialised construction's contribution to successfully addressing different challenges will have.

[14] https://www.fundacionico.es/en/a-hombros-de-gigantes

[15] https://www.fundacionico.es/economia/anuarios/anuario-del-euro

[16] https://www.fundacionico.es/en/cuadernos-de-finanzas-sostenibles-y-economía-circular

TRAINING

MUSEOGRAPHY GRANT

It has remained unchanged since 2006. The grant is aimed at Art History graduates, with knowledge of English and, preferably, specialised training in museology and museography.

In 2024, this grant was not called, as the grant was renewed for a further year for the grantee, in accordance with the terms and conditions of the call for proposals. Her training period will therefore end in February 2025.

SUSTAINABLE FINANCE TRAINING PROGRAMME FOR SMES

Sustainability Awareness Days for SMEs with the Chamber of Commerce

Throughout 2024, eleven conferences were held in different Spanish cities**,** in collaboration with the Spanish Chamber of Commerce and the regional Chambers of Commerce Network. These sessions are practical in nature and focus on the needs and concerns of SMEs regarding this matter, especially on the regulations that affect them. The Guide *"La sostenibilidad, ¿qué es y cómo afecta a mi empresa?"* [Sustainability, what is it and how does it affect my company?][17]", prepared specifically for this project, is presented and a round table discussion is held in which SMEs from the area with successful experiences present themselves and lessons learned.

FINANCIAL EDUCATION PLAN

The Bank continued to support and participate in the activities of the Financial Education Plan (PEF for its Spanish initials) created in 2008, at the initiative of the Bank of Spain and the CNMV, with the aim of carrying out and promoting campaigns that help citizens to make informed financial decisions in line with their profile and needs, thereby reinforcing the sustainability of the financial system.

The plan has been articulated through the following activities:

Financial Literacy Day

On 9 October, to celebrate Financial Literacy Day, a group of 5th and 6th graders from the Montanyans School (Sant Marçal) visited the Faculty of Economics and Business of the University of Barcelona, organised by Fundación ICO and the University itself. They were shown the main areas of university life (classrooms, cafeteria, library, copy shop) and were presented with various challenges related to financial literacy.

Financial literacy course for primary school teachers

Within the framework of the agreement signed with the University of Barcelona and the Autonomous University of Barcelona, which enabled the creation of this course, work was carried out to finalise the associated e-book associated and the first two editions were held. The course, hosted on the UB's virtual campus, provides teachers with the skills and tools to bring basic notions of financial education to the primary school classroom through everyday situations in four settings (school, shops, the home and banks) and the questions and doubts that arise from them.

The course received the Finance for All Award of the Financial Education Plan in October 2024.

[17] https://www.fundacionico.es/documents/137403/665877/KPMG_GuiaPyme_VF.pdf/cb68c6c3-9e63-b8ee-ac10-bd00b8cfe8d0?t=1710761753129

Fundación ICO and the University of Barcelona, winners of the 2024 "Finance for All" award

The University of Barcelona (UB) and Fundación ICO have been awarded the renowned "Finance for All" prize at the 9th edition of the Financial Education Plan (PEF) awards, organised by the Ministry of Economy, the Bank of Spain and the CNMV. This award highlights the work of the UB and Fundación ICO for their contribution to improving children's financial literacy through the training of primary school teachers. The award-winning project, an online financial education course, was designed and developed by a team of experts from the UB's Faculty of Economics and Business in collaboration with the Faculty of Education Sciences at the Autonomous University of Barcelona (UAB), with the support of Fundación ICO. The course has been created with the aim of providing primary school teachers with didactic tools and content to incorporate financial education into the curriculum, in line with the objectives set out by Royal Decree 157/2022, which establishes the introduction of financial literacy in primary education.

An innovative and necessary project

The initiative began in 2022 in response to the growing need to incorporate the teaching of financial literacy from an early age. This project is innovative in that it specifically targets primary school children, as they are an integral part of the economic system and need to understand the value of money, savings and what it is to be a consumer from an early age.

The project has been recognised not only for its innovation, but also for its potential long-term impact, promoting a more informed and resilient citizenry in the face of economic decisions.

Student visits to ICO

Fundación ICO coordinates and organises visits to ICO by high school, vocational training and university students. In 2024, more than 250 students were welcomed.

Financial literacy programme for entrepreneurship

An agreement was signed with the AFI Foundation and the Youth Business Spain Foundation for the development of the programme "Improving entrepreneurial success". This is a financial literacy programme whose objective is to increase, improve and perfect the financial knowledge of young entrepreneurs. To this end, training was given to entrepreneurship technicians from various

associations, entities, foundations or organisations that support young entrepreneurs. A multiplier effect is sought through the entrepreneurship technicians**,** a key factor in the development and growth of these young people, who are supported in the development of their businesses and self-employment initiatives.

The programme is also supported by the Ministry of Social Rights and Agenda 2030.

Avanza Joven Programme

Another collaboration is with the Nantik Lum Foundation in the implementation of the Avanza Joven programme, aimed at vocational training students, with special attention to those who belong to vulnerable groups in the municipality of Madrid. The project aims to foster socio-occupational and financial inclusion and offers training and mentoring in entrepreneurial, digital and social innovation skills, supporting young people in designing and launching their own economic initiatives.

The programme is supported by the Mutua Madrileña Foundation.

CIRCULAR ECONOMY

Superheroes

This is a programme to promote the circular economy in primary school pupils between the ages of 8 and 12 (3rd to 6th grade of primary school), which is conducted in in-person workshops adapted to each class year. 115 workshops were held in 2024, reaching 2,613 students. The programme is implemented through a contract with the company Natur del Siglo XXI.

Re-edition of the MOOC on the circular economy

The second edition of this MOOC was open to the public throughout 2024 on the virtual campus of the National Distance Education University (UNED), with updated content; the latest regulations were incorporated, as well as information on the progress of the Circular Economy Action Plans, plus new practical examples through links to the podcast series and new videos.

COLLABORATIONS AND DISCUSSION PLATFORMS

Fundación ICO promotes collaborations with other entities and discussion platforms that foster reflection and expert analysis by creating work forums and exchanging experiences and knowledge on highly specialised subjects, most of which are complementary to the activities carried out by ICO, thus enhancing the Institute's image. The main activities in 2024 were:

BRUEGEL Foundation

Fundación ICO is a member of this Brussels-based non-profit organisation, whose mission is to contribute to improving the quality of economic policies through research, analysis and open debate.

Ibero-American Business Foundation (9th Meeting of Multi-Latino Companies)

In collaboration with the Ibero-American Business Foundation (FIE for its Spanish initials), the 9th Meeting of Multi-Latino Companies was held at the Menéndez Pelayo International University branch in Santander from 10 to 12 July 2024. These meetings aim to provide an overview of the current state of economic and social relations between the European Union and Latin America, highlighting the role of multi-Latino companies in this context.

SERES Foundation (Fundación Sociedad y Empresa Responsable)

In 2024 this collaboration continued in the partnership status. SERES activities and products are designed to drive and measure the social impact of business activity, contributing to the promotion of corporate social engagement.

Collaboration with the Spanish Global Compact Network and ICEX in the Training Programme: Sustainable Suppliers.

Fundación ICO collaborated with the UN Global Compact in Spain and ICEX in the development and implementation of the second edition of the sustainable supplier training programme. This is an international programme (50 countries) aimed at training the supply chains of large Spanish companies (37), partners of the initiative in Spain, in the area of sustainability, taking as a reference the Ten Principles of the UN Global Compact and the Sustainable Development Goals (SDGs). The second edition of the programme closed in October 2024 with 1,952 SMEs completing the programme.

CRE100DO Foundation

Fundación ICO continued its collaboration with the CRE100DO Foundation by promoting working forums for the Community of Chief Financial Officers, promoting best practices in the digital transformation and technology, innovation, strategy and vision, serving as an example to smaller companies in their achievement of excellence.

Fundación ICO and the CRE100DO Foundation share the objective of promoting excellence in mid-sized Spanish companies, encouraging best management practices, the adoption of new technologies, collaboration between companies, and social and environmental responsibility.

In addition to the above, the collaboration with the Barcelona International Architecture Film Festival (BARQ) continued, making possible the Spanish première on 14 November of the documentary Rehab from Rehab, about the Basel REHAB clinic, designed by the architects Herzog & de Meuron, which aims to put the physical care and mental well-being of patients on the same level, and the relationship between architecture, well-being and health.

Collaboration with the University of Zaragoza for the organisation of the seminar *Economía y Economistas españoles* (Economy and Spanish Economists. an homage to Professor Enrique Fuentes Quintana, Jaca, 17-19 July 2024) with the aim of looking back on the ideas of the leading Spanish economists of the past and the major protagonists of Spain's economic modernisation.

Fundación ICO took part in the 4th ESG Forum: the strategy that marks the path forward in the business world. El economista.es, held on 11 November 2024, where the main figures in the field of sustainability met and discussed the current landscape and the roadmap for sustainable finance.

3.2 ICO'S ROLE IN SOCIETY

3.2.1. HUMAN RIGHTS

ICO recognises respect for human rights and, therefore, the protection of people's dignity, well-being and development, as a basic and inescapable pillar upon which to build and manage all its activities.

As explained in point 4 of this document, in its internal management, ICO Group ensures the protection of human rights by integrating mechanisms for the Prevention of Money Laundering and Terrorist Financing, the Internal Code of Conduct in the Securities Market and the Group's Code of Ethics and Conduct, as well as the various internal procedures to prevent any type of corruption or bribery.

ICO also integrates the protection of human rights by providing its staff with appropriate training, awareness-raising and initiatives. In this respect, ICO Group is especially and expressly committed to:

- The Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- Freedom of association and effective recognition of the right to collective bargaining.

- Equal treatment and opportunities for men and women and the fight against all forms of discrimination.
- Work-life balance.
- Professional development and training.
- Occupational health and safety.
- Reconciliation of professional activity with respect for the environment.
- Socio-occupational inclusion of groups with functional diversity.
- Corporate volunteering.

In its role as a financier, ICO promotes development and social welfare by expressly prohibiting the financing of any activity that could have the effect of violating human rights. In addition, ICO Group, in its commitment to the United Nations Guiding Principles on Business and Human Rights, ensures that its financing incorporates the protection, respect and redress of potential harm that its financial activity may cause and will ensure that its borrowers or counterparties do not use funds received from ICO Group for activities that may be related to the violation of human rights.

As a signatory to the Equator Principles, the group relies on due diligence processes to identify and avoid the human rights impact of its major funding projects.

In its relationship with suppliers and in compliance with the requirements of the Public Sector Contracts Act, ICO Group prohibits the contracting of natural or legal persons convicted of terrorism, the constitution or integration of a criminal organisation or group, illicit association, illegal financing of political parties, human trafficking, corruption in business, influence peddling, bribery, fraud, offences against the Public Treasury and Social Security, offences against workers' rights, prevarication, embezzlement, negotiations prohibited to civil servants or money laundering.

With regard to the prevention of money laundering, the beneficial ownership of successful bidders is verified in all tenders, in accordance with the provisions of the AMLTFL.

These obligations have been particularly reinforced in tendering procedures related to the RRM, which have employed the Declaration of Absence of Conflict of Interest in accordance with Order HFP/1030/2021 of 29 September, which sets out the management system of the Recovery, Transformation and Resilience Plan or Order HFP/55/2023 of 24 January, on the systematic analysis of the risk of conflict of interest in the procedures that implement the Recovery, Transformation and Resilience Plan, as appropriate.

These measures are also a tool to prevent corruption and bribery.

The verification that the companies are not prohibited from contracting (see Article 71 PSCA) is not only verified during the contract tendering phase and prior to its execution, but it is also verified against the Official Register of Tenderers and Classified Companies (ROLECE in its Spanish abbreviation, specifically Article 337 et seq. of the PSCA) prior to the execution of extensions and amendment of contracts, which provides for better monitoring.

On the other hand, the tender specifications establish ICO's power to request additional documentation from contractors in the event of uncertainty regarding the compliance with these points and the termination of the contract in the event that the contractor is found to be in breach of a prohibition to contract.

In 2024, ICO contractors have not been found to be prohibited from contracting.

In addition, obligations of a social nature are incorporated into the procurement and tendering mechanisms in order to ensure that providers comply with human rights and labour regulations, such as, for example, establishing the obligation for the contractor to comply with the Sectoral Agreement, this requirement being considered a special execution condition in accordance with Article 202 of the PSCA. This implies that failure to comply with this obligation may lead to termination of the contract.

In its business relations and in step with its commitment to promote SDGs and the 2030 Agenda, it also promotes the 10 Global Compact Principles which, in terms of human rights, determine that companies

should support and respect the protection of fundamental human rights within their sphere of influence, and that companies should ensure that their employees are not complicit in human rights abuses.

With regard to its environment and society, ICO's own purpose and the performance of its professional activity fosters people's development and the positive impact on the progressive sustainability of the economy, fighting poverty and social differences and, therefore, collaborating in the minimisation of human rights violations.

Finally, ICO has a channel for external reports, complaints or suggestions, and an Information area that manages, transfers and resolves, in internal coordination with the necessary departments, any communications received from third parties and the different stakeholders, as detailed in subsequent sections.

During 2024, no complaints were received in relation to human rights violations in the course of the business of ICO, its business partners or its suppliers, nor in the previous year.

3.2.2. SUPPLIERS

ICO Group falls within the scope of application of Law 9/2017 of 8 November, on Public Sector Contracts (hereinafter, PSCA), although to a different extent depending on the legal nature of each entity forming part of ICO Group.

Thus, Instituto de Crédito Oficial and Fundación ICO are considered to have contracting authority and do not pertain to public administration. Therefore, the contracting of both entities is governed in accordance with the provisions of Articles 316 et seq. of the PSCA.

Furthermore, ICO, as a State Enterprise, is subject to centralised procurement rules, which means that there are a series of goods and services whose procurement must be centralised, as per Ministerial Order EHA/1049/2008 of 10 April, and must be contracted through the Dirección General de Racionalización y Centralización de la Contratación, the central procurement office.

For its part, AXIS does not have the status as a contracting authority, and is governed by the provisions of Articles 321 and 322 of the PSCA. In compliance therewith, it has approved the Internal Procurement Instructions that govern procurement procedures, guaranteeing the effectiveness of the principles of publicity, concurrence, transparency, confidentiality, equality and non-discrimination.

ICO integrates environmental and social criteria in supplier management procedures, aligning itself with international standards and reinforcing its commitment to a responsible value chain. Until October 2024, each procurement procedure included a report drawn up by the Human Capital and CSR department, which assessed the relevance of incorporating sustainability clauses, with special attention to the tie-breaking criteria set out in Article 147 of the PSCA.

At the end of 2024, this approach changed through the drafting of a work document addressed to the management and procurement departments, which provides suggestions and standardised model clauses for incorporating environmental and social criteria in tender documents. In addition, contract requirements have been toughened by including mandatory conditions requiring contractors to meet specific sustainability and social responsibility targets. Compliance is verified by statements of compliance and documentary checks throughout the execution of the contract and, in some cases, at the end of the contract.

On the other hand, the capacity to act and the economic and technical solvency of the suppliers are analysed in accordance with the provisions of the PSCA and the specifications of each contract. Due diligence procedures are also carried out with suppliers in accordance with the sector regulations in force. The contracts expressly include the obligation to abide by ICO Code of Conduct. Each contract has a contract manager who is the person in charge of ensuring proper compliance therewith, and before each extension or amendment, the appropriate checks on the contractor's capacity to act are conducted again.

All tenders and contracts signed are accessible through the Public Procurement Platform. They are also accessible through ICO Transparency Portal in accordance with the provisions of Article 8.1 a) of Law 19/2013 of 9 December, on transparency, access to public information and good governance.

In 2024, 71 tendering processes were launched for the procurement of goods and services for a total amount of EUR 40.2 million, 35.8 million of which were for the 24 tendering processes subject to harmonised regulation.

In 2023 these figures amounted to 54 tendering processes for an amount of EUR 26.3 million, 24.2 million of which corresponded to the 20 subject to harmonised regulation.

During the 2024 financial year, suppliers were paid an amount of EUR 35.1 million, 35 million of which were to suppliers resident in Spain (99.7%), compared to the EUR 32.2 million paid in 2023 (99.2% to resident companies).

3.2.3. CUSTOMERS

Consumer health and safety measures

ICO Group, due to its financial services activity, does not have a significant impact on consumer health. Therefore, given the nature of ICO Group's business, there were no significant impacts on customer health through any of the categories of products and services offered in 2024, as in 2023. Therefore, there were no incidences or cases of non-compliance in this area either.

In terms of consumer safety, the only area identified is the protection of consumers' personal data, as described in point 4.3

Complaint systems, complaints received and their resolution

Communication with our stakeholders and, in particular, with our clients, is considered by ICO Group to be one of the main tools for continuous improvement and for gathering information to define our future lines of action. ICO Group, through its centralised information area, has three channels for communication with the public:

- Written support is provided through the corporate website[18], where interested parties can request further information on the products or express their complaints or suggestions. This tool also makes it possible to find out about the actions and information that the institutions' offices have on ICO Group's facilities. This instrument also enables clients to obtain information on other ICO Group activities that are not necessarily related to financing products. The Group has established a procedure to be followed to centralise, control, manage and standardise the reception and response to complaints, requests for information and suggestions that reach the Institute in order to improve the quality of the products and services provided.
- There is a call centre, managed by the firm Konecta, which communicates through telephone calls, the Click to Call application, and through Web Chat, a client communication channel implemented in 2020.
- ICO Group has implemented an in-person service to serve all clients who decide to request information or make their complaints and suggestions directly at the Institute's premises.

During 2024 there was a general increase in the number of telephone and written contacts from the public compared to the previous year, as a result of the interest in the announced guaranteed financing facility for the purchase of homes for young people and families, with more than 16,000 enquiries. Requests for information from the self-employed and companies regarding ICO facilities, mainly that of Business and Entrepreneurs, have also continued.

With regard to complaints, a total of 122 complaints were received in 2024 (13% fewer than in 2023), which were responded to in an average of 1.9 working days (well below the maximum of 15 working days set out in the procedure). By 31 December 2024 all complaints for the year were resolved. Of the

[18] https://www.ico.es/contacto

total, 69% relate mainly to credit transactions under the First Home Guarantee and COVID-19 facilities, so many of them were passed on to the financial institutions. 27% referred to the Mediation Facilities and the remaining 4% referred to other issues unrelated to the products or services managed by ICO.

Written requests	2024	2023	Change (%)
Complaints	122	140	-13%
Information Requests	5,311	4,033	32%
Suggestions	4	12	-67%
Total	**5,437**	**4,185**	**30%**

Call Centre activity and service	2024	2023	Change (%)
Call Centre	17,240	13,282	30%
Click to Call	7,102	5,535	28%
Web Chat	4,517	3,496	29%
Total	**28,859**	**22,313**	**29%**

In addition, an annual survey is conducted among the credit institutions mediating ICO loans to ascertain their expectations on the demand for these products, the reasons for any changes, as well as opportunities for improvement. In the last wave, it became clear that institutions expect a certain stability in the demand for credit from the Spanish business sector and a certain increase in the use of ICO products.

3.2.4. COLLABORATION WITH ASSOCIATIONS ON SUSTAINABILITY

Specifically, and apart from the joint initiatives mentioned in point 2.3 (Equator Principles, JICE and COI), ICO plays an active role in several associations or groups that promote sustainability in different areas, as proof of its commitment to sustainability.

Among its agreements with domestic and international institutions in the field of sustainability, ICO has collaborated with the Spanish Network of the United Nations Global Compact, of which it has been a member since 2005 and a signatory of its 10 Principles. ICO collaborates in promoting this agency's work to disseminate the SDGs and the Ten Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

ICO is also an active member of associations aimed at promoting sustainable finance. Since 2021, the Institute has been a member of the Spanish Sustainable Finance Observatory (OFISO for its Spanish initials), a forum for companies, financial institutions, public administrations, investors and other agents of the financial industry to meet, share information and enter into discussion, as well as a platform to give greater visibility to its commitment to Sustainable Finance.

ICO is also a member of SPAINSIF, where, in 2024, it remained on its Board of Directors and Executive Commission as Vice-Chairs and representatives of Tier I Financial Institutions. With the aim of promoting a more sustainable and responsible economic model, ICO has been actively involved with SPAINSIF in the promotion of responsible financing and investment, participating in different events,

round tables, training activities and working groups such as the "European Public Policy Expert Group" or the "Sustainable Financing and Emissions" working group, among others.

On the other hand, ICO participates in FINRESP (Centre for Responsible and Sustainable Finance), which aims to address the needs and difficulties of the business community, particularly Spanish SMEs, in order to contribute positively to the commitments of the 2030 Agenda.

In addition, ICO is a member of FORETICA, with which it shares the objective of integrating environmental, social, and good governance (ESG) into the strategy and management of companies and organisations. In this regard, ICO participates in the working groups on Climate Change, Social Impact or Transparency and Good Governance, among others.

Finally, ICO has led the implementation of the Sustainability and CSR in Public Companies Action Group, which has been coordinated by Forética since its inception in 2018. This Group aims to enable public companies to exchange knowledge, take individual and joint actions for the integration of SDGs and good management practices in the area of sustainability and CSR. In 2024, ICO co-led with Adif the work of this working group, which, with its 33 participating companies, has established itself as a benchmark for other economic stakeholders in the implementation of environmental, social and good governance aspects in company management.

In 2024, the Sustainability and CSR Action Group in SOEs has worked mainly on three themes:

- Drawing and retaining talent.
- Internal control over sustainability reporting.
- The challenges and opportunities for SOEs in their contribution to climate change mitigation and adaptation, as well as in financing decarbonisation.

As a result of this work by SOEs, at the end of 2024, Forética published the report "Sustainable transformation in SOEs: adapting to climate change, drawing talent and internal control of sustainability information", which includes all the conclusions and progress made by SOEs in these areas throughout 2024.

ICO is firmly committed to the important role that women and female talent must play in the development of our economy, which is why in 2019 ICO became a member of the "Women and Internationalisation" working group promoted by the Secretary of State for Trade with the aim of promoting the role of women in the development and internationalisation of the Spanish economy and laying the foundations to move forward in a committed, steady and coordinated manner with the incorporation of women in international trade.

In 2024, ICO attended a new working session of this Group "Women in the Internationalisation of the Spanish Economy", in celebration of International Women's Day at the offices of the Ministry of Economy, Trade and Enterprise, with the aim of discussing possible solutions to close the gender gap in business internationalisation, how to increase visibility to foster equality and how to promote female leadership in international organisations.

ICO was represented at this event by its chairman and a representative from the Human Capital and CSR Department. Two new initiatives were announced at the conference: one entitled "*Programa Internacionalización en femenino*" [Internationalisation from a feminine perspective] which offers specialised advisement per market and country through the ICEX Women and Internationalisation Platform and a second "*Desafía en femenino*" [Challenge in feminine] which carries out investment programmes offering specialised advisement, information and a guide to best practices that foster and reinforce women's knowledge networks.

Likewise, on 23 April 2024, ICO attended the conference organised by ICEX within the framework of the Women and Internationalisation Working Group with the slogan "Women leaders: That's you" to promote learning about digitisation and internationalisation and to connect companies, projects and professionals with leading female entrepreneurs to foster networking opportunities that enable them to create support networks.

On the other hand, within the framework of collaboration of this Women and Internationalisation Working Group, in 2024 ICO attended the Conference on Diversity, Equality and Inclusion in the Economy, Finance and Central Banks to promote and address various issues related to diversity and the figure of women in finance and their role in digitisation and in the field of artificial intelligence, thus demonstrating, through its activity, that it remains committed to its objective of integrating and promoting female talent as a driving force in the development of our economy and society.

In this sense, ICO pursues support and internal measures that help it to promote the leading role of women in social and economic development:

As of 2022, it agreed that all ICO Group collaboration or sponsorship agreements will include a clause to encourage the participation of women in the conferences and debates organised within the framework of each sponsorship or agreement, promoting gender equality in the different events organised, with greater importance being given to those involving ICO Group representatives. Below are different initiatives in which ICO has participated related to the promotion of female talent and the participation of women in conferences, debates and activities.

- Endorsement of the European Parliament's #WhereAreThey
- Collaboration in the visibility of Womenalia at its event for the Day of the Woman Entrepreneur.
- ASCRI Diversity Club. ICO Group, through AXIS, its Venture Capital manager, has joined this initiative whose objective is to promote measures in the Venture Capital & Private Equity industry that promote gender equality, diversity, parity and talent.
- Level 20. ICO Group, through AXIS, its venture capital manager, is a member of the Spanish Level20 Committee. A non-profit organisation that meets on a monthly basis to pursue the goal of having women occupy 20% of senior management positions in the private equity industry. It represents a network with a presence in several countries through its 12 committees. The objective of the Spanish Committee is to work with the private equity industry in Spain to:
  - Draw more women to the sector.
  - Ensure that there is support to retain as many women as possible in the industry.
  - Help those women who have the ability and determination to reach the highest levels of the profession.
- UN Women's Empowerment Principles (Global Compact and UN Women).
- Promoting gender equality in SMEs. Through the initiative icopymeods.ico.es

Updated information is available on ICO website, which provides extensive and detailed information on the different initiatives and policies that demonstrate our commitment[19].

3.2.5. CORPORATE VOLUNTEERING

Corporate volunteering enables ICO Group, through the solidarity, dedication and vocation of its staff, to make a direct contribution to upholding the social cohesion and development of the local community, through social entities in their environment.

Through its Corporate Social Responsibility (CSR) policy, ICO Group is committed to contributing to the social mission of third sector entities by signing partnerships and collaboration agreements. This commitment materialises in the annual preparation and implementation of a corporate volunteering plan, where initiatives are carried out to support the activities of third sector organisations and training campaigns in which ICO Group employees contribute their knowledge and experience to the benefit of entrepreneurs and groups at risk of social and employment exclusion. Volunteering initiatives are

[19] https://www.ico.es/web/guest/sostenibilidad/compromisos-y-estrategias

publicised on the intranet and any employee of the Group can take part in those in which collaboration is requested. In many of them, family members are also welcome.

Throughout 2024, this commitment came into being through a series of activities carried out in collaboration with the following entities:

- **Leukaemia and Lymphoma Foundation** - collaboration in the 15th edition of the Leukaemia and Lymphoma Foundation Basketball Tournament and the Gifts from the Heart campaign, both organised to raise awareness in society of the need to take an active role in the fight against leukaemia, lymphoma and myeloma through bone marrow donation. For the basketball tournament, a EUR 2,000 contribution was made and, through the 2024 "Gifts from the Heart" campaign, 98 gifts were given (24 as physical donations from Group employees, and the financial contributions were also converted into gifts).
- **Gmp Foundation** - participation in the 24th Charity Padel Tournament for Companies, to raise funds for the #CreandoFuturo project of the AUCAVI Foundation, which will enable the refurbishment of a day centre for young people with autism in the town of Vicálvaro outside Madrid. The contribution amounted to EUR 1,750.
- **Madrid Golf Federation** - participation in the 2024 edition of the Adapted Golf Tournament to promote awareness and participation in support activities that foster the social integration of people with intellectual disabilities and disadvantaged groups. The contribution amount to EUR 1,200.
- **Charity Race for Inclusion.** 14 volunteers participated in this race with a EUR 55 contribution from ICO.
- **Rafael del Pino Foundation** - workshops given by ICO employees in schools in the Community of Madrid to raise high school students' awareness of the 10 Global Compact Principles and SDGs. No monetary contribution was made.
- **Tomillo Foundation-** a competitive event was sponsored for entrepreneurs participating in the Foundation's training, where ICO acted as a jury and awarded the 3 best ideas with a EUR 500 grant each.
- **Circular economy in schools.** Fundación ICO and ICO hosted a Circular Economy workshop, after which the volunteers participated in sessions organised by the company Natur, where children become aware of the importance of the Circular Economy, through games.
- **Children's Christmas party** - In 2024, a children's Christmas party was organised for children of ICO Group employees. For the day's entertainment, we had the participation of the Saniclown Foundation, which invoiced EUR 1,754.10 for its collaboration and gave out charity gifts from UNICEF to the children in attendance.

3.2.6. RESULTS, TAX AND SUBSIDY INFORMATION

ICO Group is taxed only in Spain. Pre-tax profit in 2024 (consolidated data of ICO and AXIS): EUR 349.6 million, earned in Spain. Corporate income tax accounted for amounted to EUR 99.5 million. In 2023, the profit was EUR 356.9 million and the corporate income tax was EUR 104.7 million.

The tax compliance approach is based on a Fiscal Management procedure. ICO is subject to all applicable taxes and does not benefit from any special tax status, despite being a credit institution and a public law entity. The tax strategy consists of complying with all legal obligations.

GRI INDICATORS - YEAR 2024 (ICO AND AXIS):

€M	2024	2023
Economic value added (gross margin)	380.3	384.8
Economic value distributed (including staff costs, other administrative costs and contributions, and taxes)	152.0	152.6

ICO's contribution to Fundación ICO was EUR 2.8 million in 2024, the same as the previous year, which is the only relevant contribution to foundations and non-profit entities, as there were no further payments to non-profit organisations in different social responsibility initiatives such as those detailed in section 3.2.5.

Fundación ICO prepares its accounts separately from the other entities of ICO Group. The balance for the year 2024 was EUR 199,988 (EUR 343,629 in 2023)[20]. The Foundation is not taxed on the profits arising from its foundational activities, by virtue of the provisions of Law 49/2002 of 23 December, on the Tax Regime for Non-Profit Organisations and Tax Incentives for Patronage.

As in 2023, there was no subsidy in the 2024 State Budget. ICO and AXIS have not received any public subsidies.

[20] As of the preparation of this document, the tax information of ICO Foundation is provisional and may be updated following the audit of its accounts.

4 RESPONSIBLE MANAGEMENT

ICO Group is a modern organisation with internal management systems that enable it to meet the challenges it faces. ICO Group has developed management and corporate governance tools that ensure the ethical conduct, sustainability and transparency of ICO's activity within its entire scope of activity and internal management.

As a credit institution, risk management is a core element of its activity, with an approach that goes beyond traditional credit risk management to adopt a much more holistic approach that takes into account the impacts that its activity has on society and the economy, as well as the impacts that the environment may have on the Group. In this regard, all due diligence procedures are applied to our business as provided for under applicable legislation and our internal regulations.

To be specific, sustainability has particular relevance, covering factors of environmental, social and corporate governance and constituting a basic pillar throughout its activity, both its lending operations and liabilities and the internal management of the organisation itself, from a perspective of governance and corporate social responsibility.

In recent years, ICO has made progress in sustainability and its integration into its governance, strategy, business model and risk management, adopting regulations and the good market practices that are fostered through public-private partnerships that characterises the initiatives of ICO, and adapting its organisational structure and internal organisation to the ever-increasing demands regarding sustainability.

AXIS, as the Group's private equity subsidiary, applies the organisation's overall risk management framework as well as the cross-departmental policies and procedures of the Group. Notwithstanding the above, it is worth considering the peculiarities deriving from the status of Axis as a Management Company of Venture Capital Entities, which implies its compliance with the obligations contained in applicable regulations, in particular Law 22/2014 of 12 November, which regulates venture capital entities, other closed-end collective investment entities and management companies of closed-end collective investment institutions. Pursuant to Article 62 of Law 22/2014, appropriate risk management systems have been put in place in order to adequately identify, measure, manage and monitor all risks relevant to the investment strategy of each entity under management and to which each investment entity is or may be exposed. To this end, the Reporting and Legal Departments are responsible for compliance with all legal provisions.

For its part, the Foundation, due to the nature of its activity, has not developed a risk management framework.

4.1 RISK MANAGEMENT: IDENTIFICATION AND MONITORING

The identification, management and control of risks is a priority task for Instituto de Crédito Oficial. This section describes the main instruments available to ICO Group for identifying and monitoring the different types of risk, as well as the management mechanisms that ensure these are kept under control. ICO's status as a credit institution means that it is subject to certain regulatory requirements; however, policies and procedures are not limited by the covenants of regulatory mandates, but rather there are a number of elements that ICO adopts voluntarily as a commitment to best management practices.

COMPREHENSIVE RISK MANAGEMENT SYSTEM

- ✓ **Involvement of the General Council**
- ✓ **The Risk Map sets out the guiding principles in this area**
- ✓ **Coherence between risk treatment instruments**

In 2022, ICO's General Council approved ICO Strategic Risk Management Framework (Risk Map), with the aim of setting the guiding principles for risk control, drafting the risk map, and establishing guidelines to ensure the alignment of all ICO's risk control tools. In any case, the Risk Map is aligned with the provisions of the Capital and Liquidity Self-Assessment Report (IACL) and the Risk Appetite Framework (RAF). ICO is exposed to financial (credit, liquidity and market) and operational risks. Other typologies such as reputational risk, strategic risk, business risk, environmental risk and technological risk are also considered.

Generally speaking, risks are characterised on the basis of the so-called "three lines of defence":

- **1st line of defence**. The business line, which is run by the units attached to the Institute's Directorate General of Investment Banking, focusing on its wholesale funding activity, and the Directorate General of SMEs and Midcaps take on the main responsibilities for the identification, recognition and management of risk.
- **2nd line of defence**. The risk management function should oversee the effectiveness of risk management, being responsible for identifying, measuring, monitoring and disclosing risk at the enterprise level, separately from the first line of defence. It also includes the compliance function, which is responsible for, *inter alia*, ensuring that the bank operates with integrity and in accordance with applicable laws, regulations and internal policies.
- **3rd line of defence.** The internal audit function conducts both risk-based and more general audits and reviews to ensure that the overall governance framework, which includes the risk governance framework, is effective and that policies and processes are in place and consistently applied, providing independent and objective advisement.

Financial risks

ICO has suitable methodologies and procedures that are adapted to its specific nature and allow for the identification, management, monitoring and control of financial risks, enabling them to be monitored. In particular, ICO has a Risk Policy Manual, approved by the General Council in 2013 and amended periodically, which sets out in detail how to handle these risks, which in this manual are grouped into three main categories: liquidity, market and credit (which is the one that is most closely scrutinised). This risk treatment is carried out in accordance with existing regulations, both in terms of Bank of Spain circulars or recommendations and international standards, such as the Basel II Capital Accord.

Operational risks

With regard to operational risk, ICO has monitoring policies and activity indicators, which are also adapted to its specific qualities. These relate to the implementation of internal processes and procedures, the definition of policies for monitoring clients and operations and the internal control of incidents, in addition to the contingency plan in place. Furthermore, there are a number of regular checks on procedures and operations, which are conducted by a variety of internal and external audit services.

Sustainability risks

Until now the approach has focused on climate and environmental risks, as these are more thoroughly developed; in alignment with ICO strategic plan, sustainability is being progressively transferred to risk management. For example, the implementation and incorporation of three new indicators referring to environmental climate risk: an indicator linked to Physical Risk (sub-index of the natural hazard category of the INFORM risk index) and two indicators related to environmental climate risk linked to transition risk (defined as "Emissions intensity of operations in the electricity, gas, steam and air conditioning supply sector" and "Average emissions intensity of operations in the transport and storage sector"),

following in this case the suggestions of the Bank of Spain. These three new indicators replace the environmental performance ratio and the average emissions intensity ratio in the manufacturing, transport and power distribution sectors within the RAF. These Level III indicators (according to the RAF classification listed below) are not equity linked, which means that the thresholds are defined according to the Institute's strategic criteria, which provides for the development of a business plan aligned with international and domestic commitments to environmental matters, with the aim of fostering the sustainable economic growth of companies and building a portfolio in which industries with greater environmental risk have gradually less weight, thus limiting its physical and transition risk. For the categorisation of transactions likely to be included as environmental, categories are identified according to internal criteria, highlighting, among others, the approximation to the Taxonomy[21] for the objectives implemented to date, and internationally recognised standards such as the Green Loan Principles (Loan Market Association and Asia Pacific Loan Market Association) and the Sustainability Linked Loan Principles (SLLP). There is also a categorisation of a social nature.

An approximation of the impact of transition risk has been made, based on the sectoral results for 2022-2030 published by the ECB as part of its second European economy-wide climate stress test in September 2023. Within these results, the "late-push transition" scenario has been taken as a reference, as it presents the largest increases in the likelihood of default by sector between 2022 and 2030.

An approximation of the impact of physical risk at the global level has also been made, differentiating by the different countries where the Institute has exposure. For this purpose, the INFORM Risk Index, developed by the European Commission's Joint Research Centre, has been used as a benchmark. Within this index, the sub-index of the "natural hazard" category has been considered, which assesses the exposure of countries to the following severe physical hazards: earthquakes, tsunamis, river flooding, tropical cyclone winds, coastal flooding, droughts and epidemics.

The result of these exercises is used internally as elements for monitoring and assessing climate-based transition and physical risk.

ICO is working according to a set of applicable regulations and market practices to develop a model for the assessment of ESG Risks that can be included in a more executed manner in the analysis of direct financing operations that affect credit risk.

Internally, the management of environmental risks is integrated into the Environmental Management System explained in point 4.6, but the management of this type of risk is done comprehensively for all institute activity through the management mechanisms which are explained in this section.

REGULATORY RISK MANAGEMENT TOOLS: CAPITAL AND LIQUIDITY SELF-ASSESSMENT REPORT (IACL) AND RISK APPETITE FRAMEWORK (RAF)

- ✓ **Required by the Bank of Spain in accordance with banking supervision regulations**

Notwithstanding the other mechanisms and policies discussed below, the following two instruments stand out as key elements in risk management

The IACL is one of the existing tools in this field. ICO is required to write up the IACL document, where banks identify, measure and aggregate their risks in order to determine the capital and liquidity needed to cover them and where they plan their capital and liquidity levels over the medium term. Since 2016, a multidisciplinary ICO team has been in charge of preparing the Institute's IACL every year. Over the last few years, ICO's risk profile has remained at low to medium-low. This report includes three stress tests (macroeconomic, business and liquidity) on ICO's baseline scenario, with a 3-year time horizon.

[21] The methodology for the Taxonomy will be incorporated into the classification as and when the Taxonomy regulation comes into force.

The tests serve to determine ICO's capital needs in the event of the different scenarios envisaged in the tests, determining its ability to cope with crisis situations. In addition, the liquidity stress scenario will also analyse the evolution of different metrics related to the Institute's liquidity. Elements related to sustainability and its management are also included. Once this has been done, ICO's General Council must be informed of and approve the IACL, which is then submitted to the Bank of Spain. In 2024, the supervisory body issued two requirements that are being taken into account in the drafting of the forthcoming IACL.

The RAF is a tool that underpins ICO's strategy and Risk Policies. It is a comprehensive and forward-looking management tool, and aims to establish the amount and diversity of risks that, based on ICO's operations and business, it is willing to assume in order to achieve its strategic and business objectives, under current conditions and stress scenarios. The Risk Appetite and Tolerance thresholds are set in the RAF. To this end, a series of indicators are defined at three different levels according to their importance in the management of the Institute. According to the latest update approved by the General Council in July 2024, 30 indicators are considered:

- **3 Tier I indicators:** two of these are required by the Regulator, which measure the capital and liquidity position, and a third, which measures the impact on the profit-and-loss account in a stress scenario on ICO's 5 main direct borrowers.
- **6 Tier II indicators:** regulatory or basic indicators that further develop the previous ones for ICO's most significant risks, the goal of which is to measure the impact on capital and liquidity and their evolution.
- **21 Tier III indicators:** monitoring and management indicators that provide oversight of how ICO's current activity is evolving, including those related to environmental risk (three indicators) and technological risk.

The RAF is reviewed annually and adapted according to the results of the IACL. The General Council receives regular information on the evolution of the indicators through a scorecard. It is also submitted to the Bank of Spain as an integral part of the IACL.

4.2 MECHANISMS FOR RESPONSIBLE MANAGEMENT

ICO Group has internal regulations focused on the monitoring and responsible management of risks, ensuring that they are controlled in accordance with the highest standards. The management of these risks is approached holistically, involving the entire organisation and ensuring the application of high standards in corporate social responsibility and ethics. Both the General Council and senior management are regularly informed of these matters and are actively involved in monitoring them within their respective competencies. The most relevant policies are approved by the General Council, which receives regular information on business activities, sustainability, internal control and anti-fraud.

ICO has an organisational structure with established units and bodies specialised in risk management, whose main roles are described below.

RISK MANAGEMENT STRUCTURE

- ✓ **Directorate of Risk Management: Designs and proposes internal risk policies and risk analysis, management and monitoring methodologies**
- ✓ **Sustainability Department: Defines sustainability guidelines and promotes a responsible management model**
- ✓ **Internal Audit and Compliance: Cover key functions in risk processing**
- ✓ **General Council: Oversees strategic policies and sustainability performance monitoring and accountability**

INTEGRATED RISK MANAGEMENT

The Risk Policies Area, which is part of the Directorate General of Financing and Risks, is responsible for defining and promoting the policies and methodologies for admitting and monitoring credit risk in one-off and standardised direct operations and new products. It also verifies compliance with these guidelines in the risk assessment carried out in the operations of ICO's various financial instruments.

In matters of sustainability, this area is responsible, in coordination with the Sustainability Department, for developing proposals for credit risk assessment models that encompass the integration of ESG risks.

SUSTAINABILITY GOVERNANCE

Sustainability governance is coordinated by the Strategy Directorate, which reports directly to the Chairman and leads the integration of sustainability within the institutional strategy. As part of this framework, the Department of Sustainability, Business Development and Assessment defines ICO's commitment to sustainability, monitors regulatory compliance and supports strategic development in this area.

Within this structure, the Sustainability Methodology and Development Area is responsible for defining the sustainability criteria applicable to ICO's different activities, monitoring the commitments made and channelling the relevant information to the decision-making bodies. This model ensures the adequate oversight and accountability of sustainability.

Sustainability Committee

The Sustainability Committee, headed by the Chairman of ICO and comprising members from all Directorates General, AXIS and Fundación ICO, meets at least three times a year, with the possibility of extraordinary meetings when so required. Its main functions include:

- Defining ICO Group's concept of sustainability
- Raising awareness about the sustainability strategy and conveying it internally
- Developing and monitoring ICO's position on sustainable activity
- Identifying and coordinating the implementation of new sustainability legislation
- Promoting and overseeing sustainability initiatives in ICO Group

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Audit Department and the Audit and Compliance Committee

ICO has an Internal Control Functions Policy to regulate the structure and methodologies used for measuring and monitoring its different risks. Within this framework:

- Methodologies have been developed to measure risks and analyse factors of exposure
- Continuous monitoring is conducted to maintain an appropriate balance between cost-effectiveness and risk control
- A strong internal control environment aligned with best practices is ensured

According to the Basel Committee on Banking Supervision's Principles of Corporate Governance for Banks, ICO implements the three lines of defence model:

1. Business Line: First barrier in risk management
2. Risk Management and Compliance Function: Separate from the first line, it oversees the implementation of risk policies
3. Internal Auditing: Independent function that reviews and audits the organisation's activities

Internal control in ICO Group with regard to corporate governance is performed by internal operating bodies with competencies in the activities' regulatory scope.

The Audit and Compliance Committee, in line with the guidelines approved by the General Council, conducts Internal Auditing within ICO, in conjunction with the Internal Audit Department, which performs ongoing audits on its business and operational procedures, risk management and internal control system, and proposes measures to facilitate compliance with its recommendations. The Internal Auditing is reported regularly to ICO's General Council on the results of its audits.

Externally, ICO Group is subject to audits and controls by domestic and international entities, including:

- Intervención General de la Administración del Estado - IGAE [General Comptroller of the State Administration]
- Inspectorate of Services of the Ministry of Finance
- Court of Auditors
- Banco de España
- Independent Authority for Fiscal Responsibility (AIReF for its Spanish initials)

In 2024, 30 audit reports were issued (compared to 22 in 2023), with no significant findings.

REGULATORY COMPLIANCE AND RISK PREVENTION

Regulatory Compliance Area and Regulatory Compliance Technical Committee

The Regulatory Compliance Area is responsible for:

- Safeguarding ICO's reputation and integrity
- Fostering the adherence to ethical and regulatory standards
- Identifying and mitigating compliance risks
- Coordinating the implementation of internal policies and procedures related to the prevention of money laundering and terrorist financing

The Technical Compliance Committee supports these functions by addressing:

- Issues relating to the prevention of money laundering and terrorist financing
- Due diligence measures and data protection regulatory compliance
- Identification and analysis of new regulations applicable to ICO
- Coordination of compliance training activities
- Oversight of the implementation of Audit and Compliance Committee decisions

Therefore, we can conclude that ICO has a robust and responsible risk management structure, in line with international corporate governance standards. Through its various committees and specialised areas, the Institute ensures regulatory compliance, risk monitoring and the integration of sustainability into its corporate strategy. This approach enables effective and transparent management in line with the principles of corporate responsibility and business ethics.

4.3 SPECIFIC ETHICAL AND RESPONSIBLE MANAGEMENT TOOLS

Notwithstanding the global nature of the measures and tools described thus far and their interrelationship, the main tools available for ethical and responsible management are grouped below by subject matter. ICO Group has developed management and corporate governance tools that ensure the ethical conduct, sustainability and transparency within its entire scope of activity and internal management.

COMBATING FRAUD, CORRUPTION, MONEY LAUNDERING AND TERRORIST FINANCING

- ✓ **In compliance with applicable regulations and with a cross-entity approach to the entire organisation**

In all the Group's actions, undesirable conduct such as that described above is prevented through due diligence. Prior to approval, all direct transactions are analysed for these risks, and no significant risks have been identified that could violate the principles and guidelines set out in the applicable regulations. Specific tools include:

Code of Ethics and Conduct, Internal Code of Conduct of the Securities Market. The purpose of ICOs' Code of Ethics and Conduct is to define and develop the basis for good conduct and the necessary procedural guidelines so that the Institute's principles are manifested in the individual actions of its employees, managers and directors, in internal and external relations with clients, suppliers and third parties, as well as in its market activity. Therefore, the Code of Ethics and Conduct applies to all ICO staff and members of the General Council, as well as to interns undergoing training at the Institute; each and every one of them receive this code when they come on board. In the case of suppliers, the service provider will be required to ensure compliance with the Code by its employees who provide services for ICO. This section on the regulation of ethical conduct is complemented by internal policies relating to Social Responsibility, Corporate Gifts, Travel, Entertainment Expenses and Corporate Credit Cards, among others.

The Internal Code of Conduct for Securities Markets identifies the units of ICO Group that conduct activities related to the securities market and defines the independence they must take in order to avoid potential conflicts of interest or insider trading. The current version of the Code was approved by the General Council in February 2017 and was last revised in February 2022. In 2024, as in the previous year, there were no incidents of non-compliance with the regulation.

The Code of Conduct and the Internal Code of Conduct for Securities Markets are public and accessible through the website[22].

Ethics Channel

ICO Group has an Ethics Channel as an internal mechanism for reporting possible breaches of regulations, set up in accordance with Law 2/2023 of 20 February, regulating the protection of persons who report breaches of regulations and the fight against corruption. This channel allows employees and third parties within the scope of the regulation to report, even anonymously, events that may constitute a serious criminal or administrative offence, as well as any breach of EU law.

Since 2023, the Ethics Channel has been updated to comply with the new regulations, ensuring confidentiality and protection against retaliation for those who use it. The Works Council is aware of the existence of this channel.

Management and Operation

[22] https://www.ico.es/en/web/guest/políticas-internas-de-funcionamiento
https://www.ico.es/web/guest/sostenibilidad/compromisos-y-estrategias

The Ethics Channel is implemented through an online tool outside ICO domain, managed by an independent provider, with the aim of ensuring transparency, impartiality and confidentiality in the complaints management process.

This information may be conveyed anonymously, without the identification of the informant being mandatory. All notifications received will be handled through the same channel through which they were submitted. In order to ensure the follow-up of each case, a unique reference code will be assigned, which will allow the complainant to consult the status of his or her statement.

The Compliance Committee is responsible for registering, analysing and processing all complaints received through the Ethics Channel or by any other means deemed appropriate by the whistleblower.

The Ethics Channel may be used by any employee of the Group, as well as by third parties within the scope of the regulations, who become aware of possible unethical, fraudulent or unlawful conduct within ICO Group. Its use requires acting in good faith and providing truthful information.

In 2024, 9 complaints were received, all handled under Law 2/2023. No complaints were registered in 2023.

The channel is accessible through ICO[23], AXIS and Foundation website.

Other Irregularity Reporting Mechanisms

In addition to the Ethics Channel, and following the recommendations of the External Expert on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), ICO Group has set up a physical complaints box at its headquarters. This mailbox, managed by the Regulatory Compliance area, is located in an accessible area, without security cameras and not directly associated with this area, guaranteeing the privacy of whistleblowers.

No complaints were received through this mailbox in 2024, as in 2023. In the event that notifications are registered in this way, they would be managed by the Regulatory Compliance area or channelled through the Ethics Channel for processing.

With these mechanisms, ICO Group reinforces its commitment to transparency, business ethics and regulatory compliance, ensuring robust and accessible procedures for the detection and management of potential irregularities.

Anti-Money Laundering and Countering the Financing of Terrorism. ICO Group is aware of the important role that financial institutions play in prevention and therefore collaborates with the competent authorities and joins forces with the rest of the Spanish financial system in combating all forms of money laundering and terrorist financing. The Anti-Money Laundering policy, the latest version of which was approved by the General Council in December 2022, sets out the rules of action and the control and communication systems used to prevent access to the Institute, as a subject obliged by the AML/CFT regulations, to undesirable persons or groups, and establishes the criteria for accepting clients. The aforementioned Policy is developed in a procedure called Money Laundering and Terrorist Financing Prevention Management, which was last revised in June 2023, and which incorporates specific forms on the knowledge of clients.

In compliance with the aforementioned Policy and the Group's Training Plan, two anti-fraud training sessions were held in 2024 (Anti-Fraud Plan and Anti-Fraud Measures in the RRM). A total of 120 people participated in these trainings, with a special focus on training those who have recently joined ICO Group.

Six people from AXIS took part in the course on the "Anti-Fraud Plan" and five in the course on "Anti-Fraud Measures in the RRM".

[23] https://www.ico.es/canal-etico

Overall, a total of 131 ICO Group staff received this specialised training, reflecting the group's commitment to constantly updating its staff on key fraud prevention and control issues.

Likewise, a gamified and interactive training on AML/CFT was conducted using online methodology for the entire ICO Group staff, in which 213 people participated and successfully passed the training, demonstrating the positive impact of this innovative methodology, which has fostered a high degree of participation and has contributed to raising awareness of key AML/CFT compliance issues and regulatory standards. In addition, 10 people from AXIS passed the training course, bringing the total number of ICO Group participants to 223 people.

In 2024, within the framework of the Anti-Money Laundering and Countering the Financing of Terrorism, a training initiative was carried out for ICO senior management. Its main objective was to raise awareness and strengthen strategic decision-making aligned with the highest standards of integrity and compliance. In addition, the session reinforced senior management's knowledge of AML/CFT, the regulations in force and the organisational obligations arising from Law 10/2010 of 28 April.

The content was designed to ensure more effective and transparent management of risk mitigation in complex operations, aligned with the industry's best practices. Beyond regulatory compliance, the initiative contributed to consolidating a culture of compliance at ICO, ensuring that senior management is fully equipped to lead in an increasingly demanding regulatory environment.

The session took place on 28 November 2024 and was attended by the members of the General Council, the four Directors General and the Head of Compliance.

In addition, following the recommendations of the External AML/CFT Expert, a physical mailbox is available at ICO headquarters, managed by the Regulatory Compliance area, in order to facilitate the anonymous submission of internal complaints and reports of irregularities, which, should they occur, would be handled either directly through the Regulatory Compliance area or through their communication to the Ethics Channel. This mailbox is located in an accessible area of ICO headquarters, but not directly associated with the Regulatory Compliance area. No notifications were received through this mailbox in 2024, as in the previous year.

Anti-Fraud Action Plan. In 2023, ICO Group adopted a new Anti-Fraud Action Plan that reflects its commitment to preventing fraud and corruption through a robust control system in which all employees participate.

The entities that make up ICO Group have a zero tolerance policy towards fraud and corruption, which is exercised through a robust control system, specifically designed to prevent and detect, as far as possible, acts of fraud and to correct their impact, should they occur. The purpose of ICO Group's Anti-Fraud Plan is to prevent fraud and detect irregularities that could constitute an initial indication of fraud or any other illegal activity as referred to in Order HFP/1030/2021. The aim of this Plan is to systematise the internal regulations (policies, procedures, processes and instructions) applicable in the entities that make up ICO Group. These regulations are geared towards transparency in operations, which must serve as a guarantee of integrity and fraud prevention in its activity.

This Plan is complemented by the Institutional Declaration on the Fight Against Fraud, signed by the Chairman in May 2023.

Both the Plan and the Declaration are available on the website, in the section on internal operating policies[24].

As mentioned above, two training sessions were held in 2024 to improve staff awareness of their obligations in this area:

- Valencian Anti-Fraud Agency: Anti-fraud measures and prevention of corruption (involving 61 employees)

[24] https://www.ico.es/en/políticas-internas-de-funcionamiento

- National Anti-Fraud Coordination Service: Anti-fraud measures in the RRM (attended by 59 employees).

All internal regulations are in line with the general aim of combating fraud and other undesirable conduct. As an example, the Direct Financing Policy provides for a number of exclusions from funding to potential clients operating in non-cooperative tax jurisdictions, those subject to sanctions or other cases such as human rights abuses.

DATA PROTECTION AND CYBERSECURITY

✓ **To comply with legal obligations and ensure the highest standards of protection**

Personal data protection. ICO has approved a personal data protection policy adapted to EU Regulation 2016/679 and Law 3/2018, which is developed and implemented in the internal processes and processing carried out in the Institute itself. It also has a Register of Processing Activities and its website provides information on ICO's personal data protection policy. In addition, ICO Group has a data protection officer who oversees compliance with personal data protection regulations within the Group, confidentially and independently. In 2024, as in the previous year, no data protection incidents were recorded.

Information Security Committee. Information Security Policy. Information security management is carried out in an integrated and coordinated manner with the requirements of the nature of ICO Group's activity in order to prevent potential threats. All of this is done in accordance with current legislation and, in particular, with the National Security Scheme. Specifically, the National Report on the State of Security (INES for its Spanish initials) periodically collects the assessment of the state of security of systems as a means of security governance, with no relevant deficiencies having been detected.

Certificate of compliance with the National Security Scheme. The National Security Scheme *(Esquema Nacional de Seguridad)*, applicable to the entire public sector and regulated under Royal Decree 311/2022 of 3 May, which establishes the security policy for the adequate protection of processed information and the services provided through a common approach of basic principles, minimum requirements, protection measures, and compliance and monitoring mechanisms for the public administration, certifies ICO in the mid-level category, as can be verified in the records kept by Spain's National Cryptologic Centre (CCN-Cert). In relation to the classification and notification of security incidents, given its nature as a public business entity and a credit institution, two classifications are used:

- **National Cryptologic Centre, CCN** (ICT Security Guide, CCN-STIC-817): establishes a severity scale from 1 (low/null) to 5 (critical) and the obligation to notify the CCN of incidents classified at levels 3, 4 or 5, high, very high or critical, respectively.
- **PSD2 (Bank of Spain, European Payment Services Regulation):** Establishes mandatory reporting of serious incidents based on the parameters set out in the PSD2 guideline.

In 2024, ICO certified, through AENOR, the conformity of its information systems, as well as its facilities, suppliers and human capital, with the National Security Scheme[25].

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

[25] https://www.ico.es/o/ICO-theme/images/ens/Certificado ENS-2024_0018_2024-02-21.pdf
https://www.ico.es/o/ICO-theme/images/ens/Certificado ENS-2024_0020_2024-03-19.pdf

SUSTAINABILITY AS A STRATEGIC PILLAR

In accordance with the 2022-2027 Strategy, ICO Group seeks to drive the growth model of Spanish economy towards a more sustainable and digital pattern with greater capacity to create quality employment. Within this framework, sustainability is a cross-company pillar that permeates all the Group's activities, both within the scope of assets and liabilities as well as in any other aspect of its operations.

This commitment to sustainability is reflected in ongoing reporting to the General Council, which receives regular updates on regulatory developments, benchmarks, metrics and initiatives in this area.

Sustainability Policy Update

In January 2024, ICO reviewed and updated its Sustainability Policy, consolidating it as an essential tenet of its mission and values. This update responds to global challenges and underpins ICO Group's positive impact on business, society and the environment.

Sustainability Governance and Sustainability Committee

As mentioned in section 4.2, the **Sustainability Committee** plays a key role in the sustainability governance of ICO Group, ensuring the integration of this approach into institutional strategy and daily operations.

Environmental Policy

In order to ensure its activity is environmentally friendly and seeks the prevention of environmental impacts, ICO Group has an Environmental Policy aligned with the requirements of the ISO 14001 Environmental Management Systems standard, in force since 2020, and a code of good environmental practices.

ICO Group's commitment to environmental sustainability is materialised through its adherence to various international initiatives and agreements, such as:

- The 10 Principles of the United Nations Global Compact.
- The Equator Principles
- The Collective Commitment for Climate Action, signed with the AEB, CECA and other Spanish financial institutions
- The 2030 Agenda and the 17 Sustainable Development Goals
- The Paris Agreement (COP-21).

Since 2021, ICO's Environmental Management System has been certified by European Quality Assurance (EQA), as detailed in section 4.6. Although the scope of the certificate issued covers ICO's activity, the management system applies to the entire Group.

Corporate Social Responsibility Policy

ICO Group has a Corporate Social Responsibility (CSR) Policy whose aim is to integrate ethical, social and environmental values into the group’s operations, guaranteeing transparency and a social commitment in its management. The policy is structured around the following principles:

- Good governance and transparency
- Respect for the surroundings and the environment
- Adherence to the 10 principles of the UN Global Compact

PERSONNEL MANAGEMENT

- ✓ **With respect for workers' rights**

Labour relations. The personnel policies applied in ICO Group are based on respect for the human and labour rights of its employees, and the implementation of actions to facilitate and enhance their aptitude and professional development. Equal opportunities, non-discrimination policies, diversity and work-life balance are core principles in the development and implementation of labour relations between ICO Group and its staff. The following section provides details on the management of ICO Group staff.

Management by objectives. Management model implemented to effectively direct and improve ICO's performance, establishing strategic and general goals and contributing to the valuation of employees' professional merits, rewarding effort and the fulfilment of objectives achieved. Management by objectives is highly valuable due to its uniqueness within the Administration, as it allows the efforts of the different departments to be aligned with the roadmap, thus improving the quality of work and professional performance. The approval of the strategic objectives proposed by the Management Committee is subject to the approval of the Ministry of Economy, Trade and Enterprise. All employees receive an annual performance appraisal.

The Management by Objectives System, which links variable remuneration to the achievement of objectives, incorporates transversal objectives in the organisation related to the four strategic axes, enabling the alignment of this system with the Group's strategy and fostering the integration of the strategic axes into the organisation's culture. Thus, in 2024, in line with the 2022-2027 Strategy, for example, a strategic objective of sustainable direct activity and two transversal objectives were established, one related to digitalisation and governance and the other to the implementation of sustainability criteria in ICO's activity, which, as in previous years, were met.

ORGANISATION AND QUALITY

- ✓ **To ensure effective and accountable management**

Quality Policy. ICO has implemented a process management model and approved a Quality Policy fully adapted to the ISO 9001 standard. This Policy is the suitable framework for the development of the procedures and tools necessary for the establishment of quality objectives and the implementation of an effective Quality Management System, based on ISO 9001 requirements. It aims to identify and meet the needs and requirements of ICO's internal and external clients and stakeholders. ICO is also geared towards operational excellence, with the implementation and application of efficient processes and products, conducted with the full involvement of the entire staff.

Regulatory Map. ICO Group has a comprehensive, coherent and systematic body of rules and regulations, geared towards ensuring that ICO's overall operation is in line with the best industry standards and with all the ethical and responsible management practices discussed in this section.

TRANSPARENCY

- ✓ **To provide society with information on its activities, ICO joins the Government's Open Data initiative**

ICO Group provides its stakeholders with all relevant information regarding its organisational structure and activity. Furthermore, and in accordance with the provisions of the Transparency Law, it provides direct access to the Spanish Government Transparency Portal, through a link available from the website ico.es. This makes it easier for the user to consult all available data. Every year, the Auditors' Report on the "Consolidated Financial Statements and Consolidated Management Report" is prepared and published on the website, with all the economic information and information relating to its activity as a financial institution, including this NFIS. The financial statements are audited by an independent expert. This NFIS is prepared in accordance with GRI Standards and the requirements of Law 11/2018 on non-financial reporting and diversity. This NFIS is also subject to independent expert verification to increase stakeholder confidence.

Similarly, ICO Group reaffirms its commitment and support for the Ten Principles of the United Nations Global Compact in the areas of human rights, labour standards, environment and anti-corruption. In the annual Progress Report, we disclose our ongoing efforts to integrate the Ten Principles into our business strategy, culture and daily operations, and to contribute to the goals of the United Nations. In 2023, the new updated UN Global Compact Progress Report came into force, in which companies moved from reporting under a narrative format to a standardised questionnaire available on its digital platform. The questionnaire and the renewed commitment in July 2024 are publicly available and can be found on the Global Compact website[26].

The new projects launched during 2024 features ICO's incorporation into the Government's Open Data initiative. In this area of activity, ICO currently makes a total of 43 open datasets available for reuse by the public, facilitating access to information and details of ICO's activity.

In addition, in order to raise public awareness, there is active disclosure and dissemination of the Group's activities, as detailed in section 4.5.

4.4 ENVIRONMENTAL MANAGEMENT

ICO Group undertakes to make a constant effort in the development of its activity as a financier, in order to actively promote the preservation of and respect for the environment. This section presents the procedures adopted and results of the Institute's environmental management, both internally and in its funding portfolio.

4.4.1 RESPONSIBLE USE OF NATURAL RESOURCES

ICO Group identifies the following environmental aspects in the course of its activity at the group's corporate facilities:

Resource efficiency and adaptation to climate change. ICO Group conducts regular awareness-raising campaigns on the consumption of electricity, water and paper in order to ensure the responsible use of these resources by employees in the workplace and that these habits can be transferred to their personal lives. Thus, the objective of maximising efficiency in the use of resources is attained across ICO Group. In addition, during 2024, the progressive replacement of lighting systems at the end of their useful life with LED technology continued, with the consequent lower consumption, as well as the replacement of some electric water heaters with less energy-consuming equipment.

Atmospheric emissions. A relevant objective for ICO is to avoid and reduce greenhouse gas emissions as much as possible. This is done through the implementation of energy saving measures and the use of energy from renewable sources in the air conditioning of its offices: since November 2023, the electricity supplier has been subject to a sourcing commitment guarantee that certifies that all consumption comes from renewable sources. In addition, in order to reduce its carbon footprint per employee, it promotes the use of travel alternatives, such as videoconferencing, and ensures that each trip is made by the minimum number of staff necessary.

Waste generation. ICO has the necessary means at its facilities to separate and recycle the waste it generates in the course of its activities and it endeavours to use ecological and recycled materials.

Biodiversity protection: ICO only operates in Madrid in locations that do not generate negative impacts on biodiversity and land use.

With regard to the consumption of natural resources, ICO Group consumes the resources necessary for the performance of its activity. In any case, a measurement of its annual consumption is conducted to analyse the impact of the measures implemented. The consumption of the Group's two main buildings is taken into account, in line with the certified environmental management system.

[26] https://unglobalcompact.org/what-is-gc/participants/5300-Instituto-de-Credito-Oficial

The environmental management system determines the functions and responsibilities in the area of environmental risk prevention, led by the General Services and Assets area, without these resources being dissociated from the rest of the functions they perform.

It can be seen that during 2024, the trend of electricity consumption moderation begun in 2022 has continued, so that last year's expenditure was 3% below that of 2023. All energy consumed is electrical energy. As a measure to promote sustainable mobility through the use of electric vehicles instead of fossil fuel vehicles, in 2024 ICO maintained 8 electric vehicle charging points located in the parking spaces made available to ICO employees. These 8 recharging points can serve up to 19 vehicles in a shift-based system. For the allocation of parking spaces, the criterion of the environmental categorisation of the vehicle is included in the scoring scale.

On the other hand, ICO Group does not have a vehicle fleet, so it does not generate fuel consumption, except for the fuel used in the generators, whose consumption is negligible, as they are only used in the event of an occasional power cut or for maintenance work.

Water consumption has also been reduced in 2024 compared to 2023, maintaining its progressive decrease. All water consumption comes from the Canal de Isabel II public network.

Paper consumption in 2024 also maintained the downward trend of previous years, due to the increased use of digital formats as opposed to physical formats of work documentation.

NATURAL RESOURCE	UNIT	2024	2023
ELECTRICITY	kWh	1,676,103	1,728,122
WATER	m^3	1,498	1,697
PAPER	kg	3,143	3,755

Note: does not include information on the Museum's electricity and water consumption

4.4.2 CIRCULAR ECONOMY AND WASTE MANAGEMENT

On-site waste separation is one of the objectives defined by ICO Group within its environmental management system. Since 2021, ICO Group has used “eco-islands”, equipped with containers for waste separation, and has also taken advantage of these spaces to install signage to raise awareness among staff about the responsible use of resources. These areas are installed on the office floors. Each floor has 3 islands that allow for the proper separation of the waste generated in the workplace. In addition, periodic inspection rounds of these islands were carried out during 2024 in order to ensure that waste management is carried out correctly. Due to the activity carried out by ICO Group, food waste is not significant and there are no specific measures in this respect.

Saving measures for the consumption of paper, toner and other materials include the following:

- Signature digitisation processes in day-to-day operations
- The allocation of laptops to all staff, allowing dual monitors at workstations and reducing the need for paper documents.
- Programming printers to print double-sided by default, and restricting colour printers to centralised services.
- Use of recycled paper in all printers available in each plant.
- Printer equipment that incorporates a standby power saving system, which allows for greater energy efficiency.
- Design and placement of posters at printer and service points to raise awareness of the responsible use of each of the resources referred to (paper, water, electricity) and their impact on the environment.

Figures for waste managed in 2024 and the previous year are given below:

MANAGED WASTE	UNIT	2024	2023
Paper and cardboard	kg	599	698
Plastic and packaging	kg	317	390
Organic waste	kg	288	288
Toner and ink cartridges	Units	105	132
Fluorescent tubes	Units	355	175
Batteries cells	Units	20	192
Batteries	Units	104	6

Note: for the accounting of the managed waste of fluorescent tubes and battery cells, the purchases made during the year have been taken into account. The waste managed by batteries does not show an analysable trend, with the variability of data between years being explained by the coincidence of the updating of batches of this resource in the organisation.

Data is also provided on the evolution of waste generated per employee, taking the employee data for ICO Group as a whole presented in the Human Resources chapter of this report:

MANAGED WASTE	UNIT	2024	2023
Paper and cardboard	kg per employee	1.32	1.82
Plastic and packaging	kg per employee	0.70	1.03
Organic waste	kg per employee	0.63	0.75
Toner and ink cartridges	Units per employee	0.23	0.34
Fluorescent tubes	Units per employee	0.78	0.46
Batteries cells	Units per employee	0.04	0.50
Batteries	Units per employee	0.23	0.02

In 2024, a complete record of paper/cardboard and plastic consumption in kilograms is now available, thanks to the implementation of effective weighing of collected waste since October 2023. In relation to these consumptions, they are conditioned to a large extent by the placing of orders of different amounts due to the less uniform nature of their consumption, which has an impact on the figures presented. Regarding the data per employee, the increase in the number of employees in 2024 has to be taken into account, which influences the overall decrease in waste per employee during the year.

4.4.3 CARBON FOOTPRINT

ICO Group is committed to preventing and mitigating the environmental impact of its own facilities and energy consumption (scopes 1 and 2) by monitoring and assessing its pollution and emissions levels. Moreover, as a financial institution, most of ICO's emissions are generated indirectly through its investment and financing portfolio (Scope 3).

SCOPES 1 AND 2 - ICO GROUP

ICO Group's scope 1 and 2 emission sources are located mainly in the offices of its main headquarters in Madrid, located at Paseo del Prado, 4 - 28014 Madrid, and in its annex building, Calle los Madrazo 36-38, so the emissions generated correspond mainly to electricity consumption, maintenance and recharging of air conditioning equipment and fuel for power generators. In addition, the building has a rooftop installation of photovoltaic panels, but it has not been considered to reduce the calculation of emissions, since the energy produced is discharged into the electrical grid and is not used for self-consumption. In 2024, this installation allowed an estimated production of 5,777 kWh, obtained with the records from January to October, with a lack of data from November and December, which have been weighted based on previous years. This figure is very similar to the figure collected in 2023, which stood at 5,973 kWh.

Museo ICO(Calle Zorrilla 3 - Madrid 28014) hosts different exhibitions, and the management of this activity and space also generates consumption of electricity and coolant gases.

Additionally, ICO has a warehouse located in the Gitesa Industrial Estate in Daganzo de Arriba (Madrid), which serves as logistical support and documentation archive and generates emissions from electricity consumption and coolant gases.

Finally, ICO Group does not have a vehicle fleet, nor does it need one to carry out its activities, which are mainly carried out at its offices in Paseo del Prado. However, it has a vehicle that Parque Móvil del Estado [State Vehicle Fleet] makes available to the Chairman of ICO for his business trips, with the management, maintenance and fuel of this vehicle being the responsibility of the State Vehicle Fleet, so this vehicle has been excluded from the calculation of ICO's emissions in order to avoid double counting.

Below is an estimate of total emissions for the year 2024 and its comparison with 2023. All calculations have been carried out in accordance with the indications published by the Ministry for the Ecological Transition and Demographic Challenge (MITECO), using the ministry's own calculator for scopes 1 and 2.

For 2024, a provisional calculation of the carbon footprint has been made that includes scopes 1 and 2. The 2024 calculation is provisional since the tools available for 2023 were used, as mentioned further in the report.

Work is under way to calculate the internal scope 3 (staff travel, urban travel, etc.), in order to design and apply a methodology to measure this scope as accurately as possible.

EMISSIONS (t CO2e)	**2024**	**2023**
Scope 1	96.5	111.3

Scope 2	0.0	400.3
SCOPE 1 and 2	**96.5**	**511.6**
INTENSITY (t CO2e/employee)	**0.2**	**1.3**

The evolution of emissions shows a reduction of the carbon footprint by 81% in 2024 compared to the previous year.

This significant decrease is due to the application of the measures implemented by ICO Group within the framework of its carbon footprint recording process with MITECO. Indeed, ICO Group has a Carbon Footprint Reduction Plan for the period between 2022 and 2025 that has been presented to MITECO, which contemplates, among others, ICO's commitment to contract an electricity supplier with a Guarantee of Origin of renewable energy, this measure having been effectively executed in 2023. One of its objectives was to reduce emissions by at least 20%, which has already been achieved with the aforementioned contract with a Guarantee of Origin.

On the other hand, the teleworking policies applied by ICO Group linked to energy savings have also led to lower energy consumption per employee. The ratio of tCO2e / ICO Group employees translates into a reduction of 82.1% in 2024 compared to 2023. A considerable reduction, taking into account ICO group's staff increase in 2024.

ICO Group's organisational carbon footprint includes direct and indirect emissions, according to location and determined emission sources:

Location	Emission sources	Scope 1	Scope 2
Edificio Paseo de Prado, 4 – 28014 Madrid	Air conditioning equipment	Refrigerant gas refills	-
	Electricity	-	Electricity consumption
	Generators	Diesel B	-
Edificio los Madrazo 36, 38 – 28014 Madrid	Air conditioning equipment	Refrigerant gas refills	-
	Electricity	-	Electricity consumption
	Generators	Diesel B	-
Museo ICO- Calle Zorrilla 3 – 28014 Madrid	Air conditioning equipment	Refrigerant gas refills	-
	Electricity	-	Electricity consumption
		Refrigerant gas refills	-

Polígono Industrial Gitesa Building - Daganzo de Arriba (Madrid)	Air conditioning equipment		
	Electricity	-	Electricity consumption

ICO has the "Calculation" seal and the "Certificate of Registration of carbon footprint, CO_2 offsetting and absorption projects of the Ministry for Ecological Transition and the Demographic Challenge" for the years 2018 to 2022, with the final calculation of the carbon footprint for 2023 pending receipt by MITERD of the Calculation certificate of registration and seal (for scope 1 and 2). The publication of the new emission factors by MITERD and the CNMC is also pending, so this report presents a provisional calculation that has taken into account 2023 emission factors.

SCOPE 3 - ICO FUNDING PORTFOLIO

In its commitment to decarbonisation, and aware of the impact of the greenhouse gas emissions financed, ICO has taken a significant step by calculating the Scope 3 carbon footprint of its lending and investment portfolio. This calculation is an important milestone in setting clear CO_2 emission reduction targets and strengthening the entity's climate transparency.

Methodology and approach

In April 2024, ICO signed its membership in the Partnership for Carbon Accounting Financials (PCAF), developing an internal calculation tool based on the methodological guidelines of PCAF and the GHG Protocol. This calculation focuses on category 15 of Scope 3, related to emissions from financing and investment.

The calculation covers the emissions generated by ICO-financed companies and projects, including both scope 1 and 2 emissions and scope 3 emissions from all sectors of activity.

Main results

ICO's total assets at the end of 2024 amount to EUR 37.78 billion, of which the following items have been included for the calculation of issues:

- Direct financing: Represents 39% of the total assets and generates 4.9 million tCO_2e.
- Investment in sovereign bonds: Accounts for 15% of total assets and contributes 2.1 million tCO_2e, including emissions from land use and land use changes (LULUCF).

Mediation portfolio: Represents 21% of the total assets, but has not been included due to limitations in accessing quality data for each transaction.

Of the total number of operations considered, the calculation covers 100% of sovereign bond investments and 96% of direct financing operations. The remaining 4% of direct loans were left out because they were not covered by the PCAF methodology.

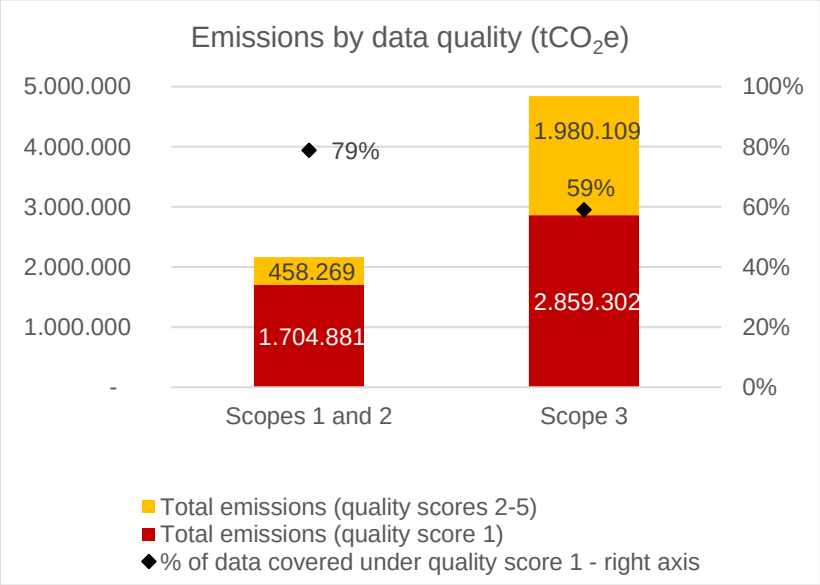
Credit Assets - Investment Emissions	Outstanding balance at 31/12/24 (€M)	% of total assets	% item covered by the calculation	Scope 1 and 2 Emissions (tCO_2eq)	Scope 3 Emissions (tCO_2eq)	Total emissions (tCO_2eq)	Total emissions intensity ($tCO_2eq/€M$)
1. Mediation Loans	**7,865**	**21%**	**0%**	**-**	**-**	**-**	**-**
2. Direct Financing	**14,633**	**39%**	**96%**	**859,454**	**4,006,459**	**4,865,914**	**347**
2.1. Direct loans	12,680	34%	97%	767,419	3,268,156	4,035,575	327
2.2. Corporate bonds	1,668	4%	84%	76,212	630,712	706,924	503
2.3. MARF promissory notes	285	1%	100%	15,823	107,591	123,414	434
3. Guarantees [1]	**750**	**-**	**-**	**-**	**-**	**-**	**-**
4. Financial and other activity	**15,283**	**40%**	**38%**	**1,303,696**	**832,952**	**2,136,648**	**369**
4.1 Sovereign debt (incl. LULUCF)	5,788	15%	100%	1,303,696	832,952	2,136,648	369
4.2. Other [2]	9,494	25%	0%	-	-	-	-
TOTAL	**37,780**	**100%**	**52%**	**2,163,150**	**4,839,411**	**7,002,561**	**354**

1 Balance available for guarantees granted. It does not add up for balance sheet purposes.

2 "Other" includes items such as Bank of Spain and Caja, interbank market, fixed assets, etc.

PCAF contemplates 5 levels of data quality, with quality 1, corresponding to emissions reported and verified by the financed entities, being the closest to reality, and quality 5, corresponding to emissions estimated according to the financed activity, being the one that generates the most uncertainty in the calculation.

The effort made by ICO in data collection is reflected in the quality of the data on financed emissions, with 79% of Scope 1 and 2 emissions and 59% of Scope 3 issues in Quality 1. The quality of the average data in the portfolio is at lower levels for scope 3 due to the lack of reporting obligations in most companies and, in addition, due to the great complexity that this may entail in certain activities.



Sectoral distribution of emissions

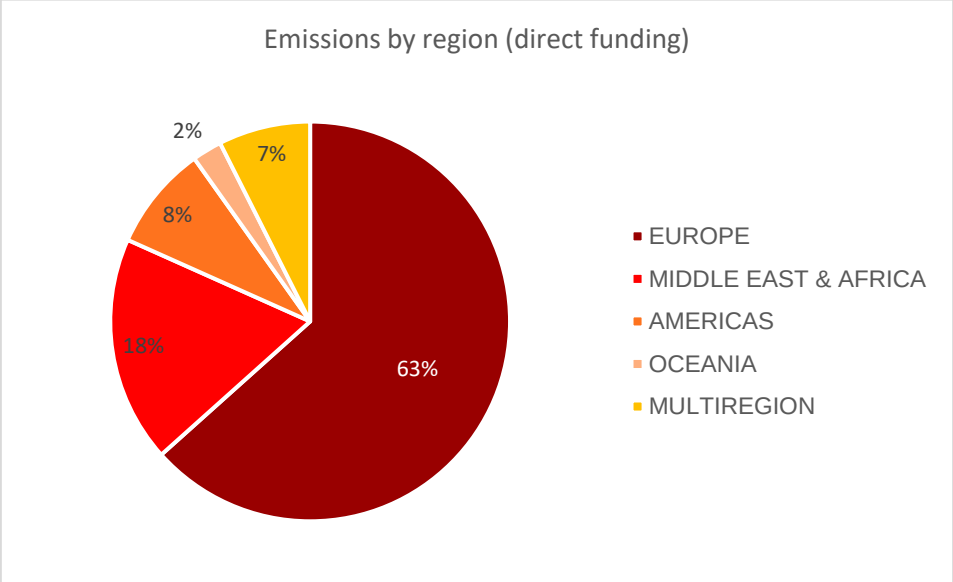
The distribution of emissions in the sectors representing the highest percentage of outstanding balance in the direct financing portfolio is as follows:

- Supply of electricity, gas and steam: 43% of total emissions
- Transport and storage: 7%
- Financial and insurance activities: 0.1%

- Construction: 6%
- Manufacturing industry: 11%
- Other sectors: 33%

Geographical distribution of emissions

At ICO, as a national promotional and development bank, most of the financing activity takes place in Spain. As a result, 61% of financed issues are located in this territory, reaching 63% in Europe as a whole.



Strengths of the calculation

- Methodological rigour: The application of PCAF ensures a robust approach aligned with international standards.
- Transparency: Emissions have been disclosed with a high level of detail, denoting methodological limitations where applicable, as in the case of the mediation portfolio.
- Broad coverage: The reported emissions cover a significant portion of ICO's activity, focusing on the key sectors identified as priorities.

Next steps

ICO Group will continue to make progress in:

- Improving data quality by reducing reliance on proxies through greater collaboration with clients and beneficiaries.
- The development of a decarbonisation plan, with clear targets aligned with its Net Zero commitment.
- Strengthening climate indicators, ensuring their monitoring.
- Adaptation to the CSRD and ESRS, in line with regulatory requirements and their evolution.

PROGRESS ON THE PORTFOLIO DECARBONISATION PLAN

ICO, as a National Promotional Bank, plays an essential role in financing projects that contribute to the energy transition and sustainability. Reducing financed emissions is crucial, not only to support global climate goals, but also to manage climate risks and comply with European regulations, such as the CSRD.

In this regard, we are working on a decarbonisation plan which will allow us to set concrete targets and clear strategies to reduce our emissions. This effort aligns with international standards, such as PCAF, and reinforces our commitment to sustainability and transparency.

Importantly, while ICO's commitment to sustainability is clear, our ability to reduce our carbon footprint is intrinsically linked to the speed of decarbonisation of the clients we finance. Therefore, ICO not only measures and monitors emissions, but also actively encourages companies and funded projects to adopt sustainable practices, providing tools and financing to advance their own energy and climate transition.

4.5 COMMUNICATION FOR SUSTAINABLE GROWTH

Communication is a key tool for ICO Group, giving visibility to its activity, strengthening its institutional identity and bringing its initiatives closer to companies, investors and society in general. In this sense, the organisation develops a communication strategy aligned with its strategic objectives, placing special emphasis on sustainability, digitalisation, business growth and competitiveness.

Throughout 2024, the Institute strengthened its presence in various channels, enhancing its digital communication, the production of audiovisual content and the dissemination of relevant information through events, social media and specific campaigns. These actions have improved ICO's positioning as a key player in sustainable financing and support for the productive fabric.

Publicity and Dissemination Campaigns

- Advertising campaigns for ICO and RTRP financing → A specific campaign was launched to promote the RTRP loans managed by ICO, aimed at the self-employed, entrepreneurs and SMEs. With the slogan '*La oportunidad es ahora. El futuro es hoy* [The opportunity is now. The future is today]', the campaign was disseminated via press, radio, internet and outdoor advertising, reinforcing ICO's identification with the management of these products.
- International advertising: "ICO Green and Social Bonds" → Actions were carried out in international financial markets to position ICO as a benchmark issuer of social and green bonds. The campaign included advertisements in economic and financial magazines, as well as on specialised digital platforms. In 2024, the creativity was renewed with the slogan "Bridging a Responsible Tomorrow".

Streamlining the Digital Communication

- Update of ICO and AXIS websites → The contents and structure of the websites were revamped, creating more visual and better organised sections. In particular, the Transparency Portal on ICO website was restructured to align it with Law 19/2013, and a new Sustainability section was created on the AXIS website, with detailed information in the form of texts and infographics.
- Impetus to online channels and newsletters →
    - The monthly ICO Newsletter reached a subscriber base of 380,000, with an open rate of 38.9% and a click-through rate of 8.6%.
    - The Investor Newsletter, published quarterly in English, was distributed to more than 1,500 investors.

Reinforcement of Audiovisual Communication

ICO has broadened its audiovisual and digital material to back the dissemination of its strategic objectives. In 2024, a number of interactive videos and infographics were produced and used on the website, social media, advertising campaigns and screens at ICO headquarters.

Participation in Events and Social Media

- Conferences and forums → ICO participated in 481 conferences, with 273 speakers at 202 events, in collaboration with institutions, sectoral associations and other agents.
- Expansion in social media →
  - X (@ICOgob) → Reached 8,006 followers, up 2.9% on the previous year. 90% of the publications included graphic or audiovisual material, achieving an interaction rate of 6.3% (+61.1% year-on-year).
  - LinkedIn → Since its relaunch in September 2024, ICO page reached 9,500 followers and generated 468,597 impressions with an interaction rate of 9.6%.
  - YouTube ICO → Ended 2024 with 319 subscribers and 63,395 views, with the posting of 41 videos.

4.6 CERTIFICATIONS, ACCREDITATIONS AND RECOGNITIONS

ICO has several certifications and accreditations that endorse its commitment to environmental, labour and operational management in line with international standards. In 2024, the Institute renewed its certifications in quality and environmental management and obtained certification in occupational health and safety, consolidating an Integrated Management System.

MANAGEMENT SYSTEM CERTIFICATIONS

In 2024, ICO officially established its Integrated Management System, renewing the ISO 9001 and ISO 14001 certifications and obtaining ISO 45001 certification.

ISO 14001: ENVIRONMENTAL MANAGEMENT SYSTEM (renewed in 2024, obtained in 2021).

- Ensures compliance with environmental protection standards at all levels of ICO activity.
- Its implementation responds to the following commitments:
  - Identification and control of environmental aspects and their impact.
  - Environmental compliance, including voluntary commitments such as the Equator Principles, the 10 Global Compact Principles and the Paris Agreement.
  - Assessment of environmental risks and opportunities in ICO's activity and products.
  - Measurement and reduction of GHG emissions, with prevention, mitigation and offsetting measures.
  - Responsible waste management, promoting waste separation in facilities and promoting environmental awareness among staff.
  - Promotion of the circular economy, establishing agreements that promote the reuse of materials.
  - Pollution prevention, using specific tools and procedures.
  - Promoting sustainable consumption and improving energy efficiency in the use of natural resources.

Precautionary principle: In accordance with ISO 14001, ICO applies a preventive approach to environmental issues, assessing the potential impacts of its activity and establishing mitigation measures where necessary. As its direct environmental impact is small, no specific provisions have been considered in the income and expenditure budget to cover possible environmental damage.

ISO 9001: QUALITY MANAGEMENT SYSTEM (renewed in 2024, obtained in 2022).

- Applies to all activities of ICO as a National Promotional Bank, Financial Instrument of Economic Policy and State Financing Agency.
- Regulates quality processes in all areas of development, implementation and improvement.

- Demonstrates the commitment to quality and continuous improvement to the bank's stakeholders.

ISO 45001: OCCUPATIONAL HEALTH AND SAFETY (new certification in 2024).

- Accredits the application of international standards to ensure safe and healthy working environments.
- Key certification to strengthen occupational risk prevention and improve employee well-being.
- The Occupational Health, Safety and Well-being Policy, approved in 2023, as well as the approval of the Digital Disconnection Policy, have been the basis for obtaining this certification.
- ISO 45001:2018 establishes a comprehensive framework for identifying, managing and reducing occupational risks, ensuring continuous improvement in occupational health and safety.

The Organisational Structure Circular 2/2024 gives the Director General of Technical and Resources the representation of the Integrated Management System (IMS), with the following responsible areas:

- ISO 9001 → Organisation and Quality Area
- ISO 14001 → General Services and Assets Area
- ISO 45001 → Human Capital and CSR Departments

In addition, defibrillator courses for employees were held in 2024, reinforcing training in first aid and emergency prevention.

INTERNATIONAL ACCREDITATIONS AND RECOGNITIONS

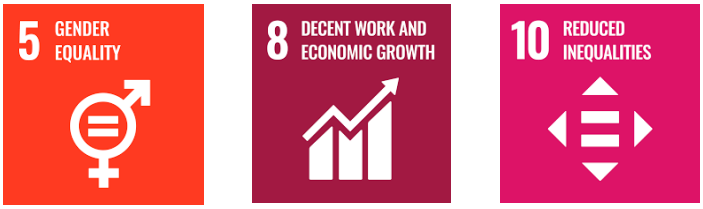
European Commission Implementing Partner (from 2020): ICO has successfully passed the European Commission's Pillar Assessment, which assesses key aspects such as internal control, external audits, management of financial instruments and regulatory compliance. This accreditation allows ICO to run European programmes such as InvestEU.

Family-Responsible Company (EFR in Spanish): (since 2014, renewed until 2025): Certification awarded by the Másfamilia Foundation, based on the EFR 1000-1 standard. It accredits the implementation of measures for work-life balance, equal opportunities and quality employment. To obtain this certification, ICO passed an external audit and diagnosis, which accredited its compliance with the requirements established in current legislation. The certification is subject to periodic review, ensuring its validity and evolution. For its correct implementation, ICO has an EFR Model Work-Life and Equality Management Procedure.

Non-financial ratings: Independent rating agencies assess the ESG performance and risk of ICO. These ratings are available on ICO website[27].

[27] https://www.ico.es/web/guest/sostenibilidad/evaluacion-divulgacion-y-transparencia

5 STAFF AND DIVERSITY MANAGEMENT



ICO Group's most important asset is its human and intellectual capital; the committed professionals who power the organisation every day towards the achievement of its mission in an atmosphere of collaboration and trust.

In its relationship with the professionals who make up the organisation, ICO Group is committed to:

- The Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- Equal treatment and opportunities for men and women and the fight against all forms of discrimination.
- Balancing professional, family and personal life.
- Training.
- Occupational health and safety.
- Balancing professional activity with environmental responsibility.
- Socio-occupational inclusion of groups with functional diversity.
- Elimination of all forms of forced or compulsory labour.
- Corporate volunteering, developed through collaboration agreements with social entities.

These commitments to its staff are set out in the Sustainability Policy, renewed by ICO General Council in January 2024, and are embodied in the personnel policies and procedures and the initiatives carried out in each area.

Likewise, ICO guarantees its observance of equality between women and men through the negotiation of Equality Plans with its Works Committee, and through the diagnosis of the situation of the workforce, incorporating measures that certify its commitment to the employee well-being through the EFR seal awarded by the Másfamilia Foundation since 2014. In 2024, the 3rd Equality Plan was negotiated and agreed, which will come into force in 2025.

The approval in 2023 of a formal Occupational Health, Safety and Welfare policy, as well as the approval of the Digital Disconnection Policy, has been a cornerstone for the attainment of ISO 45001 certification in 2024.

The tool used to compile ICO staff data shown in this section is the SAP Success Factors computer system, a comprehensive human resources management software. In the case of AXIS, the tool used is Suasor, a software program for consultancies and professional offices, and in the case of Fundación ICO, Business Digital Hub.

Throughout this section, we explore how these core values have been integrated into our corporate culture, contributing to the well-being of our employees and progress towards a more equitable and sustainable future.

5.1 STAFF DATA

DISTRIBUTION OF ICO GROUP STAFF BY AGE, GENDER AND OCCUPATIONAL GROUPS

At year-end 2024, the Group had 394 employees excluding trainees (28). Of these, 93.65% work at ICO, 4.56% at AXIS and 1.77% at Fundación ICO. The distribution by age, occupational group and sex is as follows:

ICO GROUP	31/12/2024				31/12/2023			
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	TOTAL	Under 30 years old	Between 30 and 50 years old	Over 50 years old	TOTAL
Senior staff		**6**	**12**	**18**		**5**	**11**	**16**
Women		5	3	8		4	3	7
Men		1	9	10		1	8	9
Middle Management		**42**	**30**	**72**		**31**	**28**	**59**
Women		28	15	43		20	13	33
Men		14	15	29		11	15	26
Technical Staff	**31**	**96**	**117**	**244**	**40**	**113**	**110**	**263**
Women	18	54	72	144	21	70	66	157
Men	13	42	45	100	19	43	44	106
Administrative Staff		**9**	**51**	**60**		**8**	**50**	**58**
Women		8	46	54		7	45	52
Men		1	5	6		1	5	6
TOTAL ICO GROUP	**31**	**153**	**210**	**394**	**40**	**157**	**199**	**396**
Total Women	18	95	136	249	21	101	127	249
Total Men	13	58	74	145	19	56	72	147

In line with the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, as well as domestic and international standards, ICO Group does not employ any under-age employees.

The high specialisation of the products and services offered by ICO Group entities is reflected in the distribution of staff by occupational group. Thus, 61.9% of the workforce belongs to the Technician occupational group, nearly 4 percentage points less than in 2023. This variation in technical staff is related to the increase in the number of middle managers in the workforce due to the new structure, in which several people have been promoted to leadership positions among the technical staff on the payroll.

With regard to the distribution of the workforce according to age, most of the workers are in the "Over 50" age bracket, with 53% of the total. This is because ICO Group is a well-established institution that offers its employees a stable working environment and conditions.

Given the nature of ICO as a State-run Enterprise, 100% of the staff carry out their professional activity in Spain.

In addition, ICO has participated in the 'First experience in public administrations programme'[28], in which, throughout 2023 and 2024, a total of 25 young people have participated with a 12-month temporary internship contract. Of these, 7 started the programme in 2024 and will complete their year at ICO in 2025. For more details on the initiatives in which ICO Group is involved in facilitating access to employment for young people, see section 5.10.

EXTERNAL STAFF OR STAFF NOT BELONGING TO ICO GROUP

As of 31 December 2024, the number of external workers whose work is controlled by ICO amounted to 125 (4 workers more than on 31 December 2023). On average, the figure for 2024 is the same as the closing figure, i.e. 125, and in 2023 the average was 117 workers. People from external companies are hired to provide services related to security, maintenance, cleaning, IT, auditing, among others. The breakdown by area of intervention is as follows:

ICO GROUP	31/12/2024	31/12/2023
	TOTAL	TOTAL
ACTIVITY	**125**	**121**
Security	21	22
Maintenance	3	5
Cleaning	26	25
Medical Service	4	5
Information	3	2
Archiving	2	2
Copies	2	2
Vehicle Fleet	2	2
Visitor Service	3	4
Porter	1	2
Computing	17	16
Auditing	30	25
IT Consultancy	11	9
AVERAGE	**125**	**117**

[28] The objective of the Programme is to provide subsidies for the hiring of unemployed young people, over 16 and under 30 years of age, by public administrations and public sector institutional entities, in the form of internship contracts.

ICO GROUP NEW STAFF HIRES AND STAFF DEPARTURES

New staff hires and staff departures are as follows:

ICO Group 2024	TOTAL	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Men	Women
No. New hires	**64**	20	32	12	25	39
Recruitment Rate	**16.2%**	64.5%	20.9%	5.8%	17.2%	15.7%
No. Staff departures	**65**	22	34	9	25	40
Turnover rate	**16.5%**	70.9%	22.2%	4.3%	17.2%	16.1%

The recruitment rate is the number of new hires compared to the total number of staff at year-end for each category and the turnover rate is the number of departures compared to the total number of staff at year-end for each category.

	TOTAL EMPLOYEES ICO GROUP	TEMPORARY EMPLOYEES
Absolute permanent disability	1	
Voluntary resignation	14	8
Care leave	3	
Special leave	25	
Voluntary leave	4	
End of contract	13	13
Retirement	5	
TOTAL DEPARTURES 2024	**65**	**21**

ICO Group 2023	TOTAL	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Men	Women
No. New hires	**68**	35	28	5	33	35
Recruitment Rate	**17.2%**	87.5%	17.8%	2.5%	17.6%	14.1%
No. Staff departures	**34**	6	21	7	20	14
Turnover rate	**8.6%**	15.0%	13.4%	3.5%	10.7%	5.6%

Among the departures in 2024, the most common cause is leave of absence (42%) granted to employees to take up other jobs in the public sector. In addition, 32% of the total number of temporary contracts were terminated. In 2024 and 2023, there were no redundancies.

Compared to 2023, in 2024, we see a significant increase in departures, especially in the under-30 age range, caused by the 'First experience programme in public administrations', which has a maximum non-extendable duration of 12 months, among other factors.

In terms of staff turnover, only 28 of the 65 departures were from the permanent staff. Its turnover rate was 7.10% in 2024. In 2023, this number was 6.06%.

INTEGRATION OF FUNCTIONAL DIVERSITY AT ICO

There are 5 persons with a recognised disability as of 31 December 2024, all of whom are women. In 2023 there were also 5 persons with disabilities, 80% of whom were women.

Likewise, since November 2021, ICO has been authorised by the Regional Ministry of Economy, Finance and Employment of the Community of Madrid to comply with the disability share on an exceptional basis by adopting alternative measures by contracting with Special Employment Centres for the provision of certain services. In 2024, there were 7 contracts with special employment centres. Of these contracts, 4 involve staff working at ICO headquarters. The services associated with these contracts are provided by, among others, 17 people with disabilities, 9 of whom are women and 8 are men.

In addition, ICO signed an agreement with the A LA PAR Foundation, through which 1 person with functional diversity completed his studies, completing a scholarship period at ICO during the year 2024 (as well as in 2023). Details of this programme can be found in section 5.9.

5.2 CONTRACT MODALITIES

TOTAL NUMBER AND DISTRIBUTION OF EMPLOYMENT CONTRACTS. AVERAGE ANNUAL NUMBER OF PERMANENT, TEMPORARY AND PART-TIME CONTRACTS BY GENDER, AGE AND OCCUPATIONAL CLASSIFICATION

In 2024, 90.4% of ICO Group's workforce had permanent contracts (367 people), compared to 94% in the previous year. In the case of temporary jobs (6.7%), they are due to very specific causes: to cover temporary disability leave, maternity/paternity leave, change-over contracts associated with partial retirements and vacant positions until they are filled indefinitely through public employment offers. Staff who worked part-time due to retirement represent 1.97%.

During the years 2024 and 2023, in addition, temporary contracts linked to the 'First experience programme in public administrations' were signed, in which under-30s participate for a maximum period of 12 months.

ICO GROUP	AVERAGE 2024			AVERAGE 2023		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
PERMANENT	**20**	**151**	**196**	**17**	**146**	**192**
Women	11	94	126	8	93	121
Men	9	57	70	9	53	71
Senior staff		5	12		5	13
Women		4	4		4	3
Men		1	8		1	10
Middle Management		36	30		29	29
Women		24	14		19	13
Men		12	16		10	16
Technical Staff	20	102	107	17	107	104
Women	11	59	66	8	66	64
Men	9	42	41	9	41	40
Administrative Staff		7	47		5	46
Women		6	42		4	41
Men		1	5		1	5
PART-TIME			**8**			**8**
Women			4			5
Men			4			3
Technical Staff			5			**5**
Women			1			2
Men			4			3
Administrative Staff			**3**			**3**
Women			3			3
Men						
TEMPORARY	**18**	**10**	**3**	**11**	**9**	**1**
Women	10	9	3	5	6	1
Men	8	1		6	3	
Technical Staff	18	7	2	11	7	
Women	10	6	2	5	4	
Men	8	1		6	3	
Administrative Staff		3	1		2	1
Women		3	1		2	1
Men						

Note: The absence of an occupational category in the different types of employment contract is due to the lack of data to be reflected.

5.3 AVERAGE EARNINGS AND THE PAY GAP

AVERAGE EARNINGS

AVERAGE EARNINGS AND THEIR EVOLUTION BY GENDER, AGE AND OCCUPATIONAL CLASSIFICATION

The calculation of this data takes into account the total remuneration (salary, in kind and non-wage) of the workforce as of 31 December 2024, annualised, to avoid deviations due to the hiring date, including variable remuneration for meeting objectives regardless of its accrual, and is broken down by occupational group, age and gender.

OVERALL METRICS (€)	2024	2023
Salary expenditure ICO	20,275,591	18,656,521
Average remuneration ICO	56,478	53,304
Median remuneration ICO	51,136	48,007
Minimum wage	15,876	15,120

In the financial year 2024, the monetary remuneration was adjusted by 2.5% for senior management and middle management and by 2.7% for the wage bill of the employees covered by the collective labour agreement, in accordance with the current regulations. Moreover, in accordance with the budgetary rules in force, the increases do not affect remuneration in kind or non-wage remuneration. In any case, the process of setting remuneration is subject to the applicable budgetary rules.

Both figures for 2024 and 2023 take into account base salary, variable salary, and salary and fringe benefits.

In overall terms, the change in the average remuneration to all ICO employees has been affected by the creation of new structural posts (deputy directors and middle managers) authorised in 2024. This extension of the structure is based on the entry into force of the second phase of the RTRP. These temporary structural posts associated with the RTRP, and in particular the middle management posts, have been filled, in accordance with the collective agreement, by regular technical staff.

The median, as the average value of the set of salaries ordered from lowest to highest, has in turn been influenced, in addition to the above, by the fact that the new hires in newly created posts and hires derived from the filling of posts generated by the replacement of departures or retirements from the previous financial year, are generally covered by the entry level salary in each occupational group.

AVERAGE REMUNERATION ICO (€)	2024	2023	% growth	WOMEN 2024	MEN 2024	DIFFERENCE (Women compared to the average)
Average remuneration Management Staff	102,324	101,434	0.9%	103,306	100,948	1.0%
Average remuneration Department Head	89,789	88,423	1.5%	88,982	91,000	-0.9%
Average remuneration Area Head	73,133	70,903	3.1%	72,404	74,062	-1.0%
Average remuneration ICO Technical staff	52,142	49,810	4.7%	53,433	50,308	2.5%
Average remuneration ICO Administrative staff	40,567	38,831	4.5%	40,553	40,714	0.0%

Note 1: For the calculation, the salary expenditure of the chairman and executive staff has not been taken into account as this information can be found in section 1.3. Governance and Management Structure. Neither are the training contracts of the First Experience in Administration Programme included, which are financed by their specific programme and are governed by their own regulations.

Note 2: The amounts take into account the variable remuneration linked to the achievement of objectives paid in each financial year, remuneration in kind and non-wage remuneration.

Note 3: In all cases, the individual increase in monetary remuneration has been at least 2.0% as authorised by RD-Law 4/2024, applied to all remuneration items except for remuneration in kind and non-wage remuneration. However, the % changes in average remuneration are influenced by new recruits to newly created posts, which have always been at entry level.

MINIMUM ANNUALISED REMUNERATION ICO BY OCCUPATIONAL GROUP (€)	2024	2023	% growth
Entry level Technicians	40,647	38,909	4.5%
Entry level Administrative staff	28,523	26,868	6.2%

Note: The calculation takes into account the remuneration received by all employees, including the minimum variable remuneration subject to meeting targets.

GRI INDICATORS

The chairman's salary is 3.1 times the median salary of the rest of the organisation.

The remuneration increase for the chairman in 2024 was identical to that of all employees.

The ratio between the annualised minimum entry level payout and the average payout is:

- 142% for women and 143% for men in the administrative group.
- 131% for women and 124% for men in technical group.
- 178% for women and 182% for men in area heads.
- 219% for women and 224% for men in department heads.
- 254% for women and 248% for men in management.

ICO	AVERAGE 2024			
	Average ICO	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Senior staff	102,324		100,826	104,421
Women	103,306		102,828	104,502
Men	100,948		95,820	104,367
Department Heads	89,789		88,417	90,288
Women	88,982		88,417	89,434
Men	91,000			91,000
Area Heads	73,133		71,260	78,463
Women	72,404		70,596	79,033
Men	74,062		72,235	77,975
Technical Staff	52,142	36,799	44,078	62,843
Women	53,433	36,301	45,325	64,463
Men	50,308	37,629	42,436	60,469
Administrative Staff	40,567		30,741	42,658
Women	40,553		31,340	42,481
Men	40,714		25,356	44,553
TOTAL ICO	56,478	36,799	53,535	61,547

The average remuneration of the groups reflected in this table in 2024 was 56,478 euros. Comparatively, this is 3.6 times higher than the Spanish Minimum Interprofessional Wage, which is set at 15,876 euros in 2024.

The average remuneration of the Foundation in 2024 was 42,381.57 euros, and that of AXIS was 68,072.18 euros. These figures were 41,367 euros and 65,409 euros in 2023, respectively. A breakdown of AXIS for 2024 is provided, but no breakdown of the Foundation is provided due to its small size, in accordance with data protection regulations.

AVERAGE AXIS	
Gender	
Women	64,592.61
Men	66,737.35
Age	
Under 30 years old	37,173.35
Between 30 and 50 years old	55,325.99
Over 50 years old	77,877.11
Occupational Category	
Senior staff	120,364.61
Middle Management	94,468.49
Technical Staff	47,069.66
Administrative Staff	40,420.73

SALARY GAP

From the analysis of the salary record data, it can be concluded that there are no significant salary differences between men and women at ICO and AXIS.

In compliance with the provisions of Art. 28.2 of the Workers' Statute [of Spain] and Royal Decree 902/2020 of 13 October, on equal pay for men and women, both ICO and AXIS had a salary record at the end of the 2024 financial year.

This record makes it possible to analyse the wage differences between women and men and thus determine whether there is a gender salary gap.

The concept of a job of equal value is reflected in the calculation of the salary gap, which compares the total pay received by men and women in jobs of equal value.

In the case of ICO, it has been decided to classify the staff subject to the collective bargaining agreement by occupational group and salary level, following the job structure agreed with the workers' legal representatives and the job assessment conducted for the preparation of the diagnosis of ICO's Third Equality Plan, which was negotiated during the year 2024. With regard to staff excluded from the scope of application of the agreement, a distinction has been made within middle management between the posts of area head and department head. A comparison has also been made of the salaries of upper management (Directorate, Directorate General and Chairman's Office).

For each of the above positions, the median of the total pay received by all men and women in these positions is calculated. The job salary gap is calculated as the percentage resulting from dividing the difference of the median male pay minus the median female pay by the median male pay. The total salary gap is the weighted average of those obtained in each job.

As of 31 December 2024, ICO salary gap for positions of equal value at ICO is 0.4%.

The regulations governing the remuneration policy for upper and middle management positions are set by the Ministry of Finance and guarantee equal pay for men and women. In addition, the collective agreement establishes pay levels for staff covered by the agreement (belonging to the Technician and Administrative occupational groups) that guarantee equal pay for people at the same pay level. Pay grade promotion is linked to the performance appraisal.

In the case of AXIS, the pay gap for positions of equal value is -9.6% (in favour of women). Fundación ICO has not been calculated due to its small size.

5.4 WORK ORGANISATION

WORKING TIME ARRANGEMENTS

The collective bargaining agreement determines the working day and hours of staff, who may choose to work either a continuous or split working day, in accordance with the terms of the agreement itself.

In 2024, the average number of ICO Group staff working part-time was 386.7 (95% of the group total). 0.7% of the Group worked a continuous workday and 4.2% worked a reduced workday for reasons of work-life balance due to partial retirement, change-over contract and/or care of ascendants or descendants.

	AVERAGE 2024			AVERAGE 2023		
ICO GROUP	**Under 30 years old**	**Between 30 and 50 years old**	**Over 50 years old**	**Under 30 years old**	**Between 30 and 50 years old**	**Over 50 years old**
PART-TIME	**38**	**155**	**194**	**27**	**147**	**189**
Women	20	97	125	13	92	120
Men	18	58	69	14	55	69
Senior staff		6	13		5	11
Women		5	4		4	3
Men		1	9		1	8
Middle Management		34	30		27	24
Women		23	14		17	9
Men		11	16		10	15
Technical Staff	37	105	104	27	97	96
Women	20	60	65	13	57	59
Men	17	45	39	14	40	37
Administrative Staff		10	47		7	43
Women		9	42		6	39
Men		1	5		1	4
CONTINUOUS			**3**			**3**
Women			1			1
Men			2			2
Technical Staff			**3**			**3**
Women			1			1
Men			2			2
Administrative Staff						
Women						
Men						
REDUCED		**6**	**10**		**8**	**21**
Women		6	5		7	18
Men			5		1	3
Middle Management						
Women						
Men						
Technical Staff		6	7		7	5
Women		6	2		6	2
Men			5		1	3
Administrative Staff			3		1	16
Women			3		1	16
Men						

Teleworking has proven to be a key tool in modernisation and making work management more flexible. For its effective functioning, ICO Group is subject to the rules and regulations of the State Administration. In 2024, ICO Group continues with its Distance Working Plan implemented in 2022 within the framework of energy saving and efficiency measures for government agencies and public-sector entities approved by the CMA of 24 May 2022. According to this system, after the targets set for 2023 were proven to be met, ICO Group decided to maintain the maximum system of up to three days of remote working in 2024, compared to the maximum of two days allowed in 2022.

As of 31 December 2024, 383 employees had followed this system, 35.8% of whom were men and 64.2% women, or 97.2% of the total workforce, maintaining the same total number as in 2023, as shown in the table below:

	No. requests	Total no. employees (31/12/24)	% requests
ICO	361	369	97.8%
AXIS	15	18	83.3%
FUNDACIÓN ICO	7	7	100%
TOTAL ICO GROUP	**383**	**394**	**97.2%**

*Trainees are not included as they do not request teleworking through ICO Group.

5.5 WORK-LIFE BALANCE

MEASURES AIMED AT FACILITATING THE ENJOYMENT OF A WORK-LIFE BALANCE AND ENCOURAGING THE CO-RESPONSIBILITY OF PARENTS IN EXERCISING THESE MEASURES

The Institute's commitment to a work-life balance is the result of seeking the well-being of the people who form part of ICO, our main source of value. Having a work-life balance means balancing the pursuit of professional and private goals in life through flexible formulas that allow for the development and success of both. It is, therefore, not merely about paid leave, it is a way of organising the working environment that makes it easier for men and women to carry out their work and meet their personal and family responsibilities.

As indicated in point 4.6, ICO is certified as a Family-Responsible Company.

In pursuing the well-being of the people who make up the organisation and in its commitment to them, ICO's management model aims to:

- Contribute through its policies to the removal of barriers that hinder the participation of women and men in their personal lives and in the company's processes.
- Promote a working environment that is compatible with personal development, allowing its professionals to balance the fulfilment of their work responsibilities in a public institution such as ICO with the needs of their personal and family life.

Below is a breakdown of the work-life balance measures related to reduced working hours adopted by ICO Group employees in 2024 and 2023 (average figure).

ICO GROUP	AVERAGE 2024			AVERAGE 2023		
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Under 30 years old	Between 30 and 50 years old	Over 50 years old
Parental care			**1**			**1**
Administrative Staff			**1**			**1**
Women			1			1
Men						
Childcare		**7**			**10**	
Administrative Staff					**1**	
Women					1	
Men						
Technical Staff		**7**			**9**	
Women		6			8	
Men		1			1	
Partial retirement			**9**			**8**
Administrative Staff			**4**			**3**
Women			4			3
Men						
Technical Staff			**5**			**5**
Women			1			1
Men			4			4

Note: Data from ICO and Axis, as there is no person with a reduction in the Foundation.

To guarantee and ensure proper compliance with the values and principles that underpin ICO's commitment to work-life balance, an external communication channel has been set up so that ICO staff, as an entity certified under the EFR model, can express their complaints and claims regarding work-life balance directly to the Másfamilia Foundation. It guarantees the absolute confidentiality of the information received through this channel. In 2024, the Másfamilia Foundation did not receive any claims or complaints through the channel, nor in 2023.

ICO has 90 work-life balance measures, divided into 8 blocks, 67 of which provide an improvement over current legislation and are therefore considered reconciliation measures for EFR certification.

The following table shows information on parental leave entitlement in ICO Group. In 2024, 15 employees availed themselves of this right, with a 100% return and retention rate, as in 2023.

ICO GROUP	2024 data			2023 data		
	Men	Women	Total	Men	Women	Total
Total number of employees entitled to parental leave	7	8	15	6	6	12
Total number of employees who have taken parental leave	7	8	15	6	6	12
Total number of employees in 2024 who have extended their parental leave	0	3	3	0	1	1
Return-to-work rate (employees who returned to work after parental leave in the year over total number of those who were due to return) (%)	100%	100%	100%	100%	100%	100%
No. employees returning to work	7/7	8/8	15/15	6/6	5/5	11/11
Retention rate (employees retained 12 months after return over total number of returnees) (%)	100%	100%	100%	100%	100%	100%
No. employees retained	7/7	8/8	15/15	5/5	7/7	12/12

* Neither Fundación ICO nor AXIS have had employees covered by this measure.

DIGITAL DISCONNECTION POLICIES IN THE WORKPLACE

In the remote working plan approved in ICO Group in 2022, the right to digital disconnection outside working hours is recognised in accordance with Article 88 of Organic Law 3/2018 of 5 December on Personal Data Protection and the Guarantee of Digital Rights. In 2023, **the digital disconnection policy** was created and approved. It was announced on the intranet and includes the principles of action and a guide of good practices for better management of working time and respect for rest time. This policy has been consolidated in 2024.

5.6 HEALTH AND SAFETY

According to the World Health Organisation (WHO), a healthy company is one where management and employees work together to develop continuous improvement processes to protect and promote occupational health, safety and well-being.

In this sense, ICO Group understands that a healthy organisation is one that, understanding the importance of health for the proper functioning of its activity, makes systematic, planned and proactive

efforts to improve the organisation and design of workplaces, operational processes and the strategy of work-life balance, health and safety at work. In this way, employee well-being stands as a strategic element of strength, essential for the achievement of company objectives.

This is reflected in the Health, Safety and Well-Being Policy approved by ICO Group in 2023, which implements the commitments established at the highest level in the Sustainability Policy, which includes occupational health and safety as a commitment to one's employees.

ICO Group's Health, Safety and Well-Being Policy defines ICO's general principles in this area, taking as a reference the recognition of best practices established by international guidelines (WHO), the EU Strategic Framework on Health and Safety at Work 2021-2027 and the Spanish Strategy for Health and Safety in the Workplace 2023-2027, as well as the Sustainable Development Goals, specifically SDG 3.

The policy develops ICO Group's corporate action principles on human resources, aligning ICO's concern for the health and well-being of its employees with the EU Strategic Framework on Health and Safety at Work 2021-2027 and its three main pillars:

- Anticipate and manage the shift to new jobs and occupations resulting from the ecological, digital and demographic transitions.
- Improve the prevention of accidents and illnesses in the workplace.
- Increase preparedness for possible future health crises.

Furthermore, ICO Group understands that it is the responsibility of everyone—staff, partners and management—to contribute to building and maintaining an environment of health, safety and well-being. Accordingly, the Health, Safety and Well-Being Policy sets out the following general objectives:

- To achieve a healthy working environment and well-being that allows employees to carry out their work in the best physical, psychological and social conditions, fostering the participation of its employees and worker representation through the channels provided.
- To achieve an optimal level of occupational safety beyond mere compliance with occupational risk prevention regulations.

The management of health and safety in the workplace affects 100% of the workforce, and is developed through two main lines of action:

Technical prevention referring to the specialities of occupational safety, industrial hygiene, ergonomics and applied psycho-sociology, which includes occupational risk assessments, initiatives to eliminate or minimise the risks detected, monitoring the implementation of these initiatives, the preparation and implementation of emergency and evacuation plans, health and safety training and the coordination of preventive activities.

Occupational medicine, with the performance of medical check-ups for staff, the protection of particularly sensitive employees and the adaptation of workstations with specific ergonomic material, as well as programming preventive activities and campaigns with the aim of maintaining and improving the health of workers and encouraging the development of both a preventive culture and healthy habits among the workforce.

Since June 2023, we have unified the external prevention service for the entire Group, providing us with this Preving service. There is a procedure for the coordination of business activities in compliance with R.D. 171/2004, which details the functions and measures to be adopted in the relationship with companies for the prevention of occupational risks.

The control of health and safety at work is the responsibility of the Health and Safety Committee, made up of 3 representatives from the Company and 3 from the Workers' Union, and by the Medical Service (company doctor) and the External Prevention Service (prevention technician). The Health and Safety Committee meets quarterly. In 2024, 4 official meetings were held, covering issues related to the appointment of alarm and evacuation teams and first intervention teams, occupational risk prevention

training for office staff (including teleworking) and accidents at work. This group participates in the elaboration, implementation and evaluation of the company's risk prevention plans and programmes. No serious injury risks have been identified and no such events have occurred. Workers can report any risks or incidents directly to HR or through union representatives.

In 2024, 233 medical check-ups were carried out in ICO Group, representing 57.32% of the group's average workforce, up over 3% from the previous year, a target that had been set in the framework of ISO 45001. This represents an increase of 25 check-ups over the previous year.

Furthermore, in 2024, training in this area was reinforced, with a complete course on Occupational Risk Prevention given to 69 people and a "*Practical Fire Fighting Course"* in which 17 employees participated, all of them from ICO, reinforcing their training in safety and emergency response.

It was decided to offer staff physical and mental health workshops, both online and face-to-face, and in-person Mindfulness workshops. In 2024, 40 people attended these workshops, demonstrating very positive receptivity, reflecting the interest and commitment of the staff to their well-being.

Similarly, initiatives were launched to promote healthy habits, in particular the "Healthy Cities by Sanitas", whose main challenge was to encourage staff to get up and moving for their health and for the planet, promoting more sustainable cities and citizens. This initiative, in which ICO Group competed with 139 other companies in the "Large Company" category, managed to mobilise 82 employees, whose total number of steps amounted to 45 million, placing ICO 44th (out of 140) and helping Sanitas, the organiser of the challenge, to plant 62 trees.

A training course on the Use of the Semi-Automatic Defibrillator (AED) was also given, designed to prepare participants for emergency situations through practical simulations. This training, carried out in small groups from the end of October to the end of November, was successfully completed by 54 ICO staff members. Representatives of AXIS and the Foundation also participated. Four people from AXIS attended, and two from the Foundation.

On the other hand, as part of its commitment to the health of its employees, ICO Group has a medical service available to all its employees at the work centre, from Monday to Friday mornings, for medical, nursing and physiotherapy consultations. The health service for the medical care of the staff at ICO is authorised by the Health Department of the Madrid Autonomous Community. This measure promotes health care, work-life balance, flexibility and the reduction of absenteeism by facilitating medical consultation and assistance for ICO staff in the workplace.

During 2024, 831 medical visits were provided, making for an average of 69 visits per month, 31% to men and 69% to women. Of these visits, 56% were provided by a medical professional, 29% by a nurse and 14.68% by a physiotherapist. An average of 52 workers per month were assisted. By type of visit, 76.4% was due to common illness, 0.4% to workplace accidents, 1.7% to non-workplace accidents and the remaining 21.6% to health campaigns.

A health vaccination campaign to prevent seasonal flu was carried out in 2024, benefiting 115 ICO professionals.

In addition, ICO collaborates annually in the blood donation campaign run by the Red Cross. In 2024, 2 campaigns were carried out, one in February with 43 donors and one in November with 46 donors, with a total of 89 volunteers being able to donate blood at the workplace. This helped to improve the lives of 267 people, as each donation saves 3 lives.

The health data of ICO Group staff are managed by an external company, thus ensuring their confidentiality.

SICK LEAVE AND ABSENTEEISM

In 2024, 4,430 days of sick leave were recorded, 54.54% for common illness, 44.58% for maternity or paternity and 0.88% for accidents.

In addition, there were 2 workplace accidents, both to and from work, both with medical leave and involving one man and one woman. Due to the nature of ICO Group's activities, there is no risk of the occupational diseases listed in current legislation, as assessed by the prevention service. No occupational diseases were recorded in 2024.

The number of absentee hours recorded in 2024 was 34,710 (in 2023 it was 32,173), bringing the absence rate at ICO to 4.42%. This is a slight increase from 4% in 2023.

ICO	2024			2023		
	Total	Men	Women	Total	Men	Women
Number of days off work	4,430	1,712	2,718	4,383	1,642	2,741
Number of absentee hours	34,710	10,610	24,099	32,173	10,140	22,033
Number of total occupational accidents	2	1	1	2	0	2
Number of occupational accidents to and from work	2	1	1	1	0	1
Number of occupational accidents requiring time off work	2	1	1	2	0	2
Frequency rate (%)	0	0	0	3.31	0	3.31
Incidence rate (%)	0.53	0.265	0.265	0.56	0	0.56
Severity rate (%)	0.069	0.053	0.016	0.32	0	0.32
Absenteeism rate (%)	4.42	3.34	5.04	4	3.75	4.71

Note**:** Frequency rate = number of lost-time accidents per million hours worked
Severity rate = number of days lost out of 1 million hours worked
The frequency rate does not include accidents on the way to and from work. The calculation is over one million hours.
At AXIS and Fundación ICO, there were no workplace accidents or occupational diseases in 2024.

HEALTH CERTIFICATIONS

As described in section 4.6, in 2024 ICO obtained the "ISO 45001 Occupational Health and Safety" certification, integrating it into its Management System.

5.7 SOCIAL RELATIONS

ORGANISATION OF SOCIAL DIALOGUE

In line with Principle 3 of the Global Compact, ICO respects and guarantees the right of its staff to join trade unions and form their Works Council.

The Works Council acts as a collegiate body representing the workers, maintaining an autonomous operation and interacting with the company, through its participation in various committees and working bodies, among them: Joint Committee, Health and Safety Committee, Training and Professional Promotion Committee and Social Affairs Committee.

In addition, the Works Council collaborates in working groups and negotiating committees, set up to address specific issues when necessary.

For the proper performance of its functions, ICO has provided the Works Council:

- A physical space for meetings and documentation storage
- A dedicated e-mail address for receiving enquiries
- A space on the Intranet for the publication of relevant information.

PROCEDURES FOR INFORMATION, CONSULTATION AND NEGOTIATION WITH STAFF THROUGH THEIR REPRESENTATIVES

Application of Collective Agreement

The Sixth Collective Bargaining Agreement of ICO, published in the BOCM [Aut.Comm Madrid Bulletin] on 11 January 2014[29], remains in force and is applicable exclusively to ICO staff. Its scope of application is limited to the Autonomous Community of Madrid, where the place of work is located. which applies only to ICO staff and whose scope of application is the Community of Madrid, where the workplace is located.

Social benefits are stipulated in the Agreement and apply equally to all staff, without distinction by type of working day.

The agreement currently covers 80.4% of the workforce, excluding the chairman, the executive team and the middle management occupational, whose employment relationship is governed by individual contracts.

Worker representation and dialogue

The Works Council is composed of 13 members, 31% of whom are women.

During 2024, 8 meetings of the Joint Committee and the Health and Safety Committee were held and documented in the minutes. In addition, dialogue forums have been set up with employee representatives to address working conditions and other issues of interest to the workforce.

MECHANISMS AND PROCEDURES FOR PROMOTING WORKER INVOLVEMENT

ICO has various channels and mechanisms in place to encourage the active participation of its staff in terms of information, consultation and communication.

Information and Consultation Channels

In addition to general and personalised communications by e-mail, ICO has a channel for announcements, news and updates on its intranet, where all applicable internal regulations are also

[29] http://w3.bocm.es/boletin/CM_Orden_BOCM/2014/01/11/BOCM-20140111-3.PDF

available, as well as information on training, work-life balance, the Works Committee and institutional activity, among other topics.

To promote participation, employees can comment on published news or send suggestions through the Contribute Your Idea channel. In addition, the employee portal facilitates interaction between the company and the staff, enabling the communication of requests and the management of training.

Meetings and Performance Review

The Chairman's Office holds meetings open to all staff to provide information on key aspects such as the Strategy, results and the management of European funds. In 2024, with the change of chairman, special emphasis has been placed on the objectives of his mandate and his commitment to the well-being of the team.

In addition, unit managers maintain an ongoing dialogue with their employees, reinforced annually through performance appraisal interviews and Management by Objectives, where impressions, expectations and other work-related issues are discussed. These reviews include quarterly monitoring of the achievement of objectives.

Surveys and Training

To measure satisfaction and gather feedback from staff, ICO conducts regular surveys on material issues regarding the Group and on the effectiveness of work-life balance measures.

In terms of training, each Directorate General has a training coordinator, who acts as a point of reference for employees and as an interlocutor with Human Resources to communicate the training needs of the work teams. In addition, satisfaction surveys are conducted on the courses given to assess their impact and usefulness.

5.8 TRAINING

TRAINING POLICIES

ICO considers staff training and capacity building as a fundamental pillar to contribute to Sustainable Development Goal 8: Decent work and economic growth. In this sense, it encourages the team's improvement of their knowledge, skills and abilities, integrating this commitment into its Sustainability Policy and implementing it through its Training Policy and Training Plan.

This commitment also extends to other groups, such as young people and people with intellectual disabilities, facilitating their integration into the labour market.

The Training Plan sets out both planned training initiatives and those that arise to meet needs identified during the year. In 2024, ICO has intensified its commitment to training, with a significant increase in the number of hours devoted and the investment made.

INVESTMENT AND PARTICIPATION IN TRAINING

In 2024, the number of training hours increased by 133.7%, from 17,000 hours in 2023 to 39,800 hours in 2024. Investment in training grew by 14.5%, from EUR 159,100 euros to EUR 182,300.

A total of 388 employees participated in at least one training initiative during the year, which represents 82.9 % of the workforce (including sick leave).

In terms of language training, 53% of staff (248 out of 468 employees) received training, reflecting the importance of this skill in a global environment.

Investment in training in 2024 represented 0.9% of wage expenditure, compared to 0.8% in 2023, but down from 1.4% in 2022. In addition, the average number of training hours per employee stood at 98 hours in 2024, more than twice the 44 hours in 2023 (+122.7%).

KEY TRAINING AREAS IN 2024

The Training Plan covers strategic areas such as sustainability, digitalisation, technical training, languages and personal skills. In 2024, the training priorities were:

- Job-specific training
- Language training
- Training in the systems plan - promoting digitisation
- Sustainability training
- Personal skills and academic background (postgraduate degrees and certifications)

The focus on training in new technologies has been maintained through the systems plan, facilitating the adaptation of the team to key tools for the implementation of strategic projects.

TRAINING AGREEMENTS AND COLLABORATIONS

To implement its training strategy, ICO has signed agreements with various educational institutions and associations, such as the Fundación sobre la Investigación del Derecho y la Empresa (FIDE), the ESADE Foundation, Instituto de Estudios Bursátiles (IEB), Centro de Estudios Económicos y Comerciales (CECO), Escuela de Finanzas Aplicadas (AFI) and UNED.

In 2024, these agreements remained in force, with FIDE, AFI and the IEB being the most active in staff training.

DISTRIBUTION OF INVESTMENT IN TRAINING

The total investment in training in 2024 was distributed as follows:

- Job-specific training: 39.7% (EUR 72,300)
- Language training: 30.9 % (EUR 56,400)
- Systems plan: 10.5 % (EUR 19,200)
- Sustainability: 8.1% (EUR 14,800)
- Personal skills: 3.6% (EUR 6,500)
- Academic education (postgraduate degrees and certifications): 7.2% (EUR 13,100)

Compared to 2023, there is an increase in technical and personal skills training, while sustainability and language training have seen a slight decrease in terms of investment.

These data reflect an adjustment in ICO's training priorities, with a greater focus on the development of competencies directly applicable to job performance.

DISTRIBUTION OF TRAINING HOURS BY OCCUPATIONAL GROUP - ICO GROUP						
HOURS	**2024**	**2023**	**WOMEN 2024**	**MEN 2024**	**HOURS PER PERSON (TOTAL)**	**HOURS PER PERSON (WOMEN)**
DIRECTORS	2,517	695	2,128	389	157.3	266.0
MIDDLE MANAGEMENT	8,857	2,272	6,753	2,104	136.3	182.5
TECHNICIANS	26,172	11,903	14,820	11,352	113.3	109.8
ADMINISTRATIVE STAFF	1,702	1,272	1,702	0	29.9	32.7
INTERNS	532	70	230	303	19.7	20.9
TOTAL	**39,780**	**16,212**	**25,632**	**14,147**	**100.5**	**105.5**

DISTRIBUTION OF INVESTMENT IN TRAINING BY TRAINING AREA - ICO GROUP (Euros)					
EUROS	**2024**	**2023**	**Variation over/2024**	**WOMEN**	**MEN**
LANGUAGES	56,354	58,595	-3.8%	41,964	14,390
ON-THE-JOB TRAINING	72,306	67,184	7.6%	44,266	28,040
SUSTAINABILITY	14,825	24,540	-39.6%	7,919	6,906
SYSTEMS PLAN	19,186	5,177	270.6%	12,436	6,749
SKILLS TRAINING	6,488	1,646	294.2%	4,566	1,922
ACADEMIC EDUCATION, POSTGRADUATE STUDIES AND CERTIFICATIONS	13,103	1,979	562%	8,404	4,699
TOTAL	**182,262**	**159,121**	**14.5%**	**119,555**	**62,706**

Note: This report includes data on training hours and costs for the 2024 financial year [30].

30 The hours recorded reflect only training completed as of 31/12/2024, i.e. those training activities whose progress status is shown as "passed" or "not passed" in the learning system. In terms of costs, only the amount associated with training courses

The analysis of participation in training should consider the proportion of women and men within the workforce and in each occupational category, thus ensuring an accurate assessment of possible differences in access and participation in professional development.

TRAINING AND AWARENESS RAISING IN NEW WORK DYNAMICS

Training on Digital Disconnection and Teleworking

In 2024, within the framework of management training and following the approval of the Internal Policy on the Right to Digital Disconnection, training and awareness-raising sessions on Digital Disconnection and Teleworking were held for middle management. These sessions, in webinar format, aimed to strengthen corporate policies and train leaders in responsible team management and the appropriate use of technological tools.

The training, held on 3 April 2024, was very well received, with 56 team leaders attending, representing 90.3% of the total number of middle managers at that time. In addition, a face-to-face session was organised for the Steering Committee, to which all six members of the Steering Committee were invited.

Training in Digital Tools and Collaborative Working

In order to optimise the use of IT tools, promote new work dynamics in collaborative environments and improve internal communication, in 2024 a webinar course was given to all ICO Group staff.

The initiative was very well received, with 239 employees taking part, equivalent to 51.1% of the total workforce. The training allowed attendees to further their understanding of the use of key applications for document management, collaboration in hybrid teams and agile and efficient internal communication.

Access to Training during Work-Life Balance related Leave

In order to ensure that childbirth and childcare leave, breastfeeding leave or leave of absence to care for children or family members do not represent a barrier to professional development, ICO Group allows voluntary access to the training activities included in its Training Plan.

Between 2023 and 2024, 15 employees took one of these leave types, and all were informed of the training options available. During this period, two persons (13.3% of the total) accessed training while on maternity or paternity leave.

5.9 UNIVERSAL ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

ACCESSIBILITY IN ICO GROUP

ICO Group has facilities, tools and workstations adapted to ensure the accessibility of people with reduced mobility or other functional disabilities, both for employees and visitors.

There are currently five people with recognised disabilities on ICO staff, 80% of whom are women. In addition, in 2024, a person with a disability has completed an internship at ICO through the A LA PAR Foundation.

In the cultural sphere, Fundación ICO has obtained the Accessible Tourism label for ICO Museum, in recognition of its commitment to universal accessibility. Its initiatives include the following:

- Adapted easy-to-read material on their exhibitions.
- Activities with sign language interpreter, guaranteeing the inclusion of people with hearing disabilities.

completed and passed or failed within the indicated period has been considered. This approach ensures a true and accurate representation of the resources actually invested in the training development of the staff.

DIGITAL ACCESSIBILITY

ICO corporate portal complies with the requirements of Royal Decree 1112/2018 of 7 September, on accessibility of public sector websites and applications. Its design ensures access to digital information and services without restrictions based on disability, medium or context of access.

Likewise, the website www.ico.es complies with current accessibility standards and regulations, meeting the AA criteria of the WCAG 2.1, established by the W3C.

INTEGRATION OF PERSONS WITH DISABILITIES

Since 2016, ICO has been collaborating with the A LA PAR Foundation, hosting students from the CAMPVS educational programme. This project is aimed at young people with disabilities who, after finishing their formal education, are looking for further training to improve their employability.

Through this programme, participants specialise in the administrative field, acquiring knowledge in:

- Business, economics and law
- Information technology
- Financial literacy and English
- Personal autonomy and socio-occupational competences

The programme lasts three years, culminating in a six-month internship in companies, where ICO actively collaborates, providing practical experience in a real working environment.

Since the beginning of this collaboration, ICO has hosted 15 students from the CAMPVS programme.

5.10 EQUALITY AND DIVERSITY

EQUAL OPPORTUNITIES

One of the guiding principles of ICO Group is equal opportunities, which is applied both in the public employment offer processes and in tenders for the procurement of goods and services.

In terms of female representation:

- ICO General Council → 30% women / 70% men
- AXIS Board of Directors → 44% women / 56% men
- Board of Trustees of Fundación ICO → 57% women / 43% men

DIVERSITY MANAGEMENT AND ANTI-DISCRIMINATION

Measures for the Empowerment of Women

In 2024, ICO completed the fifth year of the Second Equality Plan (approved in 2019), reaching 96% compliance (43 out of 45 measures) and leaving two measures in progress.

The Third Equality Plan was approved on 14 December 2024, in force as of 1 January 2025 and with a duration of four years. It is structured in 15 measures, distributed along the following axes:

- General conditions
- Selection and recruitment
- Training, information and awareness-raising
- Promotion
- Remuneration
- Working conditions
- Balancing the rights of personal, family and working life
- Prevention of sexual and gender-based harassment

ICO is also part of the #WhereAreThey Manifesto, promoted by the European Parliament to boost the presence of women in forums and conferences. In 2024, ICO participated in 481 conferences, with 273 speakers at 202 events. Of the total number of ICO presentations, 128 (56%) were given by women, reaffirming the institution's commitment to the visibility of female talent.

Protocols for the Prevention of Sexual and Gender-Based Harassment

The 2nd ICO Equality Plan includes a procedure for dealing with harassment in the workplace, which specifically includes the prevention of sexual and gender-based harassment. To date, this procedure has not been activated and no complaints of discrimination have been received.

In addition, as part of the Equality Plan, ICO has joined the Ministry of Equality's Violet Points Network, with the aim of combating male violence and disseminating information on how to act in cases of violence against women.

Employment Promotion Measures

As a Public Sector entity, ICO guarantees access to employment under the principles of equality, merit and ability, in accordance with the Basic Statute for Public Employees. In competitive examination processes, a minimum share of 5% of vacancies is set aside for people with disabilities.

Internally, ICO encourages mobility and professional development through the system of promotion by filling vacancies established in its Collective Bargaining Agreement.

In addition, ICO has an agreement with the SEPI Foundation for the development of a practical training scholarship programme for young people with recent university degrees. In 2024, ICO hosted 30 interns, with 12 to 18-month internships. Many of them, after completing the internship, have participated in the recruitment processes for permanent positions within ICO Group.

Fundación ICO also offers a Museography internship, which will be held in 2024 by a woman, as in the previous year.

In addition, as explained in sections 5.1 and 5.9, ICO collaborates with the A LA PAR Foundation, hosting students from the CAMPVS educational programme. This project is aimed at young people with disabilities who, after finishing their formal education, are looking for further training to improve their employability. In 2024, ICO hosted 1 intern under this programme.

ICO has also obtained a grant in 2024 under the RTRP to develop the First Professional Experience Programme in government agencies, which aims to promote the hiring of unemployed young people through 12-month internship contracts. Through this initiative, participants gain their first experiences in the public sector, receive job-specific training and develop social and professional skills. In 2024, 7 young people joined, 57.1% of whom (4 out of 7) were women.

In addition to practical training, trainees have the opportunity to attend training activities designed for ICO staff. The involvement of staff in this programme contributes to strengthening the organisation’s collaborative framework, as, in addition to the mentors, other professionals can be involved in the orientation and integration of the trainees.

All of this is part of ICO's social commitment, which is committed to offering real job placement opportunities, increasing the employability of young people.

INTERNS ICO GROUP	2024	2023
Women	14	6
Men	18	5
Total	**32**	**11**

6 ABOUT THIS REPORT

This report forms part of the Management Report of the Consolidated Financial Statements of ICO Group, in accordance with Article 44.1 and 6 of the Spanish Commerce Code, as amended by Law 11/2018 on Non-Financial Information and Diversity.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) standard for sustainability reporting, as well as taking into account the frameworks described throughout the document, in particular, the Sustainable Development Goals. The GRI methodology produces a report on the most relevant issues related to the sustainability of the company and how it is managed.

Point 8 of the document provides a table describing the concordance of the different GRI reporting requirements, Law 11/2018, the Global Compact Principles and their relationship with the SDGs.

For the drafting of the Non-Financial Information Statement, information has been gathered from all available and appropriate internal and external sources, and internal organisational documents such as the Strategic Plan, relevant Policies and Procedures, as well as taking into account all internal reporting and monitoring information, in order to give a true picture of the company's performance in terms of its sustainability and social responsibility.

SCOPE AND APPROVAL

The Non-Financial Information Statement forms part of the management report of the consolidated financial statements of ICO Group and therefore follows the same approval procedure; it is prepared by the Chairman in March each year and subsequently approved by the Operations Committee, the highest executive and management body of ICO Group, and endorsed by the General Council in its capacity as the Institute's highest governing body.

The information in this document includes the sustainability performance of ICO Group, in a broad sense, between 1 January and 31 December 2024, based on the materiality study described in section 1.4. Wherever possible, data have been provided at the consolidated level. Where the information does not relate to all the companies included in the scope, this is expressly stated. This report is produced on an annual basis.

PRINCIPLES FOR THE PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

The principles set out in the European Commission's guidelines (2017/C 215/01) have been taken into account in the preparation of this NFIS, in particular the principles stating that the information disclosed be meaningful; accurate, balanced and understandable; and comprehensive but concise.

In this respect, ICO Group's NFIS contains the information necessary for a minimum understanding of its performance, results and situation, as well as the impact of its activity, relating to environmental and social issues, personnel, respect for human rights and the fight against corruption and bribery. The non-financial information provided enables a true and fair view to be obtained of the items developed within, providing information that is comparable with other entities or with previous years where appropriate.

Furthermore, the content of the Non-Financial Information Statement has been defined taking into account the stakeholders and material aspects identified. In this regard, ICO Group has conducted a materiality study through an exhaustive internal and external analysis to identify relevant aspects. The study has been conducted from a dual perspective of materiality and impact assessment, and includes different aspects in order of priority, with more specific explanations of why they are relevant.

The financial statements and financial information of ICO Group have been audited by the Intervención General de la Administración del Estado - IGAE [General Comptroller of the State Administration] through FORVIS-MAZARS AUDITORES. In relation to the Non-Financial Information Statement, ICO Group has submitted its content to verification by independent experts to increase stakeholder confidence, which included AENOR CONFIA, S.A.U., "AENOR". During this process, it was verified that

the non-financial indicators selected by ICO Group comply with the principles of comparability, materiality, relevance and reliability and that the information is accurate, comparable and verified by an independent verification service provider. The independent assurance report, which includes the objectives and scope of the process, as well as the review procedures used and their conclusions, is attached as an annex to this report.

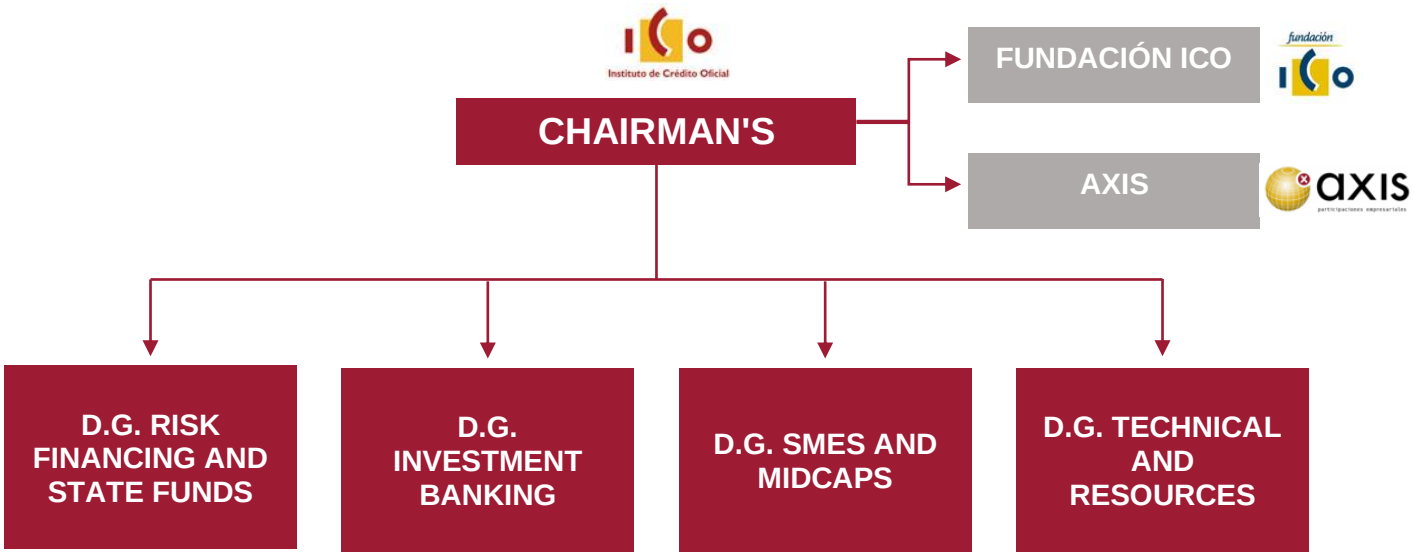
CONTACT

For any questions regarding the content of this report, please contact: sostenibilidad@ico.es.

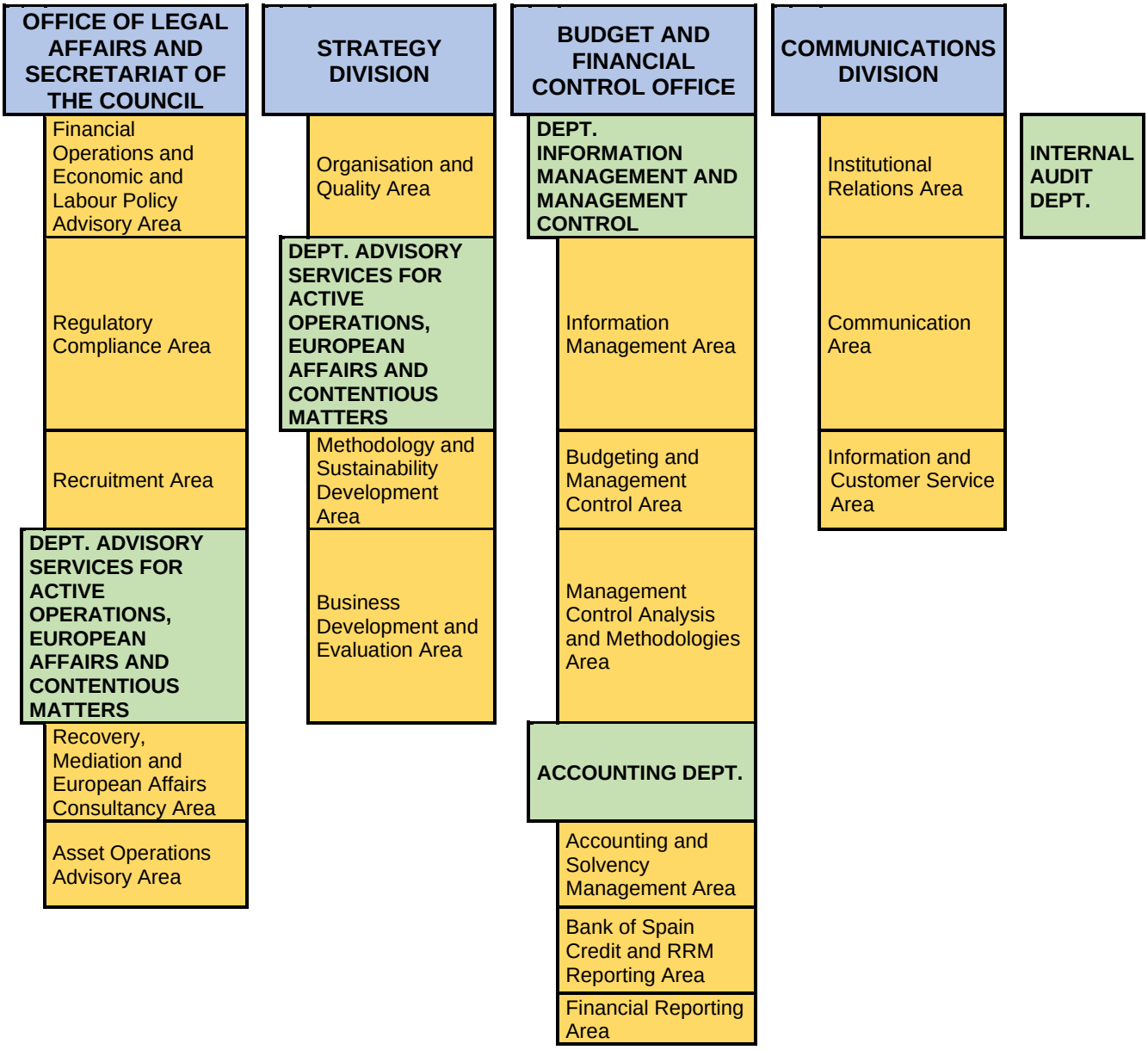
7 ORGANISATION CHART AND GOVERNING AND MANAGEMENT BODIES

7.1 ORGANISATION CHART

The organisational structure of the entities that make up ICO Group is as follows.



CHAIRMAN'S OFFICE



DIRECTORATE GENERAL INVESTMENT BANKING

- **FINANCE DIVISION - MEDIATION WITH FINANCIAL INSTITUTIONS**
  - Guarantee Facility Management Area
  - **DEPT. MEDIATION AND RRM**
    - Financial Institution Mediation Area
    - RRM Mediation Area
- **OFFICE OF MEDIATION AND SMES**
  - **DEPT. CORPORATE OPERATIONS**
    - Operations and RRM Management Area
  - **DEPT. RISK ASSESSMENT CORPORATE OPERATIONS**
    - Corporate Operations Admissions Area
- **OFFICE OF INTERNATIONAL FINANCE AND THE EUROPEAN UNION**
  - International Financing and Guarantees Area
  - RRM International Financing Area
  - International Admissions Area

DIRECTORATE GENERAL OF FINANCING, RISKS AND STATE FUNDS

- **RISK MANAGEMENT DIVISION**
  - Risk Policy Area
  - **DEPT. ALM MANAGEMENT AND GENERAL RISK CONTROL**
    - Balance Sheet Management and Financial Risk Control Area
    - Banking and Financial Intermediaries Risk Area
- **FINANCE AND TREASURY DIVISION**
  - Financial Operations Management Area
  - Capital Markets Area
  - Treasury Area
  - Securitisation and Investee Management Area
  - **DEPT. ADMINISTRATION OF FINANCIAL OPERATIONS AND PROVISIONING FUND**
    - Issue and Treasury Management Area
- **STATE FUNDS DIVISION**
  - Administration of State Funds for Internationalisation Area
  - Management of State Funds for Internationalisation Area
  - Regional State Funds Area

DIRECTORATE GENERAL OF MIDCAPS AND SMES

DIVISION OF DIRECT FINANCING FOR SMES AND MIDCAPS

- Standardisation and Operations Area for SMEs and Midcaps

DEPT. ORIGINATIONS AND REGIONAL EXPANSION

- Originations Area

DEPT. SME AND MIDCAPS RISK ASSESSMENT

- SMEs and Midcaps Admission Area

OPERATIONS MANAGEMENT AND MONITORING DIVISION

DEPT. ASSET TRANSACTION MANAGEMENT

- Direct Operations Management Area
- Mediation Operations Management Area

DEPT. TRACKING AND RECOVERIES

- Wholesale Tracking Area
- Retail Tracking Area
- Recoveries Area

TECHNICAL AND RESOURCES DIRECTORATE GENERAL

INFORMATION SYSTEMS DIVISION

- Application Development Area
- Platforms Area
- Digital Solutions Area
- RRM IT Management Area

DEPT. HUMAN RESOURCES AND CSR

- Human Capital and CSR Area
- Labour Relations Area

- General Services and Assets Area

CHAIRMAN'S OFFICE

VICE-CHAIRMAN'S OFFICE

DIRECTORATE GENERAL OF AXIS

- **PORTFOLIO MANAGEMENT AREA**
- **FINANCIAL AREA**
- **LEGAL AREA**
- **INTERNATIONAL RELATIONS AREA**

CHAIRMAN'S OFFICE

VICE-CHAIRMAN'S OFFICE

FUNDACIÓN ICO DIRECTOR'S OFFICE

- **AREA OF ART AND SUSTAINABLE ARCHITECTURE**
- **SUSTAINABLE ECONOMY AND FINANCE AREA**

7.2 COMPOSITION OF THE GOVERNING AND MANAGEMENT BODIES

ICO

GOVERNING BODIES

GENERAL COUNCIL

As of 31 December 2024, the General Council of ICO consisted of:

CHAIR OF THE GENERAL COUNCIL	DATE OF APPOINTMENT
MANUEL ILLUECA MUÑOZ Chairman Instituto de Crédito Oficial	Royal Decree 860/2024 27 August (BOE 28/08/2024)

MEMBERS OF THE GENERAL COUNCIL	DATE OF APPOINTMENT
CÉSAR VELOSO PALMA Director of the Deputy Prime Minister's Office Ministry of Finance	05/10/2018
JAVIER SÁNCHEZ FUENTEFRÍA General Director of the Budget Ministry of Finance	29/03/2022
VÍCTOR AUSÍN RODRÍGUEZ General Director of Economic Policy Ministry of Economy, Trade and Enterprise	20/02/2024
CONCEPCIÓN REQUEJO PUERTO Director of the Technical Cabinet Secretary General for the Treasury and International Finance Ministry of Economy, Trade and Enterprise	02/04/2024
JOSÉ RUBIO VELA Head of the Support Unit of the Directorate General of International Trade and Investment Ministry of Economy, Trade and Enterprise	27/08/2024
MARÍA ISABEL BADÍA GAMARRA Director of the Office of the Secretary of State for Housing and Urban Agenda Ministry of Housing and Urban Agenda	17/12/2024
BLANCA MONTERO COROMINAS	22/06/2021

Independent director	
ENRIQUE FEÁS COSTILLA Independent director	16/11/2021
RAFAEL FERNÁNDEZ SÁNCHEZ Independent director	11/07/2022
CRISTIAN ROVIRA PARDO Independent director	17/12/2024

SECRETARIAT AND DEPUTY-SECRETARIAT OF THE COUNCIL:	DATE OF APPOINTMENT
GERARDO HARGUINDEY VALERO Deputy Secretary Instituto de Crédito Oficial	25/01/2016
PAULA NOVO CUBA Secretary Instituto de Crédito Oficial	10/06/2024

The following directors left during the 2024 financial year: María Cristina Tarrero Martos, María Mateo Feito, Blanca Fernández Barjau and Silvia Iranzo Gutiérrez. The following directors joined during the year: Víctor Ausín Rodríguez (joining on 20 February 2024 to replace Elena Aparici Vázquez de Parga, who left on 3 October 2023 with effect from 31 August 2023), María Isabel Badía Gamarra (joining on 17 December 2024 to replace María Cristina Tarrero Martos), Concepción Requejo Puerto (joining on 2 April 2024 to replace María Mateo Feito), José Rubio Vela (joining on 27 August 2024 to replace Blanca Fernández Barjau, who was a member of the Council from 23 January to 27 August 2024) and Cristian Rovira Pardo (joining on 17 December 2024 to replace Silvia Iranzo Gutiérrez, who left on 17 December 2024, effective 16 November 2024).

MANAGEMENT BODIES

STEERING AND STRATEGY COMMITTEE

As of 31 December 2024, the Steering and Strategy Committee consisted of:

NAME	POSITION
Manuel Illueca Muñoz	Chairman
Antonio Cordero Gómez	General Director of Financing, Mediation and State Funds
Vacancy	General Director of Investment Banking
Santiago Novoa García	General Director of SMEs and Midcaps
José Manuel Pacho Sánchez	General Technical and Resources Director
Paula Novo Cuba	Director of Legal Affairs and Secretary to the Council
Begoña Amores Serrano	Communications Director
Guillermo Jiménez Gallego	Managing Director of AXIS

Fernando Salazar Palma	Director of Fundación ICO

Changes in 2024

In December 2024, Rosario Casero Echeverri left as General Manager of Investment Banking.

OPERATIONS COMMITTEE

As of 31 December 2024, the composition of the Operations Committee was as follows:

NAME	POSITION
Manuel Illueca Muñoz	Chairman
Antonio Cordero Gómez	General Director of Financing, Mediation and State Funds
Vacancy	General Director of Investment Banking
Santiago Novoa García	General Director of SMEs and Midcaps
José Manuel Pacho Sánchez	General Technical and Resources Director

AXIS

BOARD OF DIRECTORS

As of 31 December 2024, the composition of the Board of Directors was as follows:

NAME	POSITION	DATE OF APPOINTMENT
Manuel Illueca Muñoz	Chairman Chairman of ICO	27/08/2024
Rosario Casero Echeverri	Vice-Chairwoman	23/07/2018
Blanca Gloria Navarro Pérez	Member ICO Strategy Director	19/09/2018
Mª Elena Aranda García	Member Director of Financing - Mediation with Financial Institutions	29/05/2012
Luis Javier Morales Fernández	Member Director of Budget and Financial Control, ICO	29/05/2012
Jaime Cervera Madrazo	Member Head of the Financial Operations Administration and Provisioning Fund Department of ICO	29/09/2015
Antonio Bandrés Cajal	Member Director of International and EU Financing of ICO	27/04/2017
Begoña Amores Serrano	Member Director of Communications of ICO	14/09/2022
Fernando Hernández Domínguez	Member	19/10/2022

	Adviser in the Office of the Secretary of State for Economic Affairs and Business Support	
Paula Novo Coba	Non-Director Secretary Director of Legal Affairs of ICO	28/06/2024

Changes in the composition of the Board during the financial year 2024

The following change in the composition of the Board of Directors took place in the 2024 financial year: Replacement as Director and Chairman José Carlos García de Quevedo Ruiz and appointment in his place of Manuel Illueca Muñoz by resolutions of the General Meeting of Shareholders at its meeting held on 25 September 2024.

In addition, by resolution of the Board of Directors dated 28 June 2024, Paula Novo Coba was appointed non-director secretary to replace Cayetana Lado Castro-Rial.

FUNDACIÓN ICO

GOVERNANCE BODIES

BOARD OF TRUSTEES

NAME	POSITION	DATE OF APPOINTMENT
Manuel Illueca Muñoz	Chairman Chairman of ICO	27/08/2024
Antonio Cordero Gómez	Vice-Chairman and Trustee General Director of Financing and Risks of ICO	27/06/2022
Eva María González Díez	Trustee Director of Legal Affairs of the Mutua Madrileña Group	Appt. 11/04/2012 Renewal 26/06/2024
Concepción Osácar Garaicoechea	Trustee Managing Partner of Azora	Appt. 27/06/2006 Renewal 12/12/2022
Cecilia Pereira Marimón	Trustee Consultant and cultural manager	Appt. 20/11/2014 Renewal 12/12/2022
Pablo Vázquez Vega	Trustee University Professor of Applied Economics	Appt. 11/04/2012 Renewal 26/06/2024
Marta de la Cuesta González	Trustee Professor of Applied Economics (UNED)	27/06/2022

Fernando Salazar de Palma	Director of the Foundation, NON-trustee Director of Fundación ICO	25/09/2024
Paula Novo Cuba	Secretary of the Board of Trustees, NON-trustee Secretary of the Board of Trustees of ICO Fundación, Secretary of the General Council of ICO and Director of Legal Affairs of ICO	26/06/2024

Composition of the Board of Trustees

- Ex-officio member: The Chair of the Board of Trustees shall be the person occupying the Chair of the General Council of Instituto de Crédito Oficial at any given time. This person shall cease to hold this office when he or she no longer holds the office of Chair of the General Council of Instituto de Crédito Oficial.

- Elected trustees: A minimum of 6 elected trustees may be appointed, with no other requirements than those established by the applicable legislation, and that they do not perform functions that may be incompatible with the mission entrusted to them by the Board of Trustees, nor perform professional services on behalf of the Foundation, without prejudice to the provisions of the previous article. The elected trustees shall be proposed by the Chair of the Board of Trustees and appointed by a majority vote of the Trustees present at the meeting of the Board of Trustees.

The Trustees shall hold office for a period of four years from the date of their acceptance. On a proposal of the Chair, the mandate may be renewed for a single period of 4 years from the date of acceptance.

Changes in the composition of the Board of Trustees during the 2024 financial year

The following departures from the Board of Trustees took place during the 2024 financial year:

- José Carlos García de Quevedo, Chairman, left on 27 August 2024.
- Juan José Toribio, Trustee, resigns due to the expiry of his mandate.
- Pedro Nueno Iniesta, Trustee, resigns due to the expiry of his mandate.
- Lucinio Muñoz Muñoz, Director of Fundación ICO (non-trustee), left on 31 August 2024, announced at the September 2024 board meeting.
- Cayetana Lado Castro Rial, Secretary of the Board of Trustees (non-trustee), left on 14 May 2024, as announced at the meeting of the Board of Trustees held on 26 June 2024.

The following appointments to the Board of Trustees took place during the 2024 financial year (non-trustees):

- Manuel Illueca Muñoz, Chairman, appointed at the Board of Trustees meeting of 27 August 2024.
- Paula Novo Cuba, Secretary of the Board of Trustees, appointment approved at the Board of Trustees meeting of 26 June 2024.
- Fernando Salazar de Palma, Director of Fundación ICO, whose appointment was approved at the Board of Trustees meeting held on 25 September 2024.

COMMITTEES

EXECUTIVE COMMITTEE

As of 31 December 2024, the following members of the Board of Trustees made up the Executive Committee:

NAME	POSITION
Manuel Illueca Muñoz	Chairman
Eva María González Díez	Member
Pablo Vázquez Vega	Member
Antonio Cordero Gómez	Member

Changes in the composition of the Executive Committee during the financial year 2024.

The following change in the composition of the Executive Committee took place in the financial year 2024: José Carlos García de Quevedo Ruiz stepped down as Chairman and Manuel Illueca Muñoz was appointed in his place.

ART ADVISORY COMMITTEE

In 2024, it consisted of:

- Francisco Javier Martín Ramiro, Director General of Housing and Land, Ministry of Housing and Urban Agenda.
- Manuel Segade Lodeiro, Director of the Museo Nacional Centro de Arte Reina Sofía.
- Fuensanta Nieto de la Cierva, architect and co-founder of the Nieto Sobejano Arquitectos studio.
- Carlos Gollonet Carnicero, editor and independent curator.

8 TABLE OF CONTENTS LAW 11/2018 AND GRI

Table of contents Law 11/2018			
	Description Law 11/2018		**Chapter**
Business Model	Brief description of the group's business model - Business environment - Organisation and structure - Markets in which it operates - Objectives and strategies - Factors and trends that may affect its future development		1. ICO Group, its Strategy and Environment
Applied Policies	- Non-financial policies applied by the group, the due diligence procedures applied and measures taken - Results of these policies accompanied by non-financial key performance indicators		4.3. Specific Ethical and Responsible Management Tools 4.4 Environmental Management
Main Risks	- Main non-financial risks related to the group's activities - Procedures used to identify, assess and manage these risks - Impacts identified on the main short, medium and long-term risks		4.1. Risk Management: Identification and Monitoring 4.2. Mechanisms for Responsible Management
Non-Financial KPIs	Reference in the report to the domestic, European or international reporting framework used for the selection of non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability		1.4. Materiality Analysis 2. Boosting Sustainable Growth and Competitiveness 6. About this report
Environmental Management	- Current and foreseeable effects of the company's activities on the environment, health and safety - Environmental assessment or certification procedures - Resources devoted to environmental risk prevention - Application of the precautionary principle - Number of provisions and safeguards for environmental risks		4.1. Risk Management: Identification and Monitoring 4.4. Environmental Management
Pollution	Measures to prevent, reduce or address carbon emissions that seriously affect the environment, taking into account any form of activity-specific air pollution, including noise and light pollution		4.4.3. Carbon Footprint
Circular Economy, Waste Prevention and Waste Management	- Measures for prevention, recycling, reuse, reuse or other forms of waste recovery and disposal - Actions to combat food waste		4.4.2. Circular Economy and Waste Management

Sustainable Use of Resources	- Water consumption and water supply according to local constraints - Consumption of raw materials and measures taken to improve the efficiency of their use - Direct and indirect energy consumption - Measures taken to improve energy efficiency - Use of renewable energies		4.4.1. Responsible Use of Natural Resources 4.4.2. Circular Economy and Waste Management 4.4.3. Carbon Footprint
Climate Change	- Significant elements of GHG emissions generated as a result of the company's activities, including the use of the goods and services it produces - Measures taken to adapt to the consequences of climate change - Voluntary mid- and long-term reduction targets set to reduce GHG emissions - Means implemented to reduce GHG emissions		2.3. Sustainability-focused financing 4.4.1. Responsible Use of Natural Resources 4.4.3. Carbon Footprint
Biodiversity Protection	- Measures taken to conserve or restore biodiversity - Impacts caused by activities or operations in protected areas		2.3. Sustainability-focused financing 4.4.1. Responsible Use of Natural Resources
Employment	- Total number and distribution of employees by gender, age, country and job classification - Total number and distribution of types of employment contracts, average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and job classification - Number of dismissals by gender, age and job classification - Salary gap, the remuneration equal or average work positions in the company - Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments disaggregated by sex - Implementation of policies of disconnection from work - Disabled employees		1.3. Governance and Management Structure 5.1. Staff Data 5.2. Contract Modalities 5.3. Average Earnings and the Pay Gap 5.5 Work-Life Balance 5.9. Universal Accessibility for Persons with Disabilities
Work organisation	- Organisation of working time - Number of hours of absenteeism - Measures aimed at facilitating the enjoyment of work-life balance and encouraging co-responsibility of both parents		5.4. Work organisation 5.5. Work-Life Balance 5.6. Health and Safety

Health and Safety	- Health and safety at work - Accidents at work (frequency and severity) and occupational diseases, disaggregated by sex		5.6. Health and Safety
Social Relations	- Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff - Percentage of employees covered by collective agreements by country - Balance of collective agreements, particularly in the field of occupational health and safety at work - Involvement of employees in the management of the company (Law 5/2021)		5.7. Social Relations
Training	- Policies implemented in the area of training - Total number of hours of training by occupational category		5.8. Training
Universal Accessibility for Persons with Disabilities	Measures implemented by the organisation to facilitate accessibility (physical and digital) for persons with disabilities		5.9. Universal Accessibility for Persons with Disabilities
Equality	- Measures taken to promote equal treatment and equal opportunities between women and men - Equality plans - Measures taken to promote employment - Protocols for the prevention of sexual and gender-based harassment - Integration and universal accessibility of persons with disabilities - Anti-discrimination and diversity management policy		5.10. Equality and Diversity

Respect for Human Rights	- Implementation of human rights due diligence procedures - Prevention of risks of human rights violations and measures to mitigate, manage and redress possible abuses - Reporting of human rights violations - Promotion and enforcement of the provisions of the International Labour Organisation's core conventions related to respect for freedom of association and the right to collective bargaining - Elimination of discrimination in respect of employment and occupation - Elimination of forced or compulsory labour - Effective abolition of child labour		3.2.1. Human Rights
Combating Corruption and Bribery	- Measures taken to prevent corruption and bribery - Measures taken to combat money laundering - Contributions to foundations and non-profit entities		3.2.1. Human Rights 3.2.5. Corporate Volunteering 3.2.6. Results, Tax and Subsidy Information 4.3. Specific Ethical and Responsible Management Tools
Company Commitments to Sustainable Development	- Impact of the company's activity on employment and local development - Impact of the company's activity on local populations and on the region - Relations maintained with local community stakeholders and the modalities of dialogue with them - Partnership or sponsorship actions		2.1. Financing Activity: Support for the Productive Fabric 2.2. Positive Macroeconomic Impact on the Spanish Economy 2.3. Sustainability-focused financing 3.1. Promoting Culture and Knowledge 3.2.4. Collaboration with Associations on Sustainability 3.2.5. Corporate Volunteering
Subcontracting and Suppliers	- Inclusion in procurement policy of social, gender equality and environmental issues - Consideration in relations with suppliers and subcontractors of their social and environmental responsibility - Monitoring and auditing systems and audit results		3.2.2. Suppliers
Consumers	- Consumer health and safety measures - Complaint systems, complaints received and their resolution		3.2.3. Clients
Tax Information	- Profits earned by country - Taxes on profits paid - Government grants received		3.2.6. Results, Tax and Subsidy Information

GRI Content Index with references to Global Compact Progress Report and SDGs

Declaration of use	ICO Group has drawn up this report in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Fundamentals 2021
Applicable GRI Sector Standards	Not applicable as there is no sectoral standard developed for the banking sector.

Standards GRI		Description	Ref. Global Compact Progress Report	Ref. SDG	Chapter / Link / Omissions
	General Contents				
	The organisation and its reporting practices				
GRI2: General contents 2021	GRI 2-1	Organisational details	General information		1.1. Composition - p.7 1.2. Nature and Functions - p.7
	GRI 2-2	Entities covered by sustainability reporting	General information		1.1. Composition - p.7 6. About the Report - p.139
	GRI 2-3	Reporting period, frequency and contact point	General information		6. About the Report - p.139
	GRI 2-4	Updating of information	General information		4.4.3. Carbon footprint - p.106 7.1. Organisation chart - p. 141
	GRI 2-5	External verification	General information		6. About the Report - p.139
	Activities and employees				
GRI2: General contents 2021	GRI 2-6	Activities, value chain and other business relationships	General information		1.2. Nature and Functions - p.7 1.5. ICO Group Strategy - p.26 2.1. Financing Activity: Support for the Productive Fabric - p.36 2.3. Sustainability-focused financing - p.60 3.2.2. Suppliers - p.85 3.2.3. Clients - p.86
	GRI 2-7	Employees	Principle 6	8	5.1. Staff Data - p.116 5.2. Contract Modalities - p.119
	GRI 2-8	Non-employed workers	Principle 6	8	5.1. Staff Data - p. 116
	Governance				
GRI2: General contents	GRI 2-9	Governance structure and composition	General information	5, 16	1.3. Governance and Management Structure - p.11

	GRI 2-10	Appointment and selection of the highest governance body	General information	5, 16	1.3. Governance and Management Structure - p.11
	GRI 2-11	Chair of the highest governing body	General information	16	1.3. Governance and Management Structure - p.11
	GRI 2-12	Role of the highest governance body in overseeing sustainability reporting	General information	16	1.3. Governance and Management Structure - p.11 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95
	GRI 2-13	Delegation of responsibility for impact management	General information		1.3. Governance and Management Structure - p.11 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98
	GRI 2-14	Role of the highest governance body in sustainability reporting	General information		6. About the Report - p.139
	GRI 2-15	Conflicts of interest	General information	16	1.3. Governance and Management Structure - p.11
	GRI 2-16	Communication of critical concerns	General information		4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98
	GRI 2-17	Collective knowledge of the highest governance body	General information	4	1.3. Governance and Management Structure - p.11
	GRI 2-18	Performance appraisal of the highest governance body	General information		1.3. Governance and Management Structure - p.11
	GRI 2-19	Remuneration policies	General information		1.3. Governance and Management Structure - p.11
	GRI 2-20	Process for determining remuneration	General information	16	1.3. Governance and Management Structure - p.11 5.3. Average Earnings and the Pay Gap - p.121
	GRI 2-21	Total annual compensation ratio	General information		1.3 Governance and Management Structure - p.11
	Strategy, policy and practice				
GRI2: General contents 2021	GRI 2-22	Sustainable development strategy statement	General information		1.5. ICO Group Strategy - p.26
	GRI 2-23	Commitments and policies	General information Principle No. 10	16	1.5. ICO Group Strategy - p.26 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98 3.2.1. Human Rights - p.83
	GRI 2-24	Mainstreaming commitments and policies	General information		4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98

	GRI 2-25	Processes to remedy negative impacts	General information	12, 13, 14, 15	3.2.3. Clients - p.86 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98 5.5 Work-life balance - p.126
	GRI 2-26	Mechanisms for seeking advice and raising concerns	Principle 10	16	3.2.3. Clients - p.86 4.3. Specific Ethical and Responsible Management Tools - p.98
	GRI 2-27	Compliance with legislation and regulations	Principles 7, 8, 9	12, 13, 14, 15, 16	4.3. Specific Ethical and Responsible Management Tools - p.98
	GRI 2-28	Membership in associations	General information		1.7. Public-Private Partnerships and Collaboration - p.30 2.3. Sustainability-Focused Financing - p. 60 3.2.4. Collaboration with Associations on Sustainability - p.87
	Stakeholder engagement				
GRI2: General contents 2021	GRI 2-29	Approach to stakeholder engagement	General information		1.4. Materiality Analysis - p.20 3.2.3. Clients - p.86
	GRI 2-30	Collective bargaining agreements	General information	8	5.7. Social Relations - p.132
	Material Issues				
GRI3 Material issues 2021	GRI 3-1	Process for determining material issues	General information		1.4. Materiality Analysis - p.20
	GRI 3-2	List of material issues	General information		1.4. Materiality Analysis - p.20
	MI1 - Good Corporate Governance, Transparency and Business Ethics				
GRI3 Material issues 2021	GRI 3-3	Management of material issues	Principle 10	16	1.2. Nature and Functions - p.7 1.3. Governance and Management Structure - p.11 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95 4.3. Specific Ethical and Responsible Management Tools - p.98
GRI 205 Anti-Corruption 2016	GRI 205-1	Operations assessed for corruption-related risks	Principle 10	16	4.3. Specific Ethical and Responsible Management Tools - p.98
	GRI 205-2	Communication and training on anti-corruption policies and procedures	Principle 10	16	4.3. Specific Ethical and Responsible Management Tools - p.98
GRI 207 Taxation 2019	GRI 207-1	Fiscal approach	General information	16	3.2.6. Results, Tax and Subsidy Information - p.90 Due to the relative insignificance of the Foundation's data, it is left out of this indicator
	GRI 207-2	Fiscal governance, control and risk management	General information	16	3.2.6. Results, Tax and Subsidy Information - p.90
	MI2 - Financial and non-financial risk management				

GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 7, 8 and 9	16	4.1. Risk Management: Identification and Monitoring - p.92
GRI 201 Economic Performance 2016	GRI 201 - 2	Financial implications and other risks and opportunities arising from climate change	Principles 7, 8 and 9	13	2.3. Sustainability-focused financing - p.60 4.1. Risk Management: Identification and Monitoring - p.92 4.2. Mechanisms for Responsible Management - p.95
	MI3 - Sustainable Financing linked to ESG Criteria				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 7, 8 and 9	7, 8, 9, 10, 11, 13, 14, 15	1.5. ICO Group Strategy - p.26 2.3. Sustainability-focused financing - p.60
GRI 201 Economic Performance 2016	GRI 201 - 2	Financial implications and other risks and opportunities arising from climate change	Principles 7, 8 and 9	13	2.3. Sustainability-focused financing - p.60
GRI 203 Indirect economic impact 2016	GRI 203 - 1	Investments in infrastructure and services supported	Principles 7, 8 and 9	7, 8, 9, 10, 11, 13, 14, 15	2.1. Financing Activity: Support for the Productive Fabric - p.36 2.3. Sustainability-focused financing - p.60
	MI4 - Solvency and economic resilience				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	8, 16	2.1. Financing Activity: Support for the Productive Fabric - p.36 2.3. Sustainability-focused financing - p.60
GRI 201 Economic Performance 2016	GRI 201 - 1	Direct economic value generated and distributed	General information	8, 16	3.2.6. Results, Tax and Subsidy Information - p.90 Due to the relative insignificance of the Foundation's data, it is left out of this indicator
	MI5 - Privacy, Data Protection and Cybersecurity				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	16	4.3. Specific Ethical and Responsible Management Tools - p.98
GRI 418 Customer Privacy 2016	GRI 418 - 1	Substantiated complaints regarding breaches of client privacy and loss of client data	General information	16	4.3. Specific Ethical and Responsible Management Tools - p.98
	MI6 - Digital Transformation and Innovation				

GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	9, 16	1.5. ICO Group Strategy - p.26 2.1. Financing Activity: Support for the Productive Fabric - p.36
MI7 - Public-Private Partnerships					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	16, 17	1.7. Public-Private Partnerships and Collaboration - p.30
MI8 - Support for the Productive Fabric and Value Creation					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	1, 2, 3, 8, 10, 17	2. Boosting Sustainable Growth and Competitiveness - p.36
GRI 203 Indirect economic	GRI 203 - 2	Significant indirect economic impacts	General information	1, 2, 3, 8, 10, 17	2.2. Positive macroeconomic impact on the Spanish economy - p.59
MI9 - Respect for Human Rights					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 1 and 2	16	3.2.1. Human Rights - p.83
MI10 - Client experience and satisfaction					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	16	3.2.3. Clients - p.86
MI11 - Talent Management, Training and Development of its Professionals					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 3, 4, 5, 6	4, 5 ,8	5. Staff and Diversity Management - p.115
GRI 401 Employment 2016	GRI 401 - 1	Recruitment of new employees and staff turnover	Principles 3, 4, 5, 6	5, 8	5.1. Staff Data - p.116
	GRI 401 - 3	Parental leave	Principles 3, 4, 5, 6	5, 8	5.5. Work-life balance - p.126
GRI 404 Training and Education 2016	GRI 404 - 1	Average hours of training per employee per year	Principles 3, 4, 5, 6	4, 5, 8	5.8. Training - p.133
	GRI 404 - 2	Programmes to develop employee skills and transition assistance programmes	Principles 3, 4, 5, 6	8	5.8. Training - p.133
	GRI 404 - 3	Percentage of employees receiving regular performance and career development appraisals	Principles 3, 4, 5, 6	5, 8	4.3. Specific Ethical and Responsible Management Tools - p.98
MI12 - Safety, health and well-being					
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
GRI 403 Occupational Health and Safety 2019	GRI 403 - 1	Occupational health and safety management system	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 2	Hazard identification, risk assessment and incident investigation	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 3	Occupational health services	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128

	GRI 403 - 4	Worker participation, consultation and communication on occupational health and safety	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 5	Employee training in occupational health and safety	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 6	Promoting worker health	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 8	Coverage of the occupational health and safety management system	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 9	Injuries due to workplace accidents	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	GRI 403 - 10	Occupational diseases and illnesses	Principles 3, 4, 5, 6	3, 8	5.6. Health and Safety - p.128
	MI13 - Diversity, Inclusion and Equal Opportunities				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principle no. 1, 2, 3, 4, 5 and 6	5, 8, 10, 16	5. Staff and Diversity Management - p.115
GRI 401 Employment 2016	GRI 401 - 2	Benefits for full-time employees that are not provided to part-time or temporary employees	Principles 3, 4, 5, 6	8	5.7 Social Relations - p.132
GRI 405 Diversity and Equal Opportunities 2016	GRI 405 - 1	Diversity of governance bodies and employees	Principles 3, 4, 5, 6	5, 8	1.3. Governance and Management Structure - p.11 5.1. Staff Data - p.116 5.10. Equality and Diversity - p.137
	GRI 405 - 2	Ratio between basic salary and remuneration of women and men	Principles 3, 4, 5, 6	5, 8, 10	5.3. Average Earnings and the Pay Gap - p.121
GRI 406 Non-discrimination 2016	GRI 406 - 1	Cases of discrimination and remedial action taken	Principles 3, 4, 5, 6	5, 8, 16	3.2.1 Human Rights - p.83
	MI14 - Financial Education				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	4	3.1. Promoting Culture and Knowledge p.77
	MI15 - Social Engagement and Community Impact				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	General information	4, 12	2. Boosting Sustainable Growth and Competitiveness - p.36 3. Commitment to Society - p.77
GRI 204 Sourcing practices 2016	GRI 204 - 1	Proportion of expenditure on local suppliers	General information	12	3.2.2 Suppliers - p.85
	MI16 - Protecting the Environment, Combating Climate Change, and the Energy Transition				

GRI3 Material Issues 2021	GRI 3 - 3	Management of material issues	Principles 7, 8 and 9	7, 11, 13, 14, 15	2.3. Sustainability-Focused Financing - p. 60 4.4. Environmental Management - p. 104 3.2.4 - Collaboration with Associations on Sustainability - p.87
GRI 305 Emissions 2016	GRI 305 - 1	Direct GHG emissions (scope 1)	Principles 7, 8 and 9	7, 11, 13	4.4.3. Carbon Footprint - p. 106
GRI 305 Emissions 2016	GRI 305 - 2	Indirect GHG emissions associated with energy (scope 2)	Principles 7, 8 and 9	7, 11, 13	4.4.3. Carbon Footprint - p. 106
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GRI 305 Emissions 2016	GRI 305 - 4	GHG emission intensity	Principles 7, 8 and 9		4.4.3. Carbon Footprint - p. 106
GRI 305 Emissions 2016	GRI 305 - 5	Reduction of GHG emissions	Principles 7, 8 and 9	11, 13	4.4.3. Carbon Footprint - p. 106
	MI17 - Fair Ecological Transition				
GRI3 Material issues 2021	GRI 3 - 3	Management of material issues	Principles 7, 8 and 9	7, 11, 13, 14, 15	2. Boosting Sustainable Growth and Competitiveness - p.36 3. Commitment to Society - p.77
GRI 305 Emissions 2016	GRI 305 - 5	Reduction of GHG emissions	Principles 7, 8 and 9	11, 13	4.4.3. Carbon Footprint - p. 106

ANNEX. GLOSSARY OF ABBREVIATIONS

CMA	Council of Ministers Agreement (of the Spanish government)
AEB	*Asociación Española de Banca* (Spanish Banking Association)
AFD	*Agence Française de Développement*
AFIF	Alternative Fuels Infrastructure Facility
AIReF	*Autoridad Independiente de Responsabilidad Fiscal* (Independent Fiscal Accountability Authority)
ALIDE	*Asociación Latinoamericana de Instituciones Financieras para el Desarrollo* (Latin American Association of Development Financing Institutions)
ASCRI	*Asociación de Capital, Crecimiento e Inversión Capital* (Growth and Investment Partnership)
ECB	European Central Bank
EIB	European Investment Bank
EBRD	European Bank for Reconstruction and Development
BGK	*Bank Gospodarstwa Krajowego* (National Promotional Bank of Poland)
CAPEX	Capital Expenditure
CARI	*Contrato de Ajuste Recíproco de Intereses* (Reciprocal Interest Adjustment Contract)
CDC	*Caisse des Dépôts et Consignations* Group (National Promotional Bank of France)
CDP	*Cassa Depositi e Prestiti* (National Promotional Bank of Italy)
EC	European Commission
CECA	*Confederación Española de Cajas de Ahorros* (Spanish Confederation of Savings Banks)
CEF	Connecting Europe Facility
CERSA	*Compañía Española de Reafianzamiento* (Spanish SME financier)
CNMV	*Comisión Nacional del Mercado de Valores* (Spanish Securities and Exchange Commission)
COFIDES	*Compañía Española de Financiación del Desarrollo* (Spanish Development Financier)
COI	Clean Oceans Initiative
COP	United Nations on Climate Change Conference of the Parties
CSCAE	*Consejo Superior de Colegios de Arquitectos de España* (The Spanish High Council of Architects' Associations)
CSRD	Corporate Sustainability Reporting Directive
EDW	European Datawarehouse, GmbH
EFR	*Empresa Familiarmente Responsable* (Family-Responsible Company)
NFIS	Non-Financial Information Statement
ELTI	European Long-Term Investors Association
EPA	*Encuesta de población activa* (Active Population Survey)
EQA	European Quality Assurance
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ETCI	European Tech Champions Initiative
FCA	Financial Conduct Authority
FCAS	*Fondo de Cooperación para Agua y Saneamiento* (Water and Sanitation Cooperation Fund)
EIF	European Investment Fund
FFCCAA	*Fondo de Financiación a Comunidades Autónomas* (Autonomous Community Financing Fund)
FFEELL	Fondo de Financiación a Entidades Locales (Local Authority Financing Fund)
FIEM	*Fondo de Internacionalización de la Empresa* (Enterprise Internationalisation Fund)
FINRESP	*Centro de Finanzas Sostenibles y Responsables de España* (Centre for Sustainable and Responsible Finance in Spain)
FOCIT	*Fondo Financiero del Estado para la Competitividad Turística* (State Financing Fund for Tourism Competitiveness (Spain))
FONPRODE	*Fondo para la Promoción del Desarrollo* (Development Promotion Fund)
GHG	Greenhouse Gas(es)
GRI	Global Reporting Initiative
IACL	*Informe de Autoevaluación del Capital y la Liquidez* (Capital and Liquidity Self-Assessment Report)

ICEI	*Instituto Complutense de Estudios Internacionales* (Complutense Institute of International Studies)
ICEX	*Instituto Español de Comercio Exterior* (Spanish Institute for Foreign Trade)
ICMA	International Capital Market Association
IFC	International Finance Corporation
IGAE	*Intervención General de la Administración del Estado* (General Comptroller of the State Administration (Spain))
INES	*Informe Nacional del Estado de la Seguridad* (National (Spain) State of Security Report)
JICE	Joint Initiative on Circular Economy
KFW	*Kreditanstalt für Wiederaufbau* (National Promotion Bank of Germany)
MAPA	Ministry (Spain) of Agriculture, Fisheries and Food
RAF	Risk Appetite Framework
MARF	*Mercado Alternativo de Renta Fija* (Alternative Fixed Income Market)
MITECO	Ministry (Spain) for Ecological Transition and the Demographic Challenge
MITMA	Ministry (Spain) of Transport, Mobility and Urban Agenda
MIVAU	Ministry of Housing and Urban Agenda
MOOC	Massive Open Online Courses
RRM	Resilience and Recovery Mechanism
NEFI	Network of European Financial Institutions for Small and Medium Sized Enterprises
NFRD	Non-Financial Reporting Directive
NGEU or NextGen	Next Generation EU
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
SDG	Sustainable Development Goals
OFISO	*Observatorio Español de la Financiación Sostenible* (Spanish Sustainable Finance Observatory)
ILO	International Labour Organisation
ABL-CFT	Anti-Money Laundering and Countering the Financing of Terrorism
PCAF	Partnership for Carbon Accounting Financials
PERTE	*Proyectos Estratégicos para la Recuperación y Transformación Económica* (Strategic Projects for Economic Recovery and Transformation)
PNIEC	*Plan Nacional Integrado de Energía y Clima* National (Spain) Integrated Energy and Climate Plan
RTRP	Recovery, Transformation and Resilience Plan
SAECA	*Sociedad Anónima Estatal de Caución Agraria* (State (Spain) Agricultural Guarantee Company)
SEDIA	*Secretaría de Estado de Digitalización e Inteligencia Artificial* (Secretary of State (Spain) for Digitalisation and Artificial Intelligence)
SFDR	Sustainable Finance Disclosure Regulation
MGS	Mutual Guarantee Societies
SIW	Sustainable Infrastructure Window
SLLP	Sustainability Linked Loan Principles
STEP	Strategic Technology Europe Platform
SWIFT	Society for Worldwide Interbank Financial Telecommunication
EU	European Union
UNED	*Universidad Nacional de Educación a Distancia*(National University of Distance Learning (Spain))
VPO	Vivienda de Protección Oficial (Social Housing)