Allfunds Group plc

(a public limited company incorporated under the laws of England and Wales)

Offering of up to 163,650,850 ordinary shares and admission to listing and trading of all ordinary shares on Euronext Amsterdam

This prospectus (the ***Prospectus***) of Allfunds Group Limited (previously Allfunds (UK) Limited and, prior to that, LHC4 (UK) Limited, and to be re-registered as a public company limited by shares under the laws of England and Wales and renamed Allfunds Group plc prior to Admission (as defined below)) (the ***Company***) relates to the offering and admission to listing and trading of ordinary shares with a nominal value of €0.0025 each in the capital of the Company (the ***Shares***). LHC3 Plc (***LHC3***) (which is indirectly controlled by funds managed by affiliates of Hellman & Friedman LLC (***H&F***)), Credit Suisse AG (***CS AG***) and BNP Paribas Securities Services (***BP2S*** and together with CS AG and LHC3, the ***Offering Shareholders***) are offering up to an aggregate of 163,650,850 existing Shares (the ***Offer Shares***, which term shall include, unless context indicates otherwise, the Additional Shares (as defined below)). Assuming no exercise of the Over-Allotment Option (as defined below), the Offer Shares will constitute not more than approximately 26.0% of the Company's issued and outstanding share capital. Assuming the Over-Allotment Option is fully exercised, the Offer Shares will constitute not more than approximately 29.9% of the Company's issued and outstanding share capital. The Company will not offer any Shares in the Offering and will not receive any proceeds from the sale of the Offer Shares (including the Additional Shares, if any), the net proceeds of which will be received by the Offering Shareholders.

Capitalised terms used but not otherwise defined in this Prospectus are defined in Section 21 (*Definitions and Glossary*).

The offering of the Offer Shares (the ***Offering***) consists of private placements to a range of institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to persons reasonably believed to be qualified institutional buyers (***QIBs***) as defined in, and in reliance on, Rule 144A (***Rule 144A***) under the US Securities Act of 1933, as amended (the ***US Securities Act***) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (ii) outside the United States in compliance with Regulation S under the US Securities Act (***Regulation S***). There will be no public offer in any jurisdiction.

Investing in the Offer Shares involves substantial risks and uncertainties. An investor is exposed to the risk to lose all or part of his or her investment. Before any investment in the Offer Shares, an investor must read this entire document and in particular Section 1 (*Risk Factors*).

The price of the Offer Shares (the *Offer Price*) is expected to be between €10.50 and €12.00 (inclusive) per Offer Share (the *Offer Price Range*).

The Offering will begin on April 16, 2021 at 9:00 Central European Time (***CET***) and is expected to end at 14:00 CET on April 22, 2021 (the ***Offering Period***), subject to acceleration or extension of the timetable for the Offering. The Company and the Offering Shareholders**,** together with the Joint Global Coordinators (as defined below), may adjust the dates, times and periods given in the timetable and throughout this Prospectus. In such event, the Company will make this public through a press release, which will also be posted on the Company's website (www.allfunds.com). Any other material alterations will be published through a press release that will also be posted on the Company's website (www.allfunds.com) and (if required) in a supplement to this Prospectus that is subject to the approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the ***AFM***). Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day on which banks are generally open for business in the Netherlands (a ***Business Day***). Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period.

The Offer Price Range is an indicative price range. The Company and the Offering Shareholders, in agreement with the Underwriters, reserve the right to change the Offer Price Range and/or increase or decrease the total number of Offer Shares prior to allocation of the Offer Shares (***Allocation***). Any change in the number of Offer Shares and/or the Offer Price Range will be announced through a press release, which will also be posted on the Company's website (www.allfunds.com). The Offer Price and the exact number of Offer Shares offered in the Offering will be determined by the Company and the Offering Shareholders, in agreement with the Underwriters (as defined herein), prior to Allocation on the basis of the book-building process and taking into account the considerations set out in Section 16 (*The Offering*). The Offer Price, the exact number of Offer Shares offered in the Offering and the maximum number of Additional Shares will be stated in a pricing statement (the ***Pricing Statement***) which will be published in a press release that will also be posted on the Company's website (www.allfunds.com) and filed with the AFM.

Prior to the Offering there has not been a public market for the Shares. Application has been made for the admission to listing and trading of all Shares under the ticker symbol "ALLFG" on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (***Euronext Amsterdam***). Subject to acceleration or extension of the timetable for the Offering, trading of the Shares on Euronext Amsterdam is expected to commence at 9.00 a.m. CET on or about April 23, 2021 (the ***First Trading Date***) on an "as-if-and-when-delivered" basis.

BNP PARIBAS, Credit Suisse Securities, Sociedad de Valores, S.A. (***Credit Suisse***), Citigroup Global Markets Europe AG (***Citigroup***) and Morgan Stanley Europe SE (***Morgan Stanley***) are acting as joint global coordinators (in such and any other capacity, the ***Joint***

Global Coordinators) and, together with Banco Santander, S.A. (***Banco Santander***), Barclays Bank Ireland PLC (***Barclays***), BofA Securities Europe SA (***BofA Securities***), CaixaBank S.A. (***CaixaBank BPI***), HSBC Continental Europe S.A. (***HSBC***), ING Bank N.V. (***ING***) and Intesa Sanpaolo S.p.A. (***IMI – Intesa Sanpaolo***) as Joint Bookrunners for the Offering (and together with the Joint Global Coordinators, the ***Underwriters***). The Underwriters and the Listing and Paying Agent (as defined herein) are acting exclusively for the Company and/or the Existing Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The Offering Shareholders have granted an option (the ***Over-Allotment Option***) to Morgan Stanley (the ***Stabilisation Manager***) (on behalf of the Underwriters), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager, on behalf of the Underwriters, may require the Offering Shareholders to sell up to 24,547,628 additional Shares (the ***Additional Shares***), comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover over-allotments (if any) or facilitate stabilisation transactions (if any) in connection with the Offering.

The Offering is and will only be made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves and observe any restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission or any securities commission or other regulatory authority of any state or other jurisdiction of the United States, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of any Shares in the United States or in any other jurisdictions. Each purchaser of Offer Shares is deemed to have made certain representations and statements as described in Section 18 (*Selling and Transfer Restrictions*) and each potential investor should carefully read and comply with the contents of Sections 2 (*Important Information*) and 18 (*Selling and Transfer Restrictions*).

Subject to acceleration or extension of the timetable for the Offering, payment (in euro) for, and delivery of, the Offer Shares (***Settlement***) is expected to take place on April 27, 2021 (the ***Settlement Date***) through the book entry facilities of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* trading as Euroclear Nederland) (***Euroclear Nederland***) in accordance with Euroclear Nederland's normal procedures applicable to equity securities and against payment in full for the Offer Shares in immediately available funds. If Settlement does not take place on the Settlement Date or at all, the Offering may be withdrawn. In such case, all applications for Offer Shares will be disregarded and any allocations of Offer Shares will be deemed not to have been made and any payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Prior to Settlement all dealings in the Offer Shares are at the sole risk of the parties concerned. None of the Company, the Offering Shareholders, the Underwriters or Euronext Amsterdam N.V. accepts any responsibility or liability for any loss or damage incurred by any party as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares on Euronext Amsterdam. For more information regarding the conditions to the Offering and the consequences of any termination or withdrawal of the Offering, see Section 16 (*The Offering*) and 17.1 (*Underwriting Agreement*).

This Prospectus constitutes a prospectus for the purposes of Article 3 of Regulation 2017/1129/EU (the ***Prospectus Regulation***) and has been prepared in accordance with the Prospectus Regulation. This Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

Prospectus dated April 16, 2021

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS Credit Suisse Citigroup Morgan Stanley

Joint Bookrunners

Banco Santander Barclays BofA Securities

CaixaBank BPI HSBC IMI – Intesa Sanpaolo ING

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Summary of the Prospectus

INTRODUCTION AND WARNINGS

Warning. The summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the prospectus (the ***Prospectus***) prepared in connection with the offering (the ***Offering***) of ordinary shares (***Shares***) of €0.0025 each in the Capital of Allfunds Group plc (the ***Company***) and the admission to listing and trading of all Shares on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. Any decision to invest in the Shares offered hereby should be based on a consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

The Company is currently a private limited company with the name Allfunds Group Limited. The commercial name is "Allfunds". As part of the terms of the Offering and in accordance with applicable law, the Company has undertaken to re-register as a public limited company with the name Allfunds Group plc prior to Admission (as defined below). The registered office address of the Company is 2 Fitzroy Place, 8 Mortimer Street, W1T 3JJ, London, United Kingdom. The Company is registered with the trade register of the Registrar of Companies of England and Wales under number 10647359. Its legal entity identifier (***LEI***) is 9598005U8TZQ8Q64SC71. The International Security Identification Number (***ISIN***) of the Shares is GB00BNTJ3546.

The Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the ***AFM***), as competent authority under Regulation (EU) 2017/1129, with its head office at Vijzelgracht 50 1017 HS, Amsterdam, and telephone number: +31(0)20-797 2000. The Prospectus was approved by the AFM on April 16, 2021.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Domicile and legal form. The Company is currently a private limited company with the name Allfunds Group Limited. The commercial name is "Allfunds". As part of the terms of the Offering and in accordance with applicable law, it has undertaken to re-register as a public limited company with the name Allfunds Group plc prior to Admission (as defined below). The principal laws and legislation under which the Company operates is the UK Companies Act and regulations made thereunder. The registered office address of the Company is 2 Fitzroy Place, 8 Mortimer Street, W1T 3JJ, London, United Kingdom. The Company is registered with the trade register of the Registrar of Companies of England and Wales under number 10647359. Its LEI is 9598005U8TZQ8Q64SC71.

Principal Activities. Allfunds is one of the world's leading B2B WealthTech platforms connecting Fund Houses and Distributors. It operates a world-class open-architecture platform which provides a marketplace and digital solutions matching fragmented demand for asset management products from Distributors with fragmented supply of those products from Fund Houses. Allfunds has built an ecosystem that covers the entire fund distribution value chain and investment cycle, including via Allfunds Connect, a full suite of SaaS-enabled digital, data and analytics tools. As of December 31, 2020, Allfunds had over €1.2 trillion of AuA (including AuA acquired but still to be transferred).

Allfunds has a twenty-year history of connecting financial institutions that buy shares of undertakings for collective investment (***UCIs***) (which includes exchange-traded funds) either for their own account, for products they manage (such as funds of funds or pension funds) or on behalf of their clients to which they provide investment services (***end investors***) acting as distributors (all such financial institutions referred to as ***Distributors***) with financial institutions that create, manage or distribute such UCIs (such financial institutions, ***Fund Houses***). The Allfunds Platform provides distribution, dealing, custody and administration services, enabling automated access to a wide range of funds, thereby maximising transactional efficiency, minimising the risk of operational errors and reducing costs. Underpinning the value proposition of the Allfunds Platform is Allfunds Connect, a subscription-based SaaS-enabled offering of data-centric services to Distributors and Fund Houses. Allfunds Connect provides data and analytics solutions, model and client portfolio tools and reporting, fund research-related and regulatory solutions.

Major Shareholders. As at the date of the Prospectus, the shareholders of the Company are LHC3 Plc (***LHC3***) (which is indirectly controlled by H&F), Credit Suisse AG (***CS AG***) and BNP Paribas Securities Services (***BP2S***) and BNP Paribas Asset Management Holding (***BNPP AM Holding***) (which are each indirectly controlled by BNP PARIBAS) (LHC3, CS AG, BP2S, BNPP AM Holding are together the ***Existing Shareholders***), which beneficially hold 100% of the Company's issued ordinary share capital.

The following table sets forth the shareholders of the Company which, to the Company's knowledge, will directly or indirectly have a notifiable interest in the Company's capital and voting rights within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (i) immediately prior to Admission and (ii) immediately following Admission assuming the maximum number of Offer Shares are purchased, (a) without the Over-Allotment Option (as defined below) being exercised and (b) with full exercise of the Over-Allotment Option.

	Shares expected to be owned immediately prior to Admission		Shares expected to be owned immediately following Admission assuming the maximum number of Offer Shares are purchased: Without exercise of the Over-Allotment Option		Shares expected to be owned immediately following Admission assuming the maximum number of Offer Shares are purchased: With full exercise of the Over-Allotment Option	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Existing Shareholders						
LHC3(1)(2)	400,000,444	63.55%	298,077,436	47.36%	282,788,984	44.93%
CS AG(2)	87,804,976	13.95%	62,898,575	9.99%	59,162,615	9.40%
BP2S(2)(3)	101,967,024	16.20%	65,145,583	10.35%	59,622,367	9.47%
BNPP AM Holding(3)	39,653,904	6.30%	39,653,904	6.30%	39,653,904	6.30%
Cornerstone Investors						
BlackRock	-	-	23,809,524	3.78%	23,809,524	3.78%
Janus Henderson Investors	-	-	11,428,571	1.82%	11,428,571	1.82%
Jupiter	-	-	19,047,619	3.03%	19,047,619	3.03%
Lazard	-	-	11,428,571	1.82%	11,428,571	1.82%
Mawer	-	-	15,238,095	2.42%	15,238,095	2.42%

(1) H&F and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd (***Eiffel***) indirectly hold their shares in the Company through LHC3. H&F holds 63.5% of the ordinary shares in LHC3 and Eiffel holds 35.7% of the ordinary shares in LHC3 (prior to taking account of any dilution resulting from the management equity plan).

(2) The allocation of Offer Shares to be sold by each Offering Shareholder in the Offering will be confirmed at a later date prior to publication of the Pricing Statement, and their exact post-Admission shareholdings will be disclosed in the Pricing Statement.

(3) BNP PARIBAS indirectly controls BP2S and BNPP AM Holding.

Key managing directors. Juan Alcaraz is the Chief Executive Officer of the Company, and Amaury Dauge is the Chief Financial Officer of the Company.

Identity of statutory auditors. Deloitte LLP, an independent registered public audit firm with its address at Gaspe House, 66-72 Esplanade, JE2 3QT, St Helier, Jersey, Channel Islands and registered to provide audit services by the Institute of Chartered Accountants of England and Wales.

What is the key financial information regarding the issuer?

With regard to the financial information as of and for the financial years ended December 31, 2018, 2019 and 2020 presented in the Prospectus, references to Allfunds, the Company or the Group refer to the Company (and each of its subsidiaries from time to time, if the context requires), unless otherwise indicated. The Prospectus includes the consolidated financial statements of the Group as of and for the years ended December 31, 2018 (the ***2018 Financial***

Statements), 2019 (the ***2019 Financial Statements***) and 2020 (the ***2020 Financial Statements*** and, together with the 2018 Financial Statements and the 2019 Financial Statements, the ***Audited 2018-2020 Financial Statements***). There are no qualifications in the auditor's reports on the Audited 2018-2020 Financial Statements included in the Prospectus. The 2018 and 2019 Financial Statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (***IFRS***) as issued by the International Accounting Standards Board (***IASB***) and as endorsed by the EU. The 2020 Financial Statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the IASB. As of December 31, 2020 'international accounting standards in conformity with the requirements of the Companies Act 2006' are identical to IFRS as adopted by the EU as at December 31, 2020.

With regard to financial information for the years ended December 31, 2017 and 2016 presented in the Prospectus, references to Allfunds or the Group refer to Allfunds Bank S.A.U. (which, prior to the Acquisition was named Allfunds Bank S.A.) (***AFB*** or ***Allfunds Bank***) (and each of its subsidiaries from time to time, if the context requires), unless otherwise indicated. The Prospectus also includes selected unaudited financial data for the years ended December 31, 2017 and 2016 (the ***2016-2017 Financial Information***), which has been derived from the audited consolidated financial statements of AFB and from management accounting records for the years ended December 31, 2017 and 2016. AFB was the parent company of the Group prior to the acquisition of the Group by the Company pursuant to the acquisition of the Group by H&F and Eiffel (the ***Acquisition***). The consolidated financial statements of AFB for the years ended December 31, 2017 and 2016 were prepared in accordance with the regulatory framework established in Bank of Spain Circular (4/2004, of 22 December, and subsequent amendments thereto, in the Spanish Commercial Code and in other Spanish corporate and commercial law, and other compulsory legislation approved by the Bank of Spain (***Spanish regulatory financial reporting***). Management has conducted an analysis of the applicable differences between the Group's accounting policies under Spanish regulatory financial reporting compared to IFRS and considers that, while Spanish regulatory financial reporting and IFRS are not directly comparable, the 2016-2017 Financial Information is materially comparable with the financial information of the Group as of and for the years ended December 31, 2018, 2019 and 2020, with the exception of new standards and amendments issued and effective for the financial periods ending December 31, 2018, 2019 and 2020.

In the Group's 2018 Financial Statements, IFRS 9 and IFRS 15 were applied from January 1, 2018 using the modified retrospective approach and therefore, 2017 was not restated. The Group assessed the impact on its financial statements of the initial application of IFRS 9 to be €30,000, which was recognised in the Statement of Comprehensive Income. There was no impact resulting from the adoption of IFRS 15 as the revenue recognition policy of the Group was already complying with the principles of IFRS 15. In the Group's 2019 Financial Statements, IFRS 16 Leases was applied from January 1, 2019 using the modified retrospective approach and, therefore, 2018 was not restated and was reported under IAS 17 Leases. At January 1, 2019, the Group recognised right-of-use assets and lease liabilities totalling €22.4 million. For the purposes of the consolidated statement of comprehensive income, the depreciation of the right-of-use assets was recognised as "depreciation" under "depreciation and amortisation", totalling €5.1 million and the finance costs were recognised as "lease liabilities" under "interest expense" totalling €0.4 million. In the 2018 Financial Statements, rental costs were recognised as "property, fixtures and supplies" under "general and administrative expenses" totalling €7.6 million.

Summary consolidated statements of comprehensive income

In the 2020 Financial Statements, adjustments have been made to the presentation of the consolidated statement of comprehensive income. These changes comprise the renaming and reordering of certain line items within the consolidated statement of comprehensive income to more accurately reflect the Group's core business and business model. As a result of the presentation adjustments, the (unaudited) comparative 2019 consolidated statement of comprehensive income included in the 2020 Financial Statements has been re-presented in order to achieve comparability between the 2019 and 2020 consolidated statements of comprehensive income included in the 2020 Financial Statements and to reflect changes made as a result of the purchase price allocation exercises carried out following completion of the second phase of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market. In addition, the (unaudited) comparative 2018 consolidated statement of comprehensive income has been re-presented in this Prospectus in order to achieve comparability with the presentation of the consolidated statements of comprehensive income for 2019 and 2020 included in the 2020 Financial Statements.

	Year ended December 31		
	2020(1)	**2019(2)**	**2018(3)**
		(Re-presented)	*(Re-presented)*
		(€ thousands)	
Fee, commission and service revenue	1,589,363	1,331,419	1,336,375
Fee, commission and service expense	(1,280,065)	(1,103,248)	(1,116,134)
Net revenue(4)	**309,298**	**228,171**	**220,241**
Employee compensation and benefits	(75,591)	(54,968)	(47,079)
Other expenses	(89,901)	(82,005)	(44,272)
Other operating income / (expense)	5,537	(901)	189
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	(18,426)	(13,351)	(4,533)
Amortisation of intangible assets acquired as a result of business combinations	(111,607)	(92,307)	(88,236)
Profit /(Loss) before net interest expense, impairment losses and tax expense	**19,310**	**(15,361)**	**36,310**
Net interest expense	(2,573)	(6,871)	(16)
Impairment loss on financial assets held at amortised cost	(1,550)(5)	(319)	(404)
Impairment loss on non-financial assets	-	-	(362,007)
Profit /(Loss) before tax	**15,187**	**(22,551)**	**(326,117)**
Tax expense	(15,230)	(7,950)	(11,137)
Loss for the year after tax	**(43)**	**(30,501)**	**(337,254)**

Notes:

(1) The summary consolidated statement of comprehensive income for the year ended December 31, 2020 included in this table has been extracted from the 2020 Financial Statements.

(2) The summary re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2019 included in this table has been extracted without adjustment from the 2019 comparative financial information included in the 2020 Financial Statements. This information has been re-presented (i) in order to achieve comparability with the presentation of the consolidated statement of comprehensive income for the year ended December 31, 2020 by renaming and reordering certain line items and (ii) to reflect changes made as a result of the purchase price allocation exercises carried out following completion of the second phase of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market.

(3) The summary re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2018 included in this table is derived from the 2018 Financial Statements and has been re-presented for the purposes of discussion in the Prospectus using information from internal accounting records to achieve comparability with the presentation of the consolidated statement of comprehensive income which the Group has adopted in the 2020 Financial Statements.

(4) Net revenue is comprised of fee, commission and service revenue recognized under IFRS 15 less fee, commission and service expense. Net revenue is a gross profit measure. The Group labels this gross profit subtotal as Net revenue because the directors believe it reflects the integral interrelationship between revenue generated and the expenses concurrently incurred, whilst also being comparable to measures used by peers.

(5) Impairment loss on financial assets held at amortised cost for the year ended December 31, 2020 comprises €750 thousand of impairment loss on non-financial assets and €800 thousand of impairment loss on financial assets held at amortised cost.

Summary consolidated statements of financial position

	As at December 31		
	2020[1]	2019[2]	2018[3]
		(Re-presented)	
		(€ thousands)	
Total non-current assets	2,409,430	1,700,905	1,681,307
Total current assets	2,527,083	1,709,786	1,284,676
Total assets	**4,936,513**	**3,410,691**	**2,965,983**
Total non-current liabilities	332,737	292,282	275,494
Total current liabilities	2,228,516	1,514,475	1,156,784
Total liabilities	**2,561,253**	**1,806,757**	**1,432,278**
Total equity	**2,375,260**	**1,603,934**	**1,533,705**
Total liabilities and equity	**4,936,513**	**3,410,691**	**2,965,983**

Notes:

(1) The summary consolidated statement of financial position as at December 31, 2020 has been extracted from the 2020 Financial Statements.

(2) The summary unaudited and re-presented consolidated statement of financial position as at December 31, 2019 has been extracted from the (unaudited) comparative consolidated statement of financial position as at December 31, 2019 included in the 2020 Financial Statements. This information has been re-presented to reflect changes made as a result of the purchase price allocation exercise carried out following completion of Phase 2 of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market.

(3) The consolidated statement of financial position as at December 31, 2018 has been extracted from the 2018 Financial Statements.

Summary consolidated statements of cash flows

	Year ended December 31		
	2020	2019	2018
		(Re-presented)	
		(€ thousands)	
Net cash flows from operating activities	835,670	443,184	2,552
Net cash flows used in investing activities	(28,094)	(36,077)	(24,643)
Net cash flows used in financing activities	(3,469)	(75,444)	(13,300)
Net increase/(decrease) in cash and cash equivalents	**804,107**	**331,663**	**(35,391)**
Effect of exchange rate changes on cash and cash equivalents	428	(729)	33
Cash and cash equivalents at the start of the year	1,044,371	713,437	748,794
Cash and cash equivalents at the end of the year	**1,848,905**	**1,044,371**	**713,437**

Other key financial information

KPIs. The table below sets out the Group's key performance indicators (***KPIs***), which the Group monitors to track the financial and operating performance of its business. Certain of these KPIs are not defined in IFRS issued by IASB.

	As of and for the year ended December 31						
	Allfunds Group Limited				Allfunds Bank		CAGR
	Pro forma 2020	2020	2019	2018	2017	2016	2016-2020
			(€ thousands, unless otherwise noted)				
AuA EoP[1] (€ billions)	1,232	1,232	554	349	359	253	48.5%
Allfunds standalone AuA	515	515	435	349	359	253	19.4%
Acquired AuA	717	717	119	-	-	-	
AuA average[2] (€ billions)	774	706	421	367	302	220	33.8%
Net flows as a % of BoP AuA[3]		11.2%	10.7%	4.0%	36.9%	14.3%	
Market performance as a % of BoP AuA[4]		3.9%	14.6%	(6.7)%	4.8%	3.2%	
Net revenue[5]	370,397	309,298	228,171	220,241	189,230	154,513	18.9%
of which: Net platform revenue[6]	356,390	295,291	216,259	212,519	185,058	152,236	18.0%
Net platform revenue (% of total)	96.2%	95.5%	94.8%	96.5%	97.8%	98.5%	
Net platform revenue margin (bps)[7]	5.4[8]	5.0[8]	5.1	5.8	6.1	6.9	(7.7%)[8]
of which: Net subscription and other revenues[9]	14,007	14,007	11,912	7,722	4,172	2,277	57.5%
Net subscription and other revenues (% of total)	3.8%	4.5%	5.2%	3.5%	2.2%	1.5%	
Separately disclosed items[10]	63,256	63,256	53,173	6,375	9,738	2,091	
Adjusted EBITDA[11]	262,749	212,599	143,471	135,456	124,080	99,796	20.8%
Adjusted EBITDA margin[12]	70.9%	68.7%	62.9%	61.5%	65.6%	64.6%	
Adjusted profit before tax[13]	241,160	191,600	123,250	130,907	121,886	98,513	18.1%
Adjusted profit after tax[14]	169,241	136,080	88,804	84,667	83,511	68,929	18.5%
Pro forma normalised free cash flow[15]	170,976						
Underlying capital expenditures[16]		19,387	27,020	12,475	5,226	6,184	

Notes:

(1) AuA EoP is defined as AuA on the Group's platform at the end of the relevant financial period (*EoP*). For the years ended December 31, 2020 and December 31, 2019, this amount is derived from management's internal accounting records and also includes acquired AuA which is yet to be transferred (€79 billion as at December 31, 2020). For December 31, 2020, AuA EoP includes €515 billion registered on the Allfunds Platform and €717 billion acquired through acquisitions (€581 billion in connection with the BNPP Acquisition, €125 billion in connection with the CS InvestLab Acquisition and €11 billion in connection with the NFM Acquisition). AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds Platform (of which €425 billion of intermediated

AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance). For the year ended December 31, 2018, this information is derived from management's internal accounting records. For the years ended December 31, 2017 and 2016, this information is derived from the internal accounting records of AFB.

(2) AuA average is defined as the average value of the AuA on the Group's platform for the relevant financial period. It is calculated as the sum of the daily value of AuA on the Group's platform for the year divided by 365 and is derived from management's internal accounting records.

(3) Net flows as a % of BoP AuA is defined as volumes of AuA from existing and new distributors in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period (*BoP*). Net flows as a % of BoP AuA is derived from management's internal accounting records.

(4) Market performance as a % of BoP AuA is defined as volumes of AuA from movements in the financial markets in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period. Market performance as a % of BoP AuA is derived from management's internal accounting records.

(5) Net revenue represents the Group's fee, commission and service revenues less fee, commission and service expenses. Net revenue for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Net revenue for the year ended December 31, 2018 is derived from the Group's underlying accounting records. Net revenue for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records. Pro forma net revenue is derived from the Unaudited Pro Forma Financial Information.

(6) Net platform revenue is derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net platform revenue for the year ended December 31, 2020 is therefore calculated as 2020 net platform revenue (derived from the 2020 Financial Statements), plus net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 (derived from the Unaudited Pro Forma Financial Information).

(7) Net platform revenue margin represents net platform revenue divided by the average AuA for the relevant period and expressed in basis points.

(8) Net platform revenue margin for 2020 and Pro forma 2020 are calculated using average AuA of €587 billion and €655 billion, respectively, which in each case excludes AuA related to the BNPP Platform Services Right from BNPP AM and the outsourcing activities covered by the BP2S Outsourcing Agreement, as these AuA will only begin generating revenue in 2021 (with the exception of €0.3 million in fees generated in 2020).

(9) Net Subscription and other revenues are derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net subscription and other revenues is therefore derived from management's internal accounting records.

(10) Separately disclosed items and Pro forma separately disclosed items are derived from management's internal accounting records and comprise costs or profits recognised in a given period which, due to their nature or size, are disclosed separately to enable a more comparable view of period-to-period underlying performance. Separately disclosed items for the periods indicated include TSA and restructuring costs (excluding capital expenditures), M&A consultancy costs, other consulting and legal fees and other non-recurring items (including IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line).

(11) The Group defines Adjusted EBITDA as profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro Forma Adjusted EBITDA is defined as unaudited Pro forma profit for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back.

(12) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of net revenue. Pro Forma Adjusted EBITDA margin represents Pro Forma Adjusted EBITDA as a percentage of Pro forma net revenue.

(13) The Group defines Adjusted profit before tax as profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit before tax is defined as unaudited Pro forma profit for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax.

(14) The Group defines Adjusted profit after tax as profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit after tax is defined as unaudited Pro forma profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax.

(15) The Group defines Pro forma normalised free cash flow as Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate).

(16) The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16.

Current trading and prospects. There has been no significant change in the financial position or financial performance of the Group since December 31, 2020. The Group has benefited from strong growth momentum in the first quarter of 2021, with organic AuA increasing from €515 billion as at December 31, 2020 to €584 billion as at March 31, 2021, representing a growth rate of 13%. The growth in the first quarter of 2021 resulted from net flows from existing Distributors (€26 billion), net flows from new Distributors (€26 billion) and market performance (€17 billion). The Group's business plan sets out certain ambitions in respect of targeted net revenue growth, incremental net revenue growth, Adjusted EBITDA margin and expected costs. These are forward-looking statements, based on assumptions that the Company believes are reasonable, but which may turn out to be incorrect or different than expected, and the Group's ability to achieve them will depend on a number of factors, many of which are outside of the Group's control, including significant business and economic uncertainties and risks. The Group has not defined, and does not intend to define, "medium-term" and these ambitions should not be read as indicating that the Company is targeting such metrics in any particular financial year. As a result, the Group's actual results may vary from the targets, ambitions and expectations set out below and those variations may be material. The Company does not intend to publish revised financial targets to reflect events or circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events. The financial targets should not be regarded as a representation by the Company or by any other person that it will achieve these targets in any time period.

Subject to the above and assuming normal market conditions, the Group is targeting a medium-term organic net revenue CAGR in the low-teens based on 2020 Pro forma net revenue of €370.4 million (such net revenue figure as set out in the Unaudited Pro Forma Financial Information), with growth elevated in the near-term to a mid-teens organic net revenue growth rate. This mid-teens near-term organic net revenue growth rate target is principally based on (i) the Group's strong business momentum from new flows from existing and new Distributors, which has translated into a strong start to 2021 for the Group, with organic AuA increasing from €515 billion as at December 31, 2020 to €584 billion as at March 31, 2021 and (ii) the positive effects of ongoing strategic initiatives, such as increasing penetration of Allfunds Connect platform and the launch of the sub-advisory business (described further below).

The low-teens medium-term organic net revenue CAGR target is in turn based on double-digit AuA growth and stable fee margins driving increased net platform revenue as a result of (i) secular market growth (with Allfunds' core addressable market growing at a 9% CAGR from 2019-2024, and (ii) positive organic inflows from existing Distributors and by the onboarding of new Distributors, with a medium-term prospective pipeline of greater than €100 billion AuA. Allfunds' organic net revenue CAGR targets are also supported by assumed positive prospective market performance of various asset classes underlying AuA in line with current market expectations.

The Group's organic net revenue CAGR targets are further supported by strategic initiatives such as (i) increasing the proportion of net revenue attributable to net subscription and other revenues from services such as Allfunds Connect, which the Group expects to approach 10% of total net revenue by the end of such medium-term period based on its continuing innovation of, and addition of value-add services to, Allfunds Connect, as well as (ii) Allfunds' sub-advisory services, which are expected to drive additional growth and margin resilience. The Group's medium-term organic net revenue CAGR target excludes potential further upside from the Group's Allfunds Blockchain initiative and from opportunistic M&A activities.

In addition to the organic net revenue CAGR targets, the Group expects to realise approximately €25 million of incremental in-year net revenue in the year ending December 31, 2021, as some of the AuA acquired as part of the BNPP Acquisition will only be migrated to the Group's platform during the financial year ending December 31, 2021. This is in part attributable to recurring net revenue which the Group expects to achieve as a result of the commercial arrangements agreed in connection with the BNPP Acquisition.

The Group's Pro forma cost base for the year ended December 31, 2020 was €112 million (such cost base comprising Adjusted employee compensation and benefits (€65 million), Adjusted other expenses (€36 million), employee compensation and benefits of the BNPP LPA Business for the period to October 2, 2020 (€4 million) and other expenses from the BNPP LPA Business for the period to October 2, 2020 (€7 million)). In addition to organic recurring cost growth, Allfunds expects the incurrence of incremental costs of approximately €6 million to €8 million per annum from the beginning of 2021. These costs are expected to include full year incremental recurring expenses the Group anticipates incurring as a result of its previous M&A transactions, replacing below-the-line M&A-related TSA costs. Accordingly, Allfunds is targeting Adjusted EBITDA margin to gradually increase up to the mid-70% range in the medium-term, compared to 2020 Pro forma Adjusted EBITDA margin of 70.9%, due to the scalability of the Allfunds Platform driving net revenue growth in excess of cost growth. In addition, Allfunds expects depreciation and amortisation (excluding the impact of intangible assets acquired as a result of business combinations, but including depreciation on right-of-use assets (leases)) to trend towards €25 million per annum in the medium-term, which is expected to be slightly above capital expenditures (including IFRS 16 spend) as depreciation and amortisation also includes the impact of historic transformational capital expenditures which will be amortised through profit or loss. Allfunds expects that its cash tax rate on Adjusted profit before tax will be 27% to 29% in the medium-term, with this rate closer to 27% in the near-term. Cash tax rate is defined as current cash tax expense divided by Adjusted profit before tax.

Allfunds is targeting to complete the integration activity related to the BNPP Acquisition by 2023 at the latest. The investments in the Allfunds Platform required to facilitate this integration activity are captured by the incremental costs of approximately €6 million to €8 million per annum outlined above. In addition, over the course of 2021 and 2022, the Group will incur total exceptional restructuring and integration costs of €33 million to €35 million (post-tax), which costs will be slightly front-loaded in 2021. In addition, Allfunds will also incur €25 million to €30 million of costs in 2021 in relation to the IPO (post-tax), and non-recurring post-tax M&A-related TSA costs of €31 million to €35 million, €24 million to €27 million and €5 million to €7 million during 2021, 2022 and 2023, respectively.

Allfunds is confident that it will consolidate its presence in Europe and increase its penetration in France and Germany. Allfunds believes it is very likely that strong growth will continue in markets such as Asia in an ever-growing open-architecture market and that the US offshore market will represent a very interesting market with growth potential.

Summary unaudited pro forma financial information

The prospectus presents unaudited pro forma financial information of the Group (the ***Unaudited Pro Forma Financial Information***) to illustrate the impact on the Group of a portion of the BNPP Acquisition, specifically the acquisition from BP2S of its *Banca Corrispondente*, or local paying agent, business division engaged in, amongst others, transfer agency, paying agency, investor relations management and tax and foreign exchange agency activities, which activities were conducted by BP2S through its Italian, Polish, French and Spanish branches (the ***BNPP LPA Business***), completed on October 2, 2020 as part of the BNPP Acquisition, as if it had been completed on January 1, 2020. The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. In addition, the Unaudited Pro Forma Financial Information does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate net revenue from 2021. The Unaudited Pro Forma Financial Information is compiled on the basis set out in the notes below and in accordance with the accounting policies of the Group for the year ended December 31, 2020.

Summary unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020

	Allfunds Group Limited for the year ended Dec 31, 2020	**BNPP LPA Business for the period to Oct 2, 2020**	**Other pro forma adjustments**	**Unaudited Pro Forma Financial Information**
	Note 1	Note 2	Note 3	Note 4
Fee, commission and service revenue	1,589,363	64,164	-	1,653,527
Fee, commission and service expense	(1,280,065)	(3,065)	-	(1,283,130)
Net revenue	**309,298**	**61,099**	**-**	**370,397**
Employee compensation and benefits	(75,591)	(3,864)	-	(79,455)
Other expenses	(89,901)	(6,965)	-	(96,866)
Other operating income / (expense)	5,537	(120)	-	5,417
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	(18,426)	-	-	(18,426)
Amortisation of intangible assets acquired as a result of business combinations	(111,607)	-	(14,856)	(126,463)
Profit before net interest expense, impairment losses and tax expense	**19,310**	**50,150**	**(14,856)**	**54,604**
Net interest expense	(2,573)	(590)	-	(3,163)
Impairment losses on financial assets held at amortised cost	(1,550)	-	-	(1,550)
Profit before tax	**15,187**	**49,560**	**(14,856)**	**49,891**
Tax credit/(expense)	(15,230)	(16,399)	4,902	(26,727)
Profit for the year after tax	**(43)**	**33,161**	**(9,954)**	**23,164**

Notes:

(1) *Allfunds Group Limited for the year ended Dec 31, 2020:* The financial information for the year ended December 31, 2020 has been extracted from the 2020 Financial Statements.

(2) *BNPP LPA Business for the period to Oct 2, 2020*: the unadjusted historical financial information for the BNPP LPA Business has been extracted from the audited carve-out financial statements of the Banca Corrispondente business as of October 2, 2020 and for the period from January 1, 2020 to October 2, 2020, which has been subject to an Independent Auditor's Report by Mazars Italia S.p.A. This report is unqualified. No accounting policy differences between Allfunds Group Limited and the Banca Corrispondente Carve-Out Financial Statements were noted that have an effect on the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020.

(3) *Other pro forma adjustments:* Other pro forma adjustments represent the pro forma effect of the amortisation of intangible assets identified through the purchase price allocation exercise carried out on the acquisition of the BNPP LPA Business.

(4) The Unaudited Pro Forma Financial Information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X of the US Securities Act.

What are the key risks that are specific to the issuer?

Any investment in the Shares is associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered relevant to the future development of the Group and the Shares. The following is a summary of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's business, financial condition, results of operations and prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise:

- If the Group is unable to maintain or grow its network of Distributors and Fund Houses, its business and growth prospects may be adversely affected.
- The Group operates in the highly competitive wealth management value chain and a failure to effectively compete could have a materially adverse effect on the Group's business and financial condition.
- The Group is subject to general economic, political and market conditions, market risk and investor behaviour.
- The Group's success depends in part on its ability to adapt to new technology and provide new services in response to changes in the wealth management industry.
- The Group's largest Distributors represent a significant portion of the Group's AuA and the loss of any or a number of these largest Distributors could harm the Group's business.
- Fee pressure in the asset management industry may have an adverse effect on the Group's fee margins.
- The ultimate impact of the COVID-19 pandemic is highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the COVID-19 pandemic.

- The Group's operations are dependent on its IT and information systems, and any disruption to the availability of the Group's platform or failures in the Group's IT systems could adversely impact the Group's operations.
- Certain elements of the Group's IT processing infrastructure are outsourced to third-party service providers, which raises the risk that such third party service providers could be affected by disruptions over which the Group has no control, not perform as expected, increase prices, or fail or otherwise not act in the Group's interests.
- If the Group's acquisition strategy is not successful or if the Group fails to integrate successfully its most recent acquisitions or realise the synergies and benefits expected as a result of these acquisitions, its business and growth prospects could be materially adversely impacted.
- The Group may be subject to legal proceedings and other claims.
- The Group is subject to a variety of complex regulatory regimes giving rise to legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, any of which could have a material adverse effect on the Group's business, financial position and results of operations.
- Capital and liquidity requirements could have a significant adverse effect on the Group's business and financial results.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type, class and ISIN. The Shares are ordinary shares, created under and in accordance with the UK Companies Act, with a nominal value of €0.0025 each in the share capital of the Company. Application has been made to list all Shares under the ticker symbol "ALLFG" on Euronext Amsterdam under ISIN Code GB00BNTJ3546.

Currency, denomination, par value and number of securities issued. The Offering Shareholders are offering up to 163,650,850 existing Shares (the ***Offer Shares***, which term shall include, unless the context indicates otherwise, the Additional Shares (as defined below). The Offer Shares are denominated in and will trade in euro. Immediately after payment (in euro) for, and delivery of, the Offer Shares (***Settlement***), the issued share capital of the Company will amount to €1,573,565.87, divided into 629,426,348 Shares with a nominal value of €0.0025 each. The Articles of Association do not specify an authorised share capital.

Rights attached to the Shares. Shortly after the determination of the Offer Price, the Articles of Association will be amended and fully restated effective from Admission. Reference to the ***Articles of Association*** hereafter will be to the Company's articles of association adopted with effect from Admission. Shares traded on Euronext Amsterdam will be transferred through book-entry on the accounts of investors with intermediaries that are participants in Euroclear Nederland or intermediaries that hold, directly or indirectly, accounts with participants in Euroclear Nederland. The Articles of Association reflect this fact and, for this reason, include reference to ***EI Holders*** being the holders of interests in the Shares of the Company traded and settled through Euroclear Nederland. Each Share confers its holder (being the EI Holder if such Share is traded and settled through Euroclear Nederland) the right to cast one vote at the Company's general meeting, being the corporate body or, where the context so requires, the physical meeting (the ***General Meeting***). There are no restrictions on voting rights. The Shares carry dividend rights.

Rank of securities in the issuer's capital structure in the event of insolvency. The Shares do not carry any rights in respect to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law. The Shares will rank *pari passu* in all respects.

Restrictions on the free transferability of the securities. There are no restrictions on the transferability of the Shares in the Articles of Association or under English law. However, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in certain countries, and the transfer of Shares into certain jurisdictions, may be subject to specific regulations or restrictions.

Dividend or pay-out policy. Following Admission and subject to any applicable regulatory restrictions, the Company is targeting a dividend pay-out ratio of 20-40% of Adjusted profit after tax. The Company expects that the dividend pay-out ratio for the year ending December 31, 2021 will be near to the bottom end of the range and will be pro-rated from the date of Admission. The Company intends that any excess cash built up by the business will either be used in connection with attractive M&A opportunities or will be returned to shareholders in the form of special dividends or buy-backs.

On April 14, 2021, the shareholders of the Company, by ordinary resolution upon the recommendation of the directors of the Company, declared a dividend (the ***Conditional Dividend***) of €185 million reflecting retained earnings in the Group to be paid in cash to the Existing Shareholders in certain pre-agreed amounts upon the satisfaction of certain conditions. The record date for the Conditional Dividend was fixed as at April 14, 2021. The Conditional Dividend was declared, conditional upon: (a) by the Company's own determination, the Bank of Spain having approved, or confirmed its non-objection, in relation to the payment of all, or any portion, of the Conditional Dividend (or, by the Company's own determination, the Bank of Spain otherwise having demonstrated no objection or opposition to such payment); and (b) interim accounts of the Company being prepared, approved by the directors of the Company and filed with the Registrar of Companies for the purpose of the Conditional Dividend which accounts show that the Company has at such time profits available for distribution to pay all, or any portion, of the Conditional Dividend. If the conditions are not satisfied on or prior to December 31, 2021 they shall not be capable of satisfaction, and accordingly neither the Conditional Dividend nor any part of it shall be paid. The Existing Shareholders and the Company agreed that the Company will procure that the Conditional Dividend can be paid by the Company at the earliest opportunity upon satisfaction of the conditions, subject at all times to compliance with applicable laws and with regard to the Company's dividend policy. Upon satisfaction of the conditions to the Conditional Dividend, the Conditional Dividend shall be paid to the Existing Shareholders in up to three instalments, up to the aggregate amount of the Conditional Dividend, provided that the satisfaction of the conditions to the Conditional Dividend must occur on or prior to December 31, 2021 and that payment of any amount of the Conditional Dividend must occur no later than January 31, 2022. No Shareholder of the Company, other than the Existing Shareholders, shall have any entitlement to the Conditional Dividend, regardless of the fact that the Conditional Dividend may be paid after Admission or that the Offer Shares were held by the Offering Shareholders at the record date for the Conditional Dividend. In addition, the payment of the Conditional Dividend to the Existing Shareholders shall not reduce any Existing Shareholder's entitlement to any other dividend that may be declared in respect of the Shares from time to time.

Where will the securities be traded?

Application has been made for the admission to listing and trading of all of the Shares (***Admission***) under the symbol "ALLFG" on Euronext Amsterdam. Trading on an "as-if-and-when-delivered" basis in the Shares on Euronext Amsterdam is expected to commence at 9.00 (Central European Time (***CET***) on or around April 23, 2021 (the ***First Trading Date***). Prior to the First Trading Date, there has been no public trading market for the Shares.

What are the key risks that are specific to the securities?

The key risks relating to the Offering and the Shares include, among others:

- The Existing Shareholders will retain significant interests in, and will continue to exert influence over, the Group following the Offering and their interests may differ from or conflict with those of other Shareholders. In addition, the Principal Shareholder has retained the right to enter into margin loan facilities that could encompass the entire shareholding of the Principal Shareholder.
- The Shares may be subject to market price volatility and the market price of the Shares may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

Offer. The offering of the Offer Shares (the ***Offering***) consists of private placements to a range of institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to persons reasonably believed to be qualified institutional buyers (***QIBs***) as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the ***US Securities Act***) or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (ii) outside the United States in compliance with Regulation S under the US Securities Act (***Regulation S***). There will be no public offering in any jurisdiction.

The Offering Shareholders have granted Morgan Stanley (the ***Stabilisation Manager***), on behalf of the Underwriters, the over-allotment option (the ***Over-Allotment Option***), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager, on behalf of the Underwriters, may require the Offering Shareholders to sell at the Offer Price up to 24,547,628 additional Shares (the ***Additional Shares***), comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover any over-allotments in connection with the Offering or facilitate any stabilisation transactions.

Timetable. Subject to acceleration or extension of the timetable by the Company and the Offering Shareholders, in consultation with the Joint Global Coordinators for, or withdrawal of, the Offering, the timetable below lists the expected key days for the Offering:

Event	**Date (Time (CET))**
Start of Offering Period	April 16, 2021 (9.00)
End of Offering Period	April 22, 2021 (14.00)
Expected pricing	April 22, 2021
Publications of the results of the Offering and expected allocation	April 23, 2021
First Trading Date (on an “as-if-and-when-delivered” basis)	April 23, 2021
Settlement Date (payment and delivery)	April 27, 2021

The Company and the Offering Shareholders together with the Joint Global Coordinators, reserve the right to adjust the dates, times and periods given in the timetable and throughout the Prospectus.

Offer Price, Offer Price Range and number of Offer Shares. The price of the Offer Shares (the ***Offer Price***) is expected to be in the range of €10.50 to €12.00 (inclusive) per Offer Share (the ***Offer Price Range***). The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is indicative and may be changed. The maximum number of Offer Shares may be increased or decreased prior to the allocation of the Offer Shares. The Offer Price and the exact number of Offer Shares (including the maximum number of Additional Shares) will be determined after the end of the Offering Period by the Company and the Offering Shareholders in agreement with the Underwriters and on the basis of a book building process, and will be stated in a pricing statement (the ***Pricing Statement***) that will be published through a press release that will also be posted on the Company's website (www.allfunds.com) and filed with the AFM.

Allocation. Allocation of the Offer Shares to investors is expected to take place after closing of the Offering Period on or about April 22, 2021, subject to acceleration or extension of the timetable for the Offering. Full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no minimum or maximum number of Offer Shares for which prospectus investors may apply and multiple applications to purchase Offer Shares are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied for.

Payment and Delivery. Subject to acceleration or extension of the timetable for the Offering, Settlement is expected to take place on April 27, 2021 (the ***Settlement Date***) through the book entry facilities of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* trading as Euroclear Nederland) (***Euroclear Nederland***) in accordance with Euroclear Nederland’s normal procedures applicable to equity securities and against payment in full for the Offer Shares in immediately available funds. If Settlement does not take place on the Settlement Date or at all, the Offering may be withdrawn. In such case, all applications for Offer Shares will be disregarded and any allocations of Offer Shares will be deemed not to have been made and any payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Prior to Settlement all dealings in the Offer Shares are at the sole risk of the parties concerned.

Joint Global Coordinators. BNP PARIBAS, Credit Suisse, Citigroup and Morgan Stanley are acting as joint global coordinators.

Joint Bookrunners. Banco Santander, Barclays, BofA Securities, CaixaBank BPI, HSBC, IMI – Intesa Sanpaolo and ING, together with the Joint Global Coordinators, are acting as joint bookrunners (the ***Joint Bookrunners***) (the ***Underwriters***).

Listing and Paying Agent. ING is acting as listing agent for the Admission and the paying agent for the Shares.

Stabilisation Manager. Morgan Stanley is acting as stabilisation manager for the Offering.

Dilution. The Offer Shares will represent a maximum of 26.0% of the issued share capital of the Company at Admission. Existing Shareholders will experience no dilution in connection with the Offering as no new Shares are being issued.

Estimated expenses. The aggregate expenses (excluding commissions) of, or incidental to, Admission and the Offering to be borne by the Company are estimated to be approximately €20 million, which the Company intends to pay with proceeds from a new Revolving Credit Facility. Assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option, the aggregate underwriting commissions payable by the Offering Shareholders in connection with the Offering are estimated to be approximately €55.2 million. No expenses or fees will be charged by the Company, the Offering Shareholders or the Underwriters to investors in relation to the Offering.

Why is this prospectus being produced?

Reasons for the Offering and Admission. Whilst the Company will not receive any proceeds from the Offering, the Company believes that the Offering and Admission will provide access to the capital markets and diversified sources of funding, increase the Group’s public profile and brand awareness, provide liquidity to Shareholders generally and provide a wider base of long-term Shareholders. The sale of Offer Shares by the Offering Shareholders will provide the Offering Shareholders with an opportunity for a partial realisation of their shareholding in the Company.

Net proceeds. Through the sale of Offer Shares pursuant to the Offering, the Company expects the Offering Shareholders to raise €1,841,072,068 (assuming the Offer Price is set at the mid-point of the Offer Price Range (between €10.50 and €12.00 (inclusive) per Offer Share) and no exercise of the Over-Allotment Option) before taking into account commissions and certain expenses associated with the Offering. On that basis, the aggregate underwriting commissions payable by the Offering Shareholders in connection with the Offering are estimated to be approximately €55.2 million.

Underwriting Agreement. The Company, the Offering Shareholders and the Underwriters entered into an underwriting agreement (the ***Underwriting Agreement***) on April 16, 2021 with respect to the offer and sale of the Offer Shares in the Offering. After the entering into of the Pricing Memorandum between the Company, the Offering Shareholders and the Underwriters, which is a condition for the obligations of the Underwriters under the Underwriting Agreement, and the terms of and subject to the conditions set forth in the Underwriting Agreement, the Underwriters will, severally but not jointly, agree to use reasonable endeavours to procure purchasers for the Offer Shares at the Offer Price. To the extent that the Underwriters fail to procure such purchasers, the Underwriters will themselves, severally but not jointly, purchase such Shares at the Offer Price. The Offering Shareholders will agree to sell the Offer Shares at the Offer Price.

Most material conflicts of interest pertaining to the Offering and Admission. Certain of the Underwriters and/or their affiliates are, or have been, engaged and may in the future engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Group and/or the Offering Shareholders or any parties related to or competing with any of them, in respect of which they have received, and may in the future receive, customary fees and commissions. Additionally, the Underwriters may, in the ordinary course of their business, in the future hold the Company’s and/or the Offering Shareholders’ securities for investment. As a result of acting in the capacities described above, the Underwriters and their affiliates may have interests that may not be aligned, or could potentially conflict, with the interests of investors or with the interests of the Company or the Group.

1. Risk Factors

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider the risks and uncertainties described below, together with all other information contained in this Prospectus. Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, prospective investors should consult their own professional adviser and should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Company believes to be the most material to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by us, described below and elsewhere in this Prospectus (see "Important Information" and "Forward-looking Statements" in particular).

The Company believes that the risks and uncertainties described below are the material risks and uncertainties to the Group's business, industry and Shares. However, they are not the only risks and uncertainties relating to the Group and the Shares. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a significant negative impact on the Group's business, results of operations financial condition and/or prospects and may also cause the price of the Shares to decline and cause investors to lose all or part of their investment. An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The Group may face a number of the risk factors described below simultaneously and some risks described below may be interdependent, indicated in cross-references where appropriate. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Group's business, results of operations, financial condition and prospects. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

1.1 Risks relating to the Group's business and industry

1.1.1 *If the Group is unable to maintain or grow its network of Distributors and Fund Houses, its businesses and growth prospects may be adversely affected.*

The success and growth of the Group's business is dependent upon maintaining its network of Distributors and Fund Houses, cross-selling further services and products to its existing network of Distributors and Fund Houses and attracting new Distributors and Fund Houses. The Group's Distributors provide all of the AuA volume and distribution channels that the Group markets to its Fund Houses. Conversely, the Group's Fund Houses are the source of all UCIs that it makes available to the Group's Distributors. Whilst the Group's relationships with Distributors and Fund Houses are governed by contracts which are generally open-ended in nature, with no specific length of term, in general these contracts can be terminated for any reason with 30 to 90 days' notice, depending on the terms of the relevant agreement.

Further, other than with respect to the Group's four largest Distributor groups, who together represented 42% of the Group's net platform revenue in 2020 (see 1.1.5 *The Group's largest Distributors represent a significant proportion of the Group's AuA and the loss of any or a number of these largest Distributors could harm the Group's business*), the agreements with the Group's Distributors are non-exclusive, meaning Distributors are generally free to use any competitor platform's services in addition to or instead of the Group's services. Therefore, the majority of the Group's Distributors, representing 58% of the Group's net platform revenue in 2020, could reduce or end their relationship with the Group at any time with applicable prior notice, and the Distributors with whom the Group currently has long-term exclusivity arrangements could reduce or end their relationship with the Group following the expiry of the exclusivity terms or in the event of a breach by the Company of its obligations under such arrangements. To exit or reduce their relationship with the Group, a Distributor can begin the migration process from the Group's platform to another platform for any reason following a notice period. Additionally, as the Group's Fund House agreements are typically non-exclusive, Fund Houses are typically free to use any competitor platform's services in addition to the Group's services or they may also sell their UCIs directly to Distributors.

To the extent the Group is unable to maintain or grow its relationships or favourable fee agreements with existing Distributors, win business from existing or new Distributors or to the extent such Distributors partner with a competitor platform instead of partnering with the Group, internalise the platform services the Group provides or are acquired by other players in the market which have an existing relationship with another fund platform, the Group would lose AuA and thus net revenue. Such failure to maintain or grow its relationships with clients could occur as a result of competition within the industry or failure to provide innovative service offerings, for example. See 1.1.2 *"The Group operates in the highly competitive wealth management value chain and a failure to effectively compete could have a materially adverse effect on the Group's business and financial condition"* and 1.1.4 "*The Group's success depends in part on its ability to adapt to new technology and provide new services in response to changes in the fund industry"*. This could result in a decrease in the number of the Group's Distributors or require the Group to lower its fees in order to match the costs associated with in-house or alternative third-party services, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, to the extent the Group is unable to maintain its relationships or the necessary fee arrangements with Fund Houses, or such Fund Houses deliver UCIs directly to Distributors outside of any platform, the Group would lose fees in connection with the associated loss of AuA. The loss or deterioration of the Group's network of Distributors and Fund Houses could result in a loss of AuA or net revenue, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Any failure by the Group to retain existing Distributors and Fund Houses, sell further products and services to existing Distributors and Fund Houses or attract new Distributors and Fund Houses could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

1.1.2 ***The Group operates in the highly competitive wealth management value chain and a failure to effectively compete could have a material adverse effect on the Group's business and financial condition.***

The Group operates within the wealth management value chain and competition amongst the providers of products and services across the value chain, such as Allfunds, is highly fragmented. The Group mainly competes with other fund platforms as well as other service providers on the basis of breadth of service offering, scale, technology, speed and performance, quality and reliability, brand, reputation, customer service and price. The Group may face increased competition in the future as new national and international companies enter the market segments in which it operates, competitors expand their services and/or operate with a lower cost structure. New competitors or alliances among competitors and the Group's Fund Houses or Distributors have emerged in recent times and new competitors may emerge in the future. If the Group's competitors are better able to exploit these advantages, the Group may not be able to attract Fund Houses or retain or attract Distributors, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Moreover, if the Group is unable to offer a standard of service at the same or a higher level than its competitors, the Group faces the risk that it will lose Distributors and potentially market share to its competitors.

As a consequence of competition, the Group may have to reduce the fees the Group charges or change the way the Group charges fees in order to attract or retain Fund Houses and Distributors and there is no assurance that the Group would be able to successfully reduce its costs to mitigate the adverse impact lower fees could have on its ability to maintain its profit margins, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A changing competitive landscape may also affect the Group's fee negotiations. The Group believes it is one of the leading B2B WealthTech platforms globally, based on AuA and fund distribution offering, and it believes its competitive and innovative offering enables the Group to maintain and deepen its relationships with existing Distributors and Fund Houses while attracting new clients at competitive fee rates. However, there is a risk that the Group's competitors will charge lower prices or provide more services than the Group in the future, which may lead to a loss of competitive fee negotiating power. Further, the Group may not be able to differentiate its services from those offered by the Group's competitors in the future. Should either of these risks emerge, the Group may need to lower its fees to remain competitive, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Additionally, the Group may face competitive pressures from non-traditional fund management and fund distribution services offered by financial and other technology companies. In this regard, the financial services sector may be disrupted by changing regulations and/or emerging technologies that seek to compete with established business models. New technologies, including continuing advancements in the areas of self-directed on-line investment platforms, the use of robo-advisors and distributed ledger or digital asset technologies (known as "blockchain" technologies) as well as evolving consumer behaviour (including shifts towards digitisation, cost transparency and mobility) are rapidly changing the way people transact business around the world. As a result, end investors may decide to make less use, or no use at all, of Distributors, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.3 *The Group is subject to general economic, political and market conditions, market risk and investor behaviour.*

The primary driver of the Group's net revenue is the total market value of assets under administration (***AuA***), meaning the volume of units or shares of undertakings for collective investment (***UCIs***) which are managed by Fund Houses on the Group's platform (the ***Allfunds Platform***) under administration and/or for distribution. This is because the Group calculates and accrues fees daily based on the daily market value of outstanding AuA on the Allfunds Platform. Therefore, a decline in the total market value of AuA on the Allfunds Platform would lead to a corresponding decline in the fees received by the Group. Although the asset classes and regional exposure underlying the AuA on the Group's platform are highly diversified, the total market value of AuA on the Allfunds Platform is subject to general global and regional economic conditions, market risk and investor behaviour, and there can be no assurance that the value of the AuA on the Allfunds Platform will continue to increase in the future.

During the initial period of the outbreak of a novel strain of coronavirus (SARS-CoV-2) (***COVID-19***) and the associated market volatility, the value of the Group's AuA declined by approximately 10% between February 29, 2020 and March 15, 2020, relative to an approximately 22% decline of the EURO STOXX 50 index over the same period. While the value of the Group's AuA has rebounded in full since this decrease, the Group may in the future be exposed to further market volatility brought about by the COVID-19 pandemic or other regional or global events. For further information in this regard, see 1.1.8 "*The impact of the COVID-19 pandemic on the Group's business and financial results is highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic*".

Because the assets underlying the Group's AuA are geographically diverse, the market performance and resulting market value of AuA on the Allfunds Platform is particularly subject to global economic conditions that may change unexpectedly as a result of a large number of factors over which the Group has no control, such as economic and market conditions in Europe and elsewhere. The global economy and financial markets have experienced volatility in recent years, including due to fundamental political changes to the European Union, trade uncertainties as a result of the UK's decision to leave the European Union and the ongoing uncertainty caused by the COVID-19 pandemic. See 1.1.13 "*The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for the Group's business, which could materially affect the Group's financial condition and results of operations*".

Additionally, market risk arises from potential changes in the value of financial instruments as a result of changes in interest rates, exchange rates, share prices, commodity prices, credit spreads and other risks. Changes in prices may reflect changes in the economic performance, national and international financial markets generally, monetary and tax policies, global market liquidity, the availability and cost of capital, actions by rating agencies, European and international political events, wars, conflicts and acts of terrorism. Such market fluctuations and global economic conditions may lead to poor market performance of the AuA on the Group's platform, thereby adversely affecting its market value, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's Distributors, due to their own internal asset management and distribution policies and strategies and the demands of their end investor clients, are more likely to withdraw funds from the Allfunds Platform or move their assets into more conservative and lower fee products different to UCIs, in a period of market decline, as was the case in early 2020 due to the COVID-19 pandemic, prior to the market recovery. This investor behaviour, in particular in combination with poor market performance in such periods, may have a material adverse effect on the average value of AuA on the Allfunds Platform, thus having a material adverse impact on the Group's business, financial condition, results of operations and prospects.

1.1.4 *The Group's success depends in part on its ability to adapt to new technology and provide new services in response to changes in the wealth management industry.*

The Group operates in an industry that is subject to technological advancements, developing industry standards and changing Distributor and end investor needs and preferences and part of the Group's strategy is to remain at the forefront of the development of the industry. The process of developing new, high-technology products and services and enhancing existing products and services is complex, costly and uncertain. Any failure by the Group to accurately anticipate customers' changing needs and emerging technological trends could significantly harm the Group's competitive positioning and results of operations.

In order to remain competitive, the Group must anticipate and respond to these industry and customer changes. In recent years, the Group has developed and is developing new technologies and services to expand its service offering, including, for example, Allfunds Connect, Allfunds Blockchain and the Sub-Advisory Platform. The Group is required to incur expenditures and attract higher specialised talent and resources in order to develop these and other new technologies before knowing whether the Group's predictions will accurately reflect customer preferences and whether the Group will be able to commercialise successfully such new technologies. For example, to support its focus on technological innovation, the Group has hired more than 70 new full-time equivalent employees in its digital team in the last three years, of which 40 are software developers, expanding the number of employees in its technology team to more than 110 employees as at the end of 2020.

Alternatively, if the Group is unable to develop the necessary technologies internally, the Group may need to invest financial resources in an attempt to license or acquire technologies from third parties. The Group may be unable to develop or commercialise technological advances and introduce new products in a manner and to an extent sufficient for the Group to remain competitive within the Group's industry. The Group may, among other things, lack capacity to invest the required level of human and financial resources necessary to develop these services, commit errors or misjudgements in the Group's planning in these areas or experience difficulties in implementing rollouts. In addition, the Group may not be able to meet its product and service development and delivery schedules as a consequence of unforeseen problems during the design, development or implementation phases of new service and technology introductions. Delays in development may also lead to a need for greater investments in research and development.

Any failure to remain innovative or to introduce new or upgraded technologies that are responsive to changing Fund House, Distributor, end investor or regulatory requirements or to other changes within the financial services industry may have a material adverse effect on the Group's competitiveness and could cause the Group to lose market share, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, whilst the Group believes that it is at the forefront of innovation within the wealth management value chain based on its existing and planned product and service offerings, the Group's competitors may in the future be able to innovate or adjust to new regulations faster than the Group can, and new technologies may increase competitive pressure by enabling the Group's competitors to offer more efficient or lower-cost services. Such developments could make the Group's value proposition less compelling to existing and potential clients, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See 1.1.2 "*The Group operates in the highly competitive wealth management value chain and a failure to effectively compete could have a materially adverse effect on the Group's business and financial condition*".

1.1.5 ***The Group's largest Distributors represent a significant proportion of the Group's AuA and the loss of any or a number of these largest Distributors could harm the Group's business.***

While the Group has a large Distributor base and a diverse AuA composition, a significant proportion of the Group's AuA is attributable to its top 10 Distributor groups, and in particular its top 4 Distributor groups. As of each of December 31, 2020, 2019 and 2018, the Group's top 10 Distributor groups combined provided 71%, 66% and 66% of the Group's AuA, respectively. The loss of one or a number of these client groups, or a significant reduction in the Group's share of AuA related to these clients, could lead to a material reduction in the Group's AuA and consequently cause the Group's net revenue to decrease.

The Group's arrangements with its four largest Distributor groups (who together represented 42% of the Group's net platform revenue in 2020) include exclusivity provisions relating to the use of the Group's platform and distribution services, including for example, the arrangements agreed in the context of the CS InvestLab Acquisition and the BNPP Acquisition, which, except where agreed otherwise, provide for exclusivity terms of seven years and five years, respectively, with the option for Allfunds to extend by an additional three and five years, respectively. Additionally, following the acquisition of the Group in November 2017 by funds managed by affiliates of Hellman & Friedman LLC (***H&F***) and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd (***Eiffel***) (the ***Acquisition***), the Group entered into cooperation agreements with its former shareholders whereby entities within the former shareholder groups agreed, subject to certain conditions and exceptions, to use the Group's platform on an exclusive basis to access certain third-party fund products until November 2023. In connection with and pursuant to the original economic terms of the Acquisition, it was agreed that such cooperation agreements may be extended for a further two years at Allfunds' option and upon the Group making a one-off payment to the two Distributor groups of €30 million each. As a consequence of making such one-off payments, the exclusivity arrangements with the former shareholders would extend until November 2025. The Group does not have any similar arrangements in place with its other Distributor groups.

In the event that the exclusivity undertakings of these arrangements are unenforceable for any reason or are not adhered to, this may cause the Group to lose Distributors and could have a material adverse effect on the Group's revenue. At the end of the relevant exclusivity period or cooperation agreement, there is no guarantee that the relevant Distributors will not reduce or end their relationship with the Group, which would reduce the Group's AuA.

In addition, Allfunds' business benefits from its relationships with its largest Distributor groups as these Distributors may act as references for the Group for new Distributors as well as where the Group seeks to enter new markets where its brand name may not be as recognisable as that of the Distributors. If the Group's agreements with its largest Distributor groups are terminated or are not renewed, or if the Distributors with whom the Group does not have exclusivity provisions shift business away from the Group, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Any significant disruption or other adverse event affecting the Group's relationship with a number of its top Distributors could reduce the Group's AuA and consequently cause the Group's net revenue to decrease, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, because the Group has historically experienced low customer attrition rates (less than 1% average annual Distributor attrition over the last ten years) and because the Group's major clients are often used as references, any significant disruption or adverse effect which adversely affects the Group's relationships with a number of its top Distributors could have an adverse impact on the Group's reputation, which in turn could cause the Group to lose additional Distributors, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.6 *Fee pressure in the asset management industry may have a material adverse effect on the Group's fee margins.*

Shifting consumer preferences to passive funds and exchange-traded funds (***ETFs***) have put pressure on fund management fees, which could have a material adverse effect on the fees which the Group receives should shifting consumer preferences accelerate. Passive funds are UCIs where the portfolio of assets mirrors the components of a specified index or similar pool of assets and are not actively managed by a Fund House. The amount of AuA on the Group's platform attributable to passive asset classes and ETFs remains relatively small compared to total AuA on the Group's platform (at approximately 7% of AuA as of December 31, 2020), but may increase in the future. Fund management fees related to passive funds are significantly lower than traditional, actively managed funds, in part due to the lower amount of oversight required by the Fund House. In addition, in a low yield environment, it may be more difficult for Fund Houses to charge higher fees because fund management fees (which are charged based upon the market value of assets under management rather than the return on investment) become a larger percentage of their end investor's return on investment. End investor sensitivities around this increased percentage of return on investments may thus place downward pressure on the size of management fees accepted in the market. Fund platforms have been and may continue to be affected by the trends outlined in this paragraph, which in turn may impact the corresponding fees that the Group receives from Fund Houses and, if not offset by other revenue streams, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The amount of fees which the Group receives from Fund Houses vary based on, among other things, the relevant Fund House, the relevant Distributor, the type of UCIs, the volume of associated AuA, geographic market dynamics and, in some cases, relevant regulatory requirements which may impose caps or bans on fees that Fund Houses pay to Distributors as rebates. Due in large part to regulatory changes driving increased transparency to end investors, the asset management industry has shifted and continues to shift away from higher-margin fees based on negotiated rebates, and certain jurisdictions, including for example, the United Kingdom and Switzerland, have imposed bans or caps on these negotiated rebates. Whilst the significant majority of the Group's business has already shifted away from fees based on negotiated rebates as a result of the implementation of MiFID II in the European Economic Area, it cannot be ruled out that there will be future changes to the regulatory approach to fees in the asset management industry, which could restrict the Group's fee margins and, if not offset by other revenue streams, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.7 *A significant part of the Group's recent AuA volume growth has occurred during, and been assisted by, a low interest rate environment and an increase in interest rates could lead to a decrease in the market value of the Group's AuA*

A significant part of the Group's AuA volume growth has occurred during and been assisted by a low interest rate environment, particularly in the last ten years, as investors have moved funds to riskier, higher yield assets, which are generally correlated with higher fees, when interest rates are low. However, if interest rates were to increase in the future, investors may move funds out of higher risk, higher fee assets to lower fee assets such as passive funds or move assets away from the Group's platform to other investments as the average yield increases. These actions could lead to a decrease in the market value of AuA on the Group's platform and a related decrease in the Group's net revenue and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See 1.1.3 *The Group is subject to general economic, political and market conditions, market risk and investor behaviour*.

1.1.8 *The ultimate impact of the COVID-19 pandemic is highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the COVID-19 pandemic.*

The COVID-19 pandemic has created and may continue to create significant uncertainty in global financial markets, and the long-term economic impact of the COVID-19 pandemic is highly uncertain.

The perceived risks of infection and health risk associated with COVID-19 and the number of people infected in the markets in which the Group operates or has Distributors, and across the world generally, has resulted in various restrictive measures being taken by governmental authorities to stop the spread of COVID-19. Fear of COVID-19-related risks as well as measures taken to fight the pandemic has affected and could continue in the longer term to affect the economies and financial markets of many countries globally, and could ultimately result in an economic downturn that could materially adversely affect Group's business and results of operations. Additionally, the COVID-19 pandemic may disrupt the operations of the Group's Distributors and Fund Houses for an indefinite period of time, including as a result of actions taken by governments in response to the COVID-19 pandemic and/or business shutdowns, all of which could negatively impact the Group's business, financial condition, and results of operations.

The Group is exposed to volatility in the financial markets caused by the COVID-19 pandemic with respect to the market value of AuA on its platform, which can have a materially negative impact on the Group's financial condition and results of operations. During the initial period of the outbreak of a novel strain of coronavirus (SARS-CoV-2) (***COVID-19***) and the associated market volatility, the value of the Group's AuA declined by approximately 10% between February 29, 2020 and March 15, 2020, relative to an approximately 22% decline of the EURO STOXX 50 index over the same period. While the value of the Group's AuA has rebounded in full since this decrease, as has performance in the global markets generally, the Group may in the future be exposed to further market volatility brought about by the COVID-19 pandemic, including, for example, in connection with mutations of the virus or if there are adverse developments in the global vaccine rollout. See paragraph 1.1.3 "*The Group is subject to general economic, political and market conditions, market risk and investor behaviour*". The impact of the COVID-19 pandemic on the industry and the markets in which the Group operates or on Distributors as well as on the Group's business, financial condition and results of operations will depend largely on future developments, including the duration and spread of the pandemic and the effectiveness of vaccine distribution efforts globally, all of which are highly uncertain and cannot be predicted with certainty at this time.

The Group has continued trading and has taken precautionary measures intended to minimise the risk of the COVID-19 pandemic to its employees and the communities in which it operates, including temporarily closing offices, facilitating and requiring employees to work remotely in many instances and cancelling travel plans and business meetings. Although the Group continues to monitor the situation and may adjust its current policies as more information and public health guidance become available, the ongoing and longer-term effects of the COVID-19 pandemic and/or the precautionary measures that the Group has adopted may create operational and other challenges, any of which could harm the Group's business and results of operations.

1.1.9 *The Group's operations are dependent on its IT and information systems, and any disruption to the availability of the Group's platform or failures in the Group's IT systems could adversely impact the Group's operations.*

The integrity, reliability and operational performance of the Group's IT infrastructure and technology network are critical to its operations. The most significant of these is the core Allfunds Platform, including Allfunds Connect, which is a combination of systems and applications that process orders for execution and assist with the settlement of funds on the Group's platform. The Group's banking, open, mainframe and Windows™ platforms are also very significant to support the functioning of the Allfunds Platform and the Group's internal operations. Further, the services the Group provides are in some cases dependent on the successful integration of the Group's IT systems with the IT systems of the Group's Distributors. The availability of the Group's IT platforms and other services may be interrupted by damage or disruption to the Group's or the Group's third-party service providers' IT systems, which may be caused by, for example the migration to new systems, malicious increases in system usage (including as a result of a denial of service or similar attacks which exceed network or gateway capacity), hardware or software defects, human error, unauthorised access, fire, power loss, natural hazards, the impact of war and terrorism, disasters or similarly disruptive events, as well as planned upgrades and improvements which may be subject to developmental delay or fail to be effective.

Whilst the Group has in place business continuity procedures, there can be no assurance that these will be fully successful in preventing all disruptions to the availability of the Group's IT platforms or other services. In addition, the Group performs a part of its disaster recovery operations itself and utilises selected third parties for other aspects of recovery. To the extent the Group outsources its business continuity or disaster recovery operations, it is at risk of the vendor's unresponsiveness in the event of breakdowns in the Group's systems, which could cause delays in recovering service.

Further, there can be no assurance that the Group will be able to integrate the IT systems it has acquired, including in particular the Flash Platform acquired in connection with the BNPP Acquisition, with its own IT systems in accordance with its relevant integration plans, thereby increasing the risk of an interruption to the Group's operations. See paragraph 1.1.17 "*There can be no assurance that the Group's acquisition strategy will be successful or that the Group will successfully integrate its recent acquisitions or realise the delivery of synergies and benefits and/or business performance expected as a result of these acquisitions*".

Any damage to, security breach or failure to properly maintain the integration of the Group's IT systems with those of the Group's clients or disruption or failures of the Group's third-party service providers systems could interrupt its operations, which in turn could adversely affect the Group's ability to meet the Group's Fund Houses' and Distributors' requirements and materially adversely affect the Group's business, financial condition, results of operations and prospects.

A loss of Distributors or Fund Houses (or related AuA) due to IT system performance issues or other failures could result in a material loss of net revenue, payment of contractual or consequential damages, reputational harm, additional operating expenses in order to remediate any failures, and exposure to other losses and liabilities. The occurrence of any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.10 *Certain elements of the Group's IT processing infrastructure are outsourced to third-party service providers, which raises the risk that such third-party service providers could be affected by disruptions over which the Group has no control, not perform as expected, increase prices, or fail or otherwise not act in the Group's interests.*

Certain elements of the IT systems infrastructure on which the Group depends to carry out services necessary for the Group's core business activities, including the Group's internal IT infrastructure and the Group's IT monitoring, are outsourced to third parties. In particular, the Group has made substantial investments in the equipment and software of its primary third-party IT supplier, IBM, which would make it inefficient and costly for the Group to quickly change supply and maintenance relationships in the event that the Group's key suppliers refuse to offer the Group favourable prices or cease to produce equipment or provide the support that the Group requires. The services and functions provided by these third parties are critical to the Group's business and include (but are not limited to): protection against electronic attacks, management and acquisition of software and hardware, needs analysis and general infrastructure design, management and updating of systems, information security management, infrastructure maintenance and change management.

The Group faces the risk that its key third-party suppliers will fail to deliver the products or services that the Group requires, or that such products and services will fail to meet required operating and security standards. In the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce claims against the Group's suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in the Group's contracts with the Group's customers.

In addition, the Group's IT systems infrastructure may fail due to power outages, technical errors and other malfunctions. The Group's own backup data may not be sufficient to restore any data lost as a result of such a failure, and the Group may not be able to compensate for a loss of data or failure in data processing in a timely manner or at all. In addition, the Group depends on its IT service providers to send its information and data to servers around the world. Whilst the Group maintains what it considers to be an appropriate level of insurance against some of these risks, it may not be insured in full against such risks and thus any damage to, or failure by the Group's IT service providers to properly maintain their data centres and/or an inability to access third-party servers could adversely affect the Group's ability to meet the Group's customers' requirements and materially adversely affect the Group's business, financial condition, results of operations and prospects.

There can be no assurance of the continued performance, accuracy, compliance and security of any of the Group's third-party service providers. There are a limited number of adequate third-party service providers available, and if the Group's contractual arrangements with any third-party providers are terminated or no longer offered on reasonable terms, the Group may not be able to find an alternative supplier on a timely basis, on equivalent terms or without significant expense or at all.

Furthermore, the loss of any of the Group's clients due to performance issues, system interruptions or other failures in the Group's IT systems would result in a loss of revenue and could therefore expose the Group to potential liability to pay damages as well as reputational harm, additional operating expenses to remediate the IT failures, and exposure to other losses or other liabilities, all of which could have a material adverse effect on the Group's business, financial condition, and results of operations.

1.1.11 ***Unauthorised disclosure of data which the Group receives, stores and processes in relation to its business, whether through cyber security breaches, computer viruses, ransomware or otherwise, or illegal storage or use of customer data by the Group could expose the Group to liability, protracted and costly litigation, affect the Group's operations and damage the Group's reputation.***

The Group receives, stores and processes a significant amount of business information, although it primarily processes personal data only in relation to a small portion of its Distributors, particularly in Spain and in relation to its local paying agent services in Italy.

The Group is subject to extensive European and Spanish laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, consumer credit data and other information and the provision of credit ratings, including Regulation (EU) 2016/679 (***GDPR***), the Directive 2002/58/EC of the European Parliament and of the Council of July 12, 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications) and national laws implementing each of them. Additionally, the Group is subject to the United Kingdom's Data Protection Act 2018. The GDPR, which has applied since May 25, 2018, is directly applicable in all member states of the European Union (***Member States***). The GDPR has increased both the number, and restrictive nature, of the obligations binding on the Group for the collection, control and processing of personal data. In particular, the GDPR establishes a tiered approach to penalties for breach, which enables the relevant authorities to impose fines for some infringements of up to €20 million, or 4% of annual worldwide turnover.

These laws and rules impose certain standards of protection and safeguarding on the Group's ability to collect and use information relating to Distributors and Fund Houses and potential clients and in addition to incurring compliance costs, could result in the Group being liable in the event of a loss of control of such data or as a result of unauthorised third-party access. Unauthorised data disclosure could occur through cyber security breaches as a result of human error, external hacking, ransomware, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorised personnel gaining physical access.

The Group and its Fund Houses, Distributors and suppliers who carry out the Group's outsourcing, may have been in the past and could in the future be subject to breaches of security by hackers. A future breach of the Group's system or that of one of the Group's customers or outsourcing partners may subject the Group to material losses or liability. A misuse of such data or a cyber security breach could harm the Group's reputation and deter clients from using fund platforms generally and the Group's services specifically, increase the Group's operating expenses in order to correct the breaches or failures, expose the Group to uninsured liability, increase the Group's risk of regulatory scrutiny, subject the Group to lawsuits, result in the imposition of material penalties and fines under European Union or other applicable law, international laws or regulations, and adversely affect the Group's continued partnerships with Fund Houses and Distributors.

Additionally, any perceived or actual failure by the Group, including its third-party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws could cause Fund Houses and Distributors to lose trust in the Group, reduce the Group's ability to attract and retain customers and result in litigation or other actions being brought against the Group. Lastly, if third parties the Group works with, such as Fund Houses, Distributors or Group's suppliers, violate applicable laws or Group's policies, such violations may also put the information in Group's database at risk and could in turn have a material adverse effect on Group's business.

1.1.12 ***As a result of its international operations and client base, the Group is exposed to political and economic risks in the countries in which it operates, including within Europe.***

As of December 31, 2020, more than 75% of the Group's AuA was derived from the European Union. Recent and prospective political and economic developments in Europe, such as the calls for the secession of Cataluña in Spain; the approval in September 2020 by voters in Italy of a constitutional referendum to downsize the number of lawmakers by more than a third; and the rise in support for far-right wing politicians in France and other countries, may foster uncertainty on the part of investors and savers alike and may have a negative effect on the stability of their respective economies, which may have a material adverse effect on the Group's total AuA volumes and AuA market value due to the Group's international client base, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is also exposed to the possible related deterioration of economic conditions in the other countries in which the Group operates or has Distributors. Any such deterioration could affect consumer confidence, consumer saving, consumer discretionary income or changes in investor behaviour, which in turn may affect investment decisions and result in AuA moving off the Group's platform or into lower fee products. See 1.1.3 *The Group is subject to general economic, political and market conditions, market risk and investor behaviour*.

Similarly, as the Group expands its operations in other countries, it will be exposed to the political and economic conditions of each of those countries. The Group cannot predict how the political and economic situation in these countries, as well as other countries where the Group has operations, will develop in the short-term or in the coming years, or whether there will be a deterioration in political stability. Any sustained or increased political or economic instability in the countries in which the Group operates or has Distributors, individually or in combination, could have a material adverse effect on the Group's total AuA volumes and AuA market value and thus have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.13 ***The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and demand for the Group's business, which could materially affect the Group's financial condition and results of operations.***

A significant majority of the Group's AuA (more than 75% as of December 31, 2020) is located in the European Union, and a significant number of the Group's Fund House and Distributor partners are European Union financial institutions. Further, 6% of the Group's AuA as of December 31, 2020 comes from the United Kingdom and Ireland, where the Group typically services UK Distributors.

The United Kingdom's withdrawal from the European Union (***Brexit***) has created significant uncertainty about the long-term future relationship between the United Kingdom and the European Union and has given rise to renewed calls for certain regions within the United Kingdom, including Scotland, to return to the European Union by separating from the United Kingdom. It has also had, and may in the future have, a material adverse effect on global economic conditions and the stability of global financial markets and could reduce global market liquidity and restrict the ability of market participants to operate in financial markets in the United Kingdom or Europe. Asset valuations, currency exchange rates and credit ratings may be especially subject to any increase in market volatility, which may have a negative effect on the Group to the extent such volatility leads to decline in AuA market value. Lack of clarity about the future relationship between the United Kingdom and the European Union, and the laws and regulations that may apply, including in particular with respect to aspects of laws and regulations which were not covered by the EU-UK Trade and Cooperation Agreement, such as financial laws and regulations, could decrease foreign direct investment in the United Kingdom, increase costs, and could depress economic activity and restrict the Group's access to capital, which could have a material adverse effect on the total market value of AuA across the industry, including on the Group's platform and thus could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Allfunds Bank S.A.U. (***AFB***) continues to perform the activities covered by its CRD IV branch passport under the UK Temporary Permissions Regime (***TPR***) while it seeks full United Kingdom authorisation as a third-country branch. Following consultation with the PRA, AFB submitted an application which is in the process of being assessed. If this application were to be refused, AFB would not be permitted to perform any regulated activities in the United Kingdom without establishing a regulated subsidiary. This would have a significant impact on its business, operations and prospects in the United Kingdom.

1.1.14 ***The Group's success depends in part on maintaining its entrepreneurial culture.***

The Group believes that its entrepreneurial culture and commitment to be a first mover in the fund platform industry has been one of the primary drivers of its growth. As Allfunds continues to grow, including through acquisitions, it may not be able to maintain this culture or to develop and launch new features for its products and services as quickly as a smaller organisation. In addition, becoming a public company may make it more difficult for the Group to maintain its entrepreneurial culture given the increased strain on management time and resources. Any failure by the Group to maintain its entrepreneurial culture may adversely affect its ability to compete effectively and to attract and retain personnel, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

1.1.15 ***The Group may not be able to attract, integrate, manage and retain qualified personnel or key employees. It must continue to adapt its remuneration arrangements to reflect changing market conditions and to meet regulatory requirements.***

The Group's future operating results depend in significant part upon the continued contribution of the Company's board of directors, key senior management and technical, financial and operations personnel, who possess significant experience within the financial service industry. Management of the Group's growth and operations requires, among other things, stringent control of financial systems and operations, the continued development of the Group's management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel, sufficient internal succession planning for key roles and the presence of adequate supervision. The personal connections and relationships of the Group's key management are important to the conduct of the Group's business. The Group needs to continue to adapt its remuneration and incentive structures for key management to reflect changing market conditions, regulatory oversight and tax considerations. If the Group were to unexpectedly lose a member of the Group's key management, its business, financial condition, results of operations and prospects could be materially adversely affected.

In particular, the success of the Group's business depends on its ability to successfully adapt to rapidly changing technological, social, economic, and regulatory developments. This necessitates a range of specialist personnel, particularly in the areas of software engineering, technical support, finance and support and control functions, sales, administration and operations. These factors require the Group to retain, recruit, and develop the necessary personnel who can provide the needed expertise across the Group's business and operations. For example, in 2020 the Group employed 81 employees across its Digital, Innovation Lab and Blockchain teams, and 423 employees in its Trading and Execution Services team, which together represent 61.5% of the Group's total employees as of December 31, 2020. Accordingly, the Group's success depends on its ability to retain and recruit such highly skilled employees. The market for qualified personnel is competitive and the Group may not succeed in recruiting additional personnel, or the Group may fail to replace departing personnel with suitable successors. There may be a limited number of persons with the requisite skills to serve the Group and the Group cannot assure that it will be able to identify or employ qualified internal or external candidates within a reasonable timeframe.

The Group cannot guarantee that key personnel, including executive officers, will remain in the Group's employment or that it will be able to attract and retain qualified personnel in the future to replace any departing key personnel, which may disrupt its business and operations and could have a material adverse effect on the Group's business.

1.1.16 ***The Group is exposed to potentially increased competition as a result of consolidation in the fund platform industry***

The previously highly fragmented fund platform industry in Europe has undergone consolidation in recent years, for example, over the last three years:

- FNZ acquired: (i) German investment company, European Bank for Financial Services (ebase), from Comdirect Bank; (ii) Irish Progressive Services International (IPSI), a leading third-party administration solutions provider, from Irish Life; and (iii) JHC Systems Ltd, a leading wealth management software firm, from its founders;

- Euroclear has recently announced its intention to acquire MFEX, which has previously acquired or entered into outsourcing arrangements in respect of (i) the Luxembourg based RBC Investor & Treasury Services (RBC I&TS) Global Fund Platform; (ii) Axeltis, a fund distribution platform, from Natixis Investment Managers; and (iii) Société Générale Securities Services' Global Fund Trading platform alongside an outsourcing partnership agreement with Société Générale; and

- Deutsche Börse's post-trade services provider, Clearstream, acquired (i) Swisscanto Funds Centre Ltd. from Zürcher Kantonalbank; (ii) Ausmaq Limited from National Australia Bank and (iii) a majority stake in fund distribution platform Fondcenter AG from UBS, after which UBS retained a minority stake in Fondcenter AG.

The Group anticipates this trend of mergers and consolidations in the fund platform services industry in Europe to continue. Following such consolidations, although there may be opportunities for the Group as a result of competitors experiencing integration difficulties, the Group's competitors may be able to compete more effectively than the Group as a result of economies of scale, synergies created by such consolidations and increased financial, technological and marketing resources. The Group is also exposed to the risk of competitors acquiring its Distributors, in which event the Group's Distributors may choose to transfer AuA from the Group's platform to the competitor's platform.

Any of the foregoing developments may reduce the Group's AuA and lead to corresponding declines in net revenue and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.1.17 ***If the Group's acquisition strategy is not successful or if the Group fails to integrate successfully its most recent acquisitions or realise the synergies and benefits expected as a result of these acquisitions, its business and growth prospects could be materially adversely impacted.***

The acquisition of suitable businesses, in particular in Europe, has in recent years been important to the Group's growth. For example, in 2020, 34.5% of the Group's net revenue, on a pro forma basis, was derived from acquired businesses. Additionally, some of these acquisitions have been strategically important to the Group, particularly the recent BNPP Acquisition, the CS InvestLab Acquisition and the acquisition of Allfunds Sweden (as defined herein). The Group expects to continue to seek to invest in selective acquisition opportunities in its existing markets as well as other markets in Europe and elsewhere. However, there can be no assurance that the Group will be able to identify and purchase suitable operations or assets. Any acquisition or other strategic transaction the Group may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest and amortisation expenses related to goodwill and other intangible assets or in the use by the Group of available cash on hand to finance any such acquisitions.

Additionally, whilst the Group generally seeks to obtain customary liability protections in connection with its acquisitions, there can be no assurance that the Group will discover all operational deficiencies or material liabilities of an acquired business for which the Group may be responsible as a successor owner or operator, and actual developments may differ significantly from the Group's expectations. There can be no assurance as to the adequacy or accuracy of information provided during the due diligence, and due diligence processes are inherently subjective. To the extent that the due diligence investigations failed to identify material information regarding the relevant acquisitions, the Group may later be forced to write down or write off certain assets, significantly modify the business plan for the Group or incur impairment or other charges. Furthermore, future merger and acquisition activity involving the Group may be subject to a requirement for consent, approval or non-opposition by applicable governmental or regulatory authority or authorities (either at country or, in the case of the European Union, European level), which can block, impose conditions on, or delay the relevant transaction, which could result in a failure on the Group's part to proceed with announced transactions on a timely basis or at all, thus hampering the Group's opportunities for growth.

The success of any acquisition depends in part on the Group's ability to integrate the acquired assets and businesses, which may be costly. For example, the Group incurred €26 million of TSA and restructuring costs in 2020. In addition, integration may involve unforeseen difficulties which could require a disproportionate amount of the Group's management's attention and the Group's financial and other resources. Whilst the Group has not experienced material integration challenges with respect to its acquisitions to date, to the extent that the Group is unable to efficiently integrate the operations of acquired assets and businesses, realise anticipated revenue synergies or cost reductions, retain qualified personnel, clients or suppliers and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations, the financial condition and/or prospects of the Group. No assurance can be given that the integration processes in relation to the Group's most recent and future acquisitions will deliver all or substantially all of the anticipated benefits or realise any or all of such benefits, including in relation to the BNPP Acquisition, which completed in October 2020.

Under any of these circumstances, the business growth opportunities, overhead cost reductions and other synergies anticipated by the Group to result from acquisitions, including in relation to the BNPP Acquisition, may not be achieved as expected, or at all, or may be materially delayed, any of which could have a material adverse effect on its business, results of operations, financial condition and/or prospects.

1.1.18 *The international expansion of the Group's operations may not be successful, which could have a materially adverse impact on the Group's growth prospects.*

The Group has in recent years expanded its scope and international reach. In this regard, the Group expanded its operations to Singapore and Brazil in 2018, to Sweden in 2019 and Hong Kong, France, Poland, and the United States (Miami) in 2020 through the opening of new offices. Additionally, although already present in Switzerland, the Group expanded its ability to operate locally with Distributors in Switzerland by opening a branch in Zurich during 2020. The BNPP Acquisition in 2020 also substantially increased the Group's geographical footprint by providing an entry point into the French and German markets. The Group may in the future further expand the functional and geographical reach of its businesses into new countries and markets, such as the US offshore market and Asia, that the Group believes will contribute to its future performance.

Should the Group in the future pursue further expansion of its business as noted above, such targeted expansion may require significant upfront investments, for example to recruit qualified personnel, obtain any necessary regulatory authorisations or in relation to increased marketing activities, and the Group may not achieve results similar to those achieved in locations where the Group currently operates or has Distributors, or which are in line with the expectations the Group may include in its business planning prior to undertaking such expansions. The Group may face a variety of risks generally associated with entering new markets, including increased regulatory, legal and compliance requirements and higher operating costs such as entering into new property leases and hiring additional staff. The Group may also experience difficulties adapting the Group's business to novel legal and regulatory requirements upon entry into jurisdictions in which the Group previously did not operate. Such acquisitions may also disrupt the Group's relationships with current and new employees, Fund Houses and Distributors.

The Group may not be successful in identifying attractive opportunities. In newly established international operations, the Group may also face a variety of increased competitive forces, particularly in jurisdictions where there is already significant adoption of open-architecture models, such as higher competition on pricing and the increased costs associated with on-boarding new Fund Houses and Distributors. In addition, the Group may have difficulty hiring experts or qualified executives or employees in the countries into which it expands. Failure to successfully implement future international expansion plans may materially adversely affect the Group's business, financial condition and results of operations.

1.1.19 *The Group could experience operational difficulties in relation to the Transitional Services Agreement with BP2S that it entered into in connection with the BNPP Acquisition.*

In connection with the BNPP Acquisition, AFB entered into a transitional services agreement with BP2S, which provides, amongst other things, for the performance of certain services or obligations by BP2S for the benefit of the Group for a transitional period following the BNPP Acquisition (the ***BNPP TSA***). The duration of the transitional period varies depending on the service concerned, with the latest expiring in 2023. Pursuant to the Transitional Services Agreement, BP2S will: (i) provide certain services relating to information technology to the Group and (ii) assist the Group with the separation of the BNPP LPA Business and the outsourcing activities covered by the BP2S Outsourcing Agreement from the remaining businesses and the migration of these activities to the Group.

To the extent that BP2S fails to perform under the BNPP TSA (whether or not the Group is able to enforce its rights), or if such agreement fails to provide for or cover certain essential services needed by the Group during the transitional period, the Group could experience operational or other difficulties, including a possible financial misstatement, or losses that could have a material adverse effect on its business, financial condition and results of operations. In addition, the failure of the Group to: (i) successfully migrate off the transitional services onto its own IT systems or other facilities; (ii) adhere to budgetary constraints in creating its own IT systems or other facilities; or (iii) procure services from alternative providers following expiration of the Transitional Services Agreement on reasonable terms or at all, could have a material adverse effect on the Group's business, financial condition and results of operations.

1.1.20 *If the Group experiences labour disputes or work stoppages, the Group's business could be materially adversely affected*

The Group has collective bargaining agreements applicable to its employees in Spain, Italy, Luxembourg and France, covering approximately 66.5% of the Group's workforce as of December 31, 2020. Whilst the Group has not to date experienced any work stoppages, the Group cannot guarantee that its employees will not go on strike in the future and future strikes or work stoppages could have a material adverse effect on the Group's business, financial condition and results of operations. Strikes and work stoppages could hinder the Group's ability to provide its standard level of customer service, result in service disruptions, increased labour costs, increased customer complaints or reputational damage, any of which may have a material adverse impact on the Group's business, financial condition and results of operations. Any failure to extend or renegotiate its collective bargaining agreements on terms favourable to it, or at all, could have a material adverse effect on the Group's business.

1.1.21 *As the Group operates in multiple currencies, exchange rate fluctuations may have a material adverse effect on the Group's results of operations and financial position.*

The Group is exposed to risks related to changes in currency exchange rates due to the international nature of the Group's business. Although the Group's reporting currency for purposes of the Group's consolidated financial statements is the euro, a significant portion of the Group's business (approximately 12% in 2020) is conducted by subsidiaries in currencies other than the euro, including the British pound sterling, the US dollar and the Swiss Franc. Accordingly, the Group's results of operations are subject to currency effects, primarily currency translation exposure. The results of operations, assets and liabilities of these subsidiaries must be translated into euro at each balance sheet date. As a result, changes in the relevant exchange rates between the euro and other currencies to which the Group is exposed, particularly the British pound sterling, the US dollar and the Swiss Franc, may significantly affect the Group's reported consolidated results over the period under review and could materially affect its reported results of operations and the value of its assets, liabilities and AuA in future periods.

While a significant majority of the Group's net revenue is earned in euros, the Group does earn net revenue and incur expenses in currencies other than the euro. Net currency exposure from net revenue or expenses denominated in foreign currencies arises to the extent that the Group does not incur corresponding expenses or net revenue in the same foreign currencies. While the Group seeks to hedge currency transaction risks by offsetting opposing cash flows (natural hedging) and uses derivative hedges, the Group's efforts to do so may not be successful or opportunities to do so may not be readily available, which may have a materially adverse negative material adverse effect on the Group's business, financial condition, results of operations and prospects

1.1.22 *The Group is subject to potential credit risk, including execution settlement risk and deposit credit risk, which are derived from the operation of the Group's settlement process and the Group's deposits with regulated financial institutions.*

Credit risk is generally defined as the possibility of loss stemming from the failure of counterparties to meet their payment obligations to the Group. Given the type of business which the Group currently carries on - the intermediation of third-party investment funds - the Group does not maintain, and does not have the objective of maintaining, any active credit business and only assumes credit exposures with regulated financial entities. Thus, the Group is exposed to deposit credit risk and execution settlement risk with regulated financial entities.

Deposit credit risk is derived from the liquidity generated from the Group's equity (reserves) and from operating flows from the Group's distribution and intermediation activities which is deposited in either central banks, current accounts at sight, "overnight" deposits, as well as medium- and short-term deposits (with no penalty for early cancellation). Relevant regulations require the Group to diversify its liquidity deposits across multiple central banks and other financial institutions (most of which charge negative interest rates) and may require the Group to further diversify the Group's liquidity deposits in the future.

Execution settlement risk arises when a Distributor places an order but does not fulfil its payment obligations, which results in the transaction failing to settle and the Group seeking to sell such underlying holdings. The risk is generated from the time that the order is accepted and confirmed by the Fund House and lasts until the settlement date. In this context, during the short period in which the Group still has not instructed the sale of the underlying shares, it is exposed to the risk that the market price of the relevant shares will decline and the Group may not be able to recover the difference from the relevant Distributor in circumstances where they have defaulted, even where the relevant Distributor is contractually liable for such difference.

The Group's strategies and procedures for managing such risks may prove insufficient or fail. If the Group's credit risk policies and procedures are not fully effective or if the Group is not always successful in capturing all credit risks to which the Group is or may be exposed, the Group may suffer harm to the Group's reputation or be subject to litigation or regulatory actions that could have a material adverse effect on the Group's business, financial condition, and results of operations.

The occurrence of any of the foregoing, individually or in combination, may materially adversely affect the Group's liquidity and thus could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2 Risks relating to legal and tax issues

1.2.1 ***The Group may be subject to legal proceedings and other claims.***

From time to time, given the highly regulated nature of the Group's operations, the Group may be involved in various litigation matters, governmental or regulatory investigations, prosecutions or similar matters arising out of its current or future business. Such proceedings may include, but are not limited to, alleged claims relating to commercial disputes, securities laws, antitrust and competition laws, regulatory or administrative actions, corporate matters and employment matters brought by, among others, current, former or prospective employees, competitors, suppliers, distributors, governmental agencies or other third parties. For example, the Group's clients may bring claims where they assert that the Group has failed, or been delayed, in transaction processing and provision of services or failed to comply with mandatory reporting obligations, any of which may be caused by human error or system failure on the part of the Group or due to factors out of the Group's control. See 1.1.9 "*The Group's operations are dependent on IT and information systems, and any disruption of information systems could adversely impact the Group's operations*" for factors which may be outside of the Group's control in this regard. In addition, successful complaints against its competitors may spur similar lawsuits against the Group.

The Group's insurance, indemnities or amounts the Group has provisioned may not cover all claims that may be asserted against the Group, and any claims asserted against the Group, regardless of merit or eventual outcome, may harm the Group's reputation. Furthermore, there is no guarantee that the Group will be successful in defending itself in future litigation, investigations, prosecutions or similar matters under various laws. Should the ultimate judgments or settlements significantly exceed the Group's insurance coverage or provisions, they could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group does not make provisions for claims against it to the extent that it believes such claims will not lead to significant liabilities. It should be noted, however, that the outcome of legal proceedings can be extremely difficult to predict, and the Group offers no assurances in this regard. In addition, adverse publicity with respect to such claims or legal proceedings or a substantial judgment against the Group could divert the Group's management's time and attention from its business operations or negatively impact the Group's reputation, which may have a material adverse effect on the Group's business, financial condition and results of operations.

1.2.2 ***The Group could be materially adversely affected by violations of applicable anti-corruption laws.***

The Group's international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 (***FCPA***), the United Kingdom Bribery Act of 2010 (the ***Bribery Act*** and together with the

FCPA, ***Anti-Corruption Laws***), and economic sanction programs, including those administered by the United Nations, the European Union and the United States, including the regulations administered or enforced by the Office of Foreign Asset Control (***OFAC***) and the regulations set forth under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of the Group's business, the Group may deal with state owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Additionally, economic sanctions programs restrict the Group's business dealings with certain sanctioned countries as well as with specific sanctioned persons and entities on sanctions lists.

While the Group has policies, procedures and internal controls designed to monitor internal and external compliance, including in relation to anti-money laundering (***AML***), no system can fully guarantee prevention of all unlawful conduct. Additionally, to a large degree, the Group relies upon its relevant counterparties to maintain and properly apply their own appropriate AML procedures. Such measures, procedures and compliance may not be completely effective in preventing third parties from using the Group's (and its relevant counterparties') services as a conduit for money laundering without the Group's (and its relevant counterparties') knowledge. If the Group is associated with, or even accused of being associated with, money laundering then the Group's reputation could be materially adversely affected and/or the Group could become subject to fines, sanctions and/or legal enforcement, for example, by being added to any "black lists" that would prohibit certain parties from engaging in transactions with the Group, any one of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain of the international locations in which the Group has Distributors lack a developed legal system and might have high perceived levels of corruption, for example. The Group's continued expansion and worldwide operations, including in developing countries, and the employment by the Group of local employees in the countries in which it operates or has clients increases the potential compliance risk with respect to Anti-Corruption Laws, AML, OFAC, or similar laws.

Additionally, the Group may become subject to governmental investigations or inquiries surrounding actions of its employees or agents. Violations of Anti-Corruption Laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as possible criminal fines and imprisonment. In addition, any major violations could have a significant impact on the Group's reputation and consequently on its ability to win future business.

1.2.3 *The Group may be subject to scrutiny under antitrust and competition laws*

The Group may be subject to scrutiny in the countries and regions where it operates by various government and regulatory agencies such as the European Commission, Spanish National Commission on Markets and Competition and Swiss Competition Commission under EU, EU Member State and Swiss law and regulation, and other foreign laws and regulations, including antitrust and competition laws. These and other government agencies, entities and individuals may in the future allege that the Group's business practices violate the applicable antitrust or competition laws of the countries and regions in which the Group operates. The Group's business agreements or arrangements with clients or other individuals and entities could give rise to regulatory action or antitrust litigation. The Group is not currently aware of any actual or threatened actions, claims or investigations relating to alleged breaches of antitrust and competition laws, and has not faced any action, claims or investigations of this nature in the past; however, any actions, claims or investigations which did arise, even if without foundation, may be very expensive to defend or respond to, involve negative publicity and substantial diversion of management time and effort, and could result in reputational harm, significant judgments against the Group, or require the Group to change its business practices, which may materially and adversely affect its business, financial condition, results of operations and prospects.

1.2.4 *Changes in tax laws or challenges to the Group's tax position could adversely affect the Group's results of operations and financial condition.*

The Group is subject to complex tax laws and regulations. It is subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of its operations and its corporate structure. Adverse developments in applicable tax laws or regulations, or any change in position by the relevant authorities regarding the application, administration or interpretation of any applicable tax laws or regulations, could subject the Group to additional or increased tax payments, and in turn have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group often relies on generally available interpretations of applicable tax laws and regulations including interpretations made by the relevant tax authorities and courts of law. There cannot be certainty that the relevant tax authorities or courts agree with the Group's interpretation of these laws or, as the case may be, that such tax authorities or courts do not depart from the generally available interpretations of applicable tax laws and regulations on which the Group often relies. If the Group's tax positions are challenged by relevant tax authorities, the potential imposition of additional or increased taxes could require the Group to pay taxes that the Group currently does not collect or pay or increase the costs of the Group's services to track and collect such taxes, which could in turn increase the Group's costs of operations or the Group's effective tax rate and have a negative effect on the Group's business, financial condition and results of operations.

1.2.5 *The Company is, and will remain following the Offering, a public limited company incorporated in the UK and it is intended that the Company will remain tax resident in the UK and nowhere else. However, if the Company were to be treated as tax resident in another jurisdiction in addition to the UK, this could increase the aggregate tax burden on the Company and its shareholders, including, for example, by a withholding tax being imposed on Company dividends.*

The Company is a public limited company incorporated under the laws of England and Wales and will be managed in a way that is intended to ensure that it remains tax resident in the United Kingdom and that it does not become tax resident in an additional jurisdiction.

However, the board of the Company is made up of persons based in a variety of international locations. In addition, the Company is the holding company of AFB, which is both tax resident and a regulated entity in Spain. A material amount of operational management of the Group will therefore be undertaken by AFB in Spain. The Company intends to ensure that matters pertaining to the Company will be separately considered by the Company's board at meetings held in the United Kingdom. Nevertheless, if matters pertaining to the Company were decided upon in Spain, the Spanish tax authority might seek to treat the Company as tax resident in Spain.

If the Company were to be treated as tax resident in Spain, there would be a risk that dividends paid by the Company might be subject to Spanish withholding at the rate of 19%, that inbound dividends paid to the Company might be subject to Spanish corporate income tax at an effective rate of 1.25%, and that shareholders who are not resident in Spain for tax purposes could be subject to Spanish non-resident capital gains tax on disposals of the Company's shares at the rate of 19%. The tax withheld from Company dividends in these circumstances, or charged on a disposal of the Company's shares, might not be fully creditable or refundable under a tax treaty or the domestic rules of a shareholder's country of tax residence.

1.2.6 *The Group's business may suffer if it is unable to protect intellectual property rights and/or obtain rights to third-party intellectual property on which the Group's business depends.*

Product development and differentiation in the Group's industry requires the use of intellectual property rights, particularly trademarks, licences and trade secrets. These proprietary rights are accordingly important to the Group's ability to compete effectively with other market participants and, as the Group continues to expand its digital services offering, protecting the related intellectual property may become increasingly important to the Group's business. The Group also relies upon trade secrets, know-how, continuing technological innovations and licensing rights to develop, maintain and strengthen its competitive position. The Group might not be able to obtain effective intellectual property protection in relation to such intellectual property rights, and its efforts to protect its intellectual property could require the expenditure of significant financial, managerial and operational resources. The Group may be required in the future to initiate litigation to protect its trade secrets and know-how or determine the enforceability, scope and validity of the proprietary rights of others. Any lawsuits that the Group initiates could be expensive, time-consuming and divert management's attention from other business concerns. In addition, the Group may not prevail in lawsuits that it initiates, and the damages or other remedies awarded, if any, may not be sufficient to cover the harm suffered by the Group. Any failure to protect the Group's intellectual property could diminish the Group's competitive advantage and cause the Group to lose customers to competitors, which would adversely affect the Group's financial condition and results of operations.

1.2.7 *The Group's business may suffer if it is sued for infringing the intellectual property rights of third parties.*

As is common with technology companies and as the Group continues to expand its digital services offering, third parties, including the Group's clients, may in the future assert claims that the Group's systems, services or products infringe their proprietary rights. Such infringement claims, even if without merit, may cause the Group to incur significant costs in defending against those claims. The Group may be required to discontinue using any infringing technology or services, pay damages or royalty fees, expend resources to develop non-infringing technology, dedicate significant financial and management resources to defend these claims, or purchase licences or pay royalties for alternative technology. In addition to the potential adverse effects to the Group's operations and business caused by being required to cease using any such technology or services, any such failure to defend such claims could cause the Group to suffer economic loss and reputational damage, which would adversely affect the Group's financial condition and results of operations.

1.2.8 ***Corporate reorganisations in the past and in the future could lead to additional tax payments and regulatory compliance and risks.***

The Group has undertaken corporate reorganisations in the past and the Group may implement further reorganisations going forward, which may be driven by commercial or business-related objectives or to comply with applicable regulations.

In this regard, pursuant to a proposed reorganisation expected to be implemented during 2021, it is expected that: (i) AFB's Luxembourg subsidiary, AFBI, a Luxembourg bank regulated by the CSSF and the ECB, will be merged into AFB. With effect from such merger of AFBI into AFB, AFB shall establish a branch located in Luxembourg; (ii) the branch licence of AFBI's branch in Switzerland, through which it conducts banking and securities firm activities, is expected to be cancelled and a new Swiss branch of AFB will be established; (iii) AFB's Swedish subsidiary, Allfunds Sweden which is authorised by the SFSA as a Swedish investment firm, will be merged into AFB. With effect from such merger, AFB shall establish a branch located in Stockholm; and (iv) the Group shall merge Nextportfolio, SLU and Fintech Partners, SLU into Allfunds Digital SLU such that Nextportfolio, SLU and Fintech Partners, SLU shall cease to exist following such merger.

Separately, in connection with its sub-advisory services, Allfunds also intends to set up during 2021 a UCITS management company in Luxembourg under the Luxembourg Law of December 17, 2010 relating to undertakings for collective investment (the ***2010 Law***). In addition, Allfunds has recently launched a Luxembourg investment company with variable capital – i.e., a SICAV - qualifying as a UCITS under Part I of the 2010 Law.

While the Group has, and will, endeavour to obtain tax advice and rulings from tax authorities where appropriate in implementing corporate reorganisations, in the event that tax authorities challenge the implementation of past or future reorganisations, the Group could be obliged to pay additional taxes and penalties, which could be material. For example, in connection with the Acquisition, the Spanish tax authorities did not accept the Group's assessment of the effective date of the corporate tax group of Liberty Partners S.L.U., (***Liberty***) the direct subsidiary of the Company that is the sole direct shareholder of AFB, resulting in a reversal in 2019 of tax relief accounted for in 2018 amounting to €8.0 million. Additionally, the reorganisation efforts of the Group may also result in fines or penalties from regulatory authorities should the Group fail to obtain necessary regulatory consents in connection with the reorganisations. In addition to the potential fines, penalties and sanctions, the occurrence of the aforementioned events may result in significant reputational damage to the Group, which would have a material adverse effect on Group's business, financial condition and results of operations.

1.2.9 ***The Company may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of the Offer Shares.***

The Company believes that it was not classified as a "passive foreign investment company" (a ***PFIC***) for US federal income tax purposes for its most recent taxable year and, based on the composition of the Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company expects the Group to operate its business in future years, the Company believes that it should not be classified as a PFIC for US federal income tax purposes for the Company's current taxable year or in the foreseeable future. In general, a non-US corporation will be a PFIC for any taxable year in which, taking into account a pro- rata portion of the income and assets of 25% or more owned subsidiaries, either (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average quarterly value of its assets are assets that produce, or are held for the production of, passive income or which do not produce income. For this purpose, passive income generally includes, among other things and subject to various exceptions, interest, dividends, rents, royalties and gains from the disposition of assets that produce passive income.

Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition and relative value of its gross receipts and assets (including goodwill). Because the market value of the Company's assets may be determined in large part by the market price of the Offer Shares, which is likely to fluctuate after the Offering, no assurance can be given that the Company will not be a PFIC in the current year or in any future taxable year. In addition, changes in the relevant Treasury regulations or the interpretations thereof could impact the Company's status as a PFIC.

Certain adverse US federal income tax consequences could apply to a US Holder (as defined herein) if the Company is treated as a PFIC for any taxable year during which such US Holder holds the Offer Shares. Accordingly, each US Holder of the Offer Shares should consult its tax advisor as to the potential effects of the PFIC rules.

1.2.10 *Shareholders of a company incorporated in the United Kingdom may not have the same protections against takeovers under Dutch mandatory bid rules as shareholders of a company incorporated in the Netherlands.*

The Company will not be subject to the provisions of the UK City Code upon Admission as, for the purposes of the UK City Code, the Company's place of central management and control, upon Admission, will be outside of the UK, the Channel Islands or the Isle of Man. Certain parts of the Dutch takeover provisions, such as matters relating to the consideration offered (in particular the price, and matters relating to the bid procedure), information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, are applicable to the Company as the Shares are admitted to trading on Euronext Amsterdam. However, the part of the Dutch takeover provisions regarding mandatory takeover bids, in terms of when a mandatory takeover bid is triggered (including as regards acting in concert related considerations), do not mandatorily apply to the Company because the Company is not incorporated as a Dutch public limited company (*naamloze vennootschap*). Accordingly, to seek to protect the minority Shareholders of the Company in case any person acquiring direct or indirect predominant control of the Company and to oblige that person to make an offer to all the holders of the Company's voting securities for all their holdings at an equitable price, the Articles of Association incorporate the terms of the Dutch mandatory bid rules of the DFSA which require any person (whether acting alone or in concert with others) who, directly or indirectly, acquires a controlling interest in the Company of at least 30% of the voting rights exercisable in the general meeting, to launch a mandatory public offer for all outstanding shares in the share capital of the Company.

The Articles of Association further provide that the Company and each shareholder submit to the exclusive jurisdiction of a special arbitral tribunal formed under the rules of the Netherlands Arbitration Institute in relation to certain matters concerning the application of the Dutch mandatory bid rules (as incorporated by reference into the Articles of Association) and that the arbitration shall be conducted under the rules for summary arbitral proceedings of the Netherlands Arbitration Institute (*Arbitraal kort geding*), as amended by the Articles of Association. If the special arbitral tribunal decides that it does not have jurisdiction, then the Company and the shareholders agree to the exclusive jurisdiction of the English courts for resolution. However, enforcement of the Dutch mandatory bid rules for Dutch incorporated companies is decided under Dutch law by the Dutch Enterprise Chamber rather than arbitration under the rules of the Netherlands Arbitration Institute or the English courts. Accordingly, Shareholders of the Company may not receive the same protection from the special arbitral tribunal or the English courts as if the Company had been incorporated in the Netherlands and enforcement of the Dutch mandatory bid rules had been decided by the Dutch Enterprise Chamber. The process for obtaining a legally binding decision via the special arbitral tribunal or the English courts may be more complex, costly, time consuming and uncertain than the equivalent process for obtaining a legally binding decision from the Dutch Enterprise Chamber. Enforcement of any decision by the special arbitral tribunal or the English courts against a person who had acquired a controlling interest in the Company would be dependent upon that award or order being recognised and enforced by the courts in the jurisdiction of domicile of that person.

1.3 Risks relating to regulation and supervision

1.3.1 *The Group is subject to a variety of complex regulatory regimes giving rise to legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, any of which could have a material adverse effect on the Group's business, financial position and results of operations.*

The financial services industry is among the most highly regulated industries in the world and the Group is subject to complex regulatory requirements, including but not limited to supervision by the European Central Bank, the Bank of Spain, the Spanish *Comisión Nacional del Mercado de Valores*, the Bank of Italy, the Italian *Commissione Nazionale per le Società e la Borsa*, the Luxembourg Commission de Surveillance du Secteur Financier (***CSSF***), the Monetary Authority of Singapore, the United Kingdom Prudential Regulation Authority (***PRA***) and Financial Conduct Authority (***FCA***), the Swiss Financial Market Supervisory Authority (***FINMA***), the Swedish Financial Supervisory Authority and the HK Securities and Finance Commission (***SFC***) in addition to significant regulation applicable to companies supplying banking or financial services. Regulators oversee several areas of the Group's business, including liquidity levels, capital adequacy, leverage, money laundering and terrorist financing prevention, data protection, customer protection, and reporting and registration obligations.

The banking authorisation granted to AFB by the Bank of Spain entitles it to conduct certain regulated activities in its different offices and, by virtue of the mutual recognition principle throughout the European Union, on a cross-border basis without a permanent establishment in, at least, Ireland, Portugal and The Netherlands. Where AFB conducts its activities on a cross-border basis without a permanent establishment or through a branch under the European Union mutual recognition principle, Spanish rules will generally apply. Nevertheless, sometimes the host country's rules on marketing or consumer protection and those issued for public order reasons, may also apply. Additionally, in jurisdictions in which AFB has a subsidiary, it is likely that directors and certain key employees of that subsidiary would themselves need to comply with rules on fitness and propriety, which could (if breached) have an impact on the conduct of the business of the subsidiary itself.

While the Group has policies, procedures and legal and compliance departments in place to assist it with its compliance with these regulatory requirements, it cannot guarantee that it complies or will comply with all applicable regulations at all times. This risk is increased by the rapidly evolving and increasingly onerous regulatory environment in which the Group operates or has Distributors, the laws of which can be difficult to interpret and apply, particularly for new or revised legislation. This may require the Group to incur higher legal and compliance costs and delay the Group's operations or increase its operating costs, decrease its fees and commissions, or eliminate its ability to charge fees and commissions. It may also require that it dedicates additional resources (including significant management time and attention) to identify relevant changes and update its procedural and control processes to help ensure the Group maintains the highest standards of compliance.

If the Group is unable to fully comply with applicable laws, regulations and expectations, its regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on them, including requiring a complete review of its business systems, day-to-day supervision by external consultants and ultimately the suspension or revocation of the applicable banking licence, permission or authorisation in the jurisdiction in which the Group is regulated. The suspension or loss of the Group's regulatory licence, authorisation or permission in a particular jurisdiction may mean that the Group may not be able to continue to offer all or certain of its services in that jurisdiction, which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

1.3.2 *Capital and liquidity requirements could have a significant adverse effect on the Group's business and financial results*

In 2011, the framework known as Basel III, which is a full set of reform measures to strengthen the regulation, supervision and risk management of the banking sector, was published. This was aimed to enhance the banking sector's ability to absorb impacts caused by financial and economic crisis, to improve risk management and corporate governance, and to increase banking transparency and disclosures. Regarding capital requirements, Basel III provides for a new method to calculate the capital of credit institutions (including new deductions and increasing the requirements for eligible equity instruments), tightens the minimum capital requirements and requires credit institutions to maintain capital buffers. The amendments to the solvency requirements of credit institutions and various transparency regulations grant priority to high-quality capital (***Common Equity Tier 1*** or ***CET1***), introducing stricter eligibility criteria and more stringent ratios, in a bid to guarantee higher standards of capital adequacy in the financial sector. On January 1, 2014, the CRD IV came into effect implementing the Basel III accord in the EU. The Group's business is impacted by the rules implementing Basel III, and in particular, the rules on liquidity and any increase in the capital ratios that apply to the AFB Banking Group.

The ECB is required, under Council Regulation (EU) No 1024/2013 of October 15, 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the ***SSM Regulation***), to carry out a supervisory review and evaluation process (the ***SREP***) at least on an annual basis. The SREP is a set of procedures carried out on an annual basis by the supervisory authorities to ensure each credit institution has in place the strategies, processes, capital and liquidity that are appropriate to the risks to which it is or might be exposed to.

On December 18, 2020, following the results of the SREP, the Bank of Spain notified AFB of its decision regarding minimum prudential capital requirements applicable as from January 1, 2021. This decision requires the AFB Banking Group to maintain a minimum CET1 capital ratio -at the level of AFB and on a consolidated basis- of at least 17.5% along with any countercyclical capital buffer that is applicable to the AFB Banking Group from time to time. The current requirement comprises the minimum CET1 requirement (4.5%), T1 Capital requirement (6%), the total capital ratio requirement (8%), an additional ordinary CET1 capital requirement pursuant to Article 69.1 of Law 10/2014 amounting to 7.0% for Pillar II requirements, the capital conservation buffer of 2.5% and a countercyclical capital buffer (subject to periodical adjustment) which, based on the AFB Banking Group's geographic exposures at December 31, 2020, amounted to 0.1148%.

Notwithstanding the above, there can be no assurance that this minimum prudential capital requirements will continue to apply in the future, as any capital requirement or decision from the Bank of Spain or any other relevant regulator may be subject to change and further review by the Bank of Spain or such relevant regulator from time to time.

In the event that the minimum prudential capital requirements required by the Bank of Spain or any other relevant regulator increases, the AFB Banking Group may be restricted from upstreaming cash by way of dividends to the Company, which could adversely affect its ability to make cash payments to Shareholders. In this regard, there can be no assurance that the application of the existing regulatory requirements, standards or recommendations will not require the AFB Banking Group to issue additional securities that qualify as own funds or eligible liabilities or to take any other actions, any of which may have a material adverse effect on the Group's business, results of operations and/or financial position.

In addition, the liquidity coverage ratio (***LCR***) is a quantitative liquidity standard developed by the Basel Committee on Banking Supervision to ensure that those banking organisations to which this standard is to apply have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. Pursuant to CRR, the AFB Banking Group is required to maintain a minimum LCR above 100%. Under the same rules, the AFB Banking Group is required to maintain a minimum net stable funding ratio of 100% starting from June 2021. The net stable funding ratio has been developed to reduce funding risk over a longer-term horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. As of December 31, 2020, the AFB Banking Group's LCR was 624.43%.

In the event that the AFB Banking Group is unable to comply with the relevant capital requirements or with its minimum LCR for any reason, or with any further requirements that a competent regulator or banking legislation may impose on the AFB Banking Group from time to time, the competent regulator is entitled to initiate proceedings against the AFB Banking Group and its directors which could result in formal warnings, fines, penalties and other extraordinary actions and/or measures, which may include, among others, (i) distributions by AFB being restricted or prohibited; (ii) AFB's authorisations (and any banking authorisation or licence of any of its subsidiaries) being revoked; (iii) suspension of voting rights over shares held in AFB; (iv) the AFB Banking Group's intervention or the replacement of their directors; (v) restrictions to the AFB Banking Group's operations and network, or imposing changes to the way in which the AFB Banking Group conducts business; or (vi) the resolution tools provided for by the Bank Recovery and Resolution Directive and European Union Member State implementing legislation, any of which may have a material adverse effect on the Group's business, results of operations and/or financial position.

1.3.3 *The AFB Banking Group may be subject to regulatory requirements and restrictions in relation to its ability to pay dividends*

AFB may be subject to restrictions on the distributions of dividends if it does not comply with the applicable capital buffers and additional requirements set out in CRD IV and, if applicable, set by the corresponding SREP. According to Article 48.2 of Law 10/2014 and Article 73 of Royal Decree 84/2015, transposing into Spanish Law Article 141 of CRD IV, banks that fail to meet the combined buffer requirements and, where applicable, the higher capital requirements imposed by the SREP are required to calculate the (***Maximum Distributable Amount***) and to inform the supervisor regarding such Maximum Distributable Amount. In particular, the AFB Banking Group may be prohibited from: (i) making a distribution in connection with CET1 capital, (ii) creating an obligation to pay variable remuneration or discretionary pension benefits or to pay variable remuneration if the obligation to pay was created at a time when the AFB Banking Group failed to meet the combined buffer requirements, and (iii) making payments on Additional Tier 1 Capital instruments.

There can be no assurance that the AFB Banking Group will, in the future, be able to distribute dividends outside of the AFB Banking Group if the AFB Banking Group or any of its members were found not to be compliant with applicable capital buffers and additional requirements set out in CRD IV and, if applicable, set by the corresponding SREP.

In addition, in the context of the COVID-19, the ECB issued a recommendation on March 27, 2020 on dividend distribution policies (ECB/2020/19) in which it recommended that at least until October 1, 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders. Subsequently, on July 27, 2020, the ECB issued an additional recommendation (ECB/2020/35) repealing the previous one (ECB/2020/19) and extending the same recommendations until January 1, 2021. On December 15, 2020, the ECB issued a further recommendation (ECB/2020/62) in which it repealed the previous recommendation and asked all banks to consider not distributing any cash dividends or conducting any share buy-backs, or to limit such actions, until September 30, 2021. While the ECB Recommendation is addressed to significant supervised entities and significant supervised groups, it is also directed to the national competent authorities with regard to less significant supervised entities and less significant supervised groups (such as the AFB Banking Group). The national competent authorities are expected to apply this recommendation to such entities and groups, as deemed appropriate. In this regard, on December 15, 2020 the Bank of Spain published on its website their decision to extend this recommendation to the credit institutions under its direct supervision, including the Spanish less significant supervised groups (such as the AFB Banking Group).

The realisation of any of these risks could have a material adverse effect on the ability of the Group to pay dividends or make distributions to Shareholders.

1.3.4 *In the event of a bank failure of the AFB Banking Group, equity investments may be subject to a statutory bail-in, and in the event that the relevant regulator uses certain resolution tools available to it, the AFB Banking Group's ability to upstream cash to its shareholders could be impaired, both of which could result in the loss of part or all of an investor's investment.*

Directive 2014/59/EU of the European Parliament and of the Council of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 (the ***BRRD***), has been implemented into Spanish national law. The purpose of the BRRD is, among others, to provide authorities with the necessary tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an institution) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The determination of whether an institution might no longer be viable may depend on a number of factors which may be outside of that institution's control.

Further to the above, the BRRD and implementing legislation provide for four resolution tools and powers which may be used either alone or in combination where the relevant authority (as defined below) considers that (i) an institution is failing or is likely to fail; (ii) there is no reasonable prospect that any alternative non-public measures would prevent the failure of such institution within a reasonable timeframe; and (iii) a resolution action is taken in the interest of the public. These resolution tools include the ability of the relevant authorities to (i) direct the sale of the business (either in whole or in part); (ii) direct the transfer of the business (in whole or in part) to a "bridge institution"); (iii) transfer impaired or problematic assets to one or more publicly-owned asset management vehicles (such measure is only available in combination with another resolution tool); and (iv) exercise the Spanish Bail-in Power (as defined below).

The ***Spanish Bail-in Power*** is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD and any other instruments, rules or standards made in connection therewith, pursuant to which any obligations of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

If the AFB Banking Group were to fail and fall within the realm of its regulators' bail-in power, the Company may forfeit part or all of their interests in AFB and would likely receive no or insufficient consideration. This could result in the loss of all or part of an investors investment in the Group and could also lead to significant dilution if bail-ins were to follow. The implementation of any of these resolution tools could adversely affect the ability of the AFB Banking Group to upstream cash to the Company and therefore could adversely affect the ability to pay dividends to Shareholders and may result in the loss of all or part of an investors investment in the Group.

1.4 Risks relating to the Shares and the Offering

1.4.1 *The Existing Shareholders will retain significant interests in, and will continue to exert influence over, the Group following the Offering and their interests may differ from or conflict with those of other Shareholders.*

Immediately following Admission (assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option): (i) LHC3 is expected to be the beneficial owner of approximately 47.36% of the issued Shares (which is expected to be approximately 44.93% if the Over-Allotment Option is exercised in full); (ii) CS AG is expected to be the beneficial owner of approximately 9.99% of the issued Shares (which is expected to be approximately 9.40% if the Over-Allotment Option is exercised in full); (iii) BNPP AM Holding is expected to be the beneficial owner of approximately 6.30% of the issued Shares (which is expected to be approximately 6.30% if the Over-Allotment Option is exercised in full) and (iv) BP2S is expected to be the beneficial owner of approximately 10.35% of the issued Shares (which is expected to be approximately 9.47% if the Over-Allotment Option is exercised in full). For the purposes of this risk factor, BP2S and BNPP AM Holding shall, together, be referred to as ***BNPP***.

As a result, the Existing Shareholders will possess, individually or together, sufficient voting power to have a significant direct influence over all matters requiring shareholder approval, including the election of the Directors, the distribution of dividends, the amendment of the Articles of Association, any proposed capital increase and engaging in a significant transaction. The Group cannot assure investors that the interests of the Existing Shareholders will be the same as or align with the interests of purchasers of the Shares.

Additionally, the Company entered into the Relationship Agreement with each of the Existing Shareholders. Pursuant to the Relationship Agreement, amongst other things, LHC3 has a right to nominate for appointment up to three non-executive directors (one being the chair, until such time as an independent chair is appointed) to the board of directors of the Company (the ***Board***). BNPP and CS AG each have a right to nominate for appointment up to two non-executive directors to the Board. If LHC3 ceases to hold, directly or indirectly, more than 25% of the share capital in the Company, it would only have the right to nominate for appointment two non-executive directors to the Board. If any of LHC3, BNPP or CS AG ceases to hold, directly or indirectly: (a) more than 8% of the share capital in the Company, it would only have the right to nominate one director to the Board; and (b) more than 5% in the share capital of the Company, it would cease to have the right to nominate any director to the Board. For so long as LHC3 and CS AG each hold more than 3% of the share capital in the Company, each has the right to appoint one observer to the Board and each committee of the Board. For so long as BNPP holds more than 5% of the share capital in the Company, BNPP has the right to appoint two observers to the Board and for so long as BNPP holds 3% of the share capital in the Company (and one of BP2S or BNPP AM Holding holds more than 2% of the share capital in the Company), BNPP has the right to appoint one observer to the Board. For so long as BNPP holds 3% of the share capital in the Company, BNPP has the right to appoint one observer to each committee of the Board. At Admission, seven out of fifteen members of the Board will be nominated by the Existing Shareholders. In addition, certain of these Directors may, from time to time, hold investments in the Existing Shareholders or affiliates of Existing Shareholders (other than the Group). Since the interests of the Existing Shareholders do not have to be aligned with the interests of the Company, a conflict might therefore arise.

The shareholding percentages required for board and observer seats as set out above in relation to the Board shall not take account of any dilutive impact of a non-pre-emptive issue of shares by the Company in which such Principal Shareholder was not offered the chance to participate or (where relevant) voted against in their capacity as a shareholder.

In addition, pursuant to the Relationship Agreement, certain actions cannot occur without the prior approval of each of the LHC3, CS AG and BNPP, such as (a) agreeing to a change of listing venue, additional listing venue or cancellation of any listing of the Company (other than, in each case, in connection with, or as a result of, any public tender offer or other change of control transaction in relation to the Company); (b) any material reorganisation or similar of the Group; (c) initiating a voluntary dissolution, liquidation or winding up proceeding (or similar proceeding) of any material member of the Group; and (d) any member of the Group acquiring or establishing any subsidiary or branch in the United States or in certain specified tax haven jurisdictions. In addition, the parties to the Relationship Agreement have agreed that BNPP's prior consent will be sought prior to any decision by the Company or AFB that could reasonably be expected to lead to any material deviation from the separation plan appended to the BNPP TSA. Further, the Existing Shareholders will have certain information rights for the purposes of their accounting or other regulatory requirements (including in respect of any acquisitions, mergers or establishment of entities in the United States), subject certain confidentiality arrangements and applicable law; and the Company shall provide, subject to certain limitations and exceptions, certain reasonable cooperation and assistance to the Existing Shareholders in the event of a sale of the Shares by an Existing Shareholder at any time following the Offering (subject to the no-sale restrictions contemplated by the Underwriting Agreement (as defined below)).

The Existing Shareholders' significant ownership may: (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company); (ii) deprive Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; or (iii) affect the liquidity of the Shares, each of which could have a material adverse effect on the trading volume and market price of the Shares. This could be the case if investors determine that the stock is not as attractive due to high concentration of ownership and degree of influence by the Existing Shareholders, as a result of which demand for the Shares may reduce.

Further, the Existing Shareholders have retained the right to enter into margin loan facilities in respect of their Shares, which could encompass the entire shareholdings of the Existing Shareholders. Should any of the Existing Shareholders enter into a margin loan facility, the security granted by such Existing Shareholder in favour of the relevant margin loan lenders could represent a significant majority or all of the Shares that such Existing Shareholder will hold following Admission. An enforcement of such security by margin loan lenders would reduce the relevant Existing Shareholder's shareholding in the Company and therefore have a significant impact on the Company's shareholding structure and corporate governance.

1.4.2 ***There is currently no public trading market for the Shares and there is a risk that an active and liquid trading market for the Shares may not develop or be sustained.***

Until trading on Euronext Amsterdam commences on an "as-if-and-when-delivered" basis, which is expected on April 23, 2021 but is subject to acceleration, extension and pricing and Settlement taking place, there is no public trading market for the Shares. The Group can give no assurance that an active trading market for the Shares will develop after the Offering or, if it does develop, that it will be sustained or liquid, in particular given that the free float will be approximately 26.0% of the issued ordinary share capital of the Company (assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option) and 29.9% if the Over-Allotment Option is exercised in full (assuming the Offer Price is set at the mid-point of the Offer Price Range). If such market fails to develop or is not sustained, the liquidity and trading price of the Shares could be adversely affected, as well as increase their price volatility. Even if such market develops or is sustained, the market price for the Shares may fall below the Offer Price, perhaps substantially. As a result of fluctuations in the market price of the Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

1.4.3 *The Shares may be subject to market price volatility and the market price of the Shares may decline disproportionately in response to developments that are unrelated to the Company's operating performance.*

The Offer Price is not indicative of the market price of the Shares following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors, as well as period to period variations in operating results or changes in revenue or profit estimates by the Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and reorganisations), changes in market conditions, regulatory changes and broader market volatility and movements, including in relation to the COVID-19 pandemic. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors receiving back less than they invested or a total loss of their investment.

1.4.4 *The Company is a holding company with no direct cash generating operations and relies on operating subsidiaries to provide it with funds necessary to meet its financial obligations.*

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on dividends and other payments from these subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of any dividends. Following Admission, the Company is targeting a dividend pay-out ratio of 20-40% of Adjusted profit after tax. However, the ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to regulatory and statutory limitations or the legal requirement of having distributable profit or distributable reserves. For a discussion on the regulatory restrictions which may apply in relation to the Group's ability to pay dividends see 1.3.1 "*The Group's business is subject to a variety of complex regulatory regimes in various jurisdictions, and changes in law and regulation impose or could impose operational restrictions on the Group, increase its expenses, restrict AFB's ability to pay dividends and/or otherwise have a material adverse effect on the business*" and 1.3.3 "*The AFB Banking Group may be subject to regulatory requirements and restrictions in relation to its ability to pay dividends*".

As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognised as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Company's claims.

1.4.5 *Shareholders in the United States and other jurisdictions outside of the Netherlands may not be able to participate in future equity offerings.*

The Articles of Association provide for pre-emption rights to be granted to Shareholders, unless such rights are disapplied by a shareholder resolution. The securities laws of certain jurisdictions may, however, restrict the Group's ability to allow participation by Shareholders in future offerings, who could therefore experience a dilution of their holding of Shares, possibly without such dilution being offset by any compensation received in exchange for subscription rights. In particular, Shareholders in certain other countries, including the United States, may not be entitled to exercise their pre-emption rights, or participate in further equity offerings, unless the Company complies with local requirements, or in the case of the United States, unless the Shares and the rights or any other securities that are offered and sold are registered under the US Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Group cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable Shareholders resident in the United States or other Shareholders to exercise their pre-emption rights or, if available, that the Group will utilise any such exemption. The Company will evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with compliance with any such local laws or any such registration statement, as well as the indirect benefits to it of enabling the exercise of such holders of their pre-emptive rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to comply with such local laws or file a registration statement.

1.4.6 *Not all rights available to shareholders under other jurisdictions will be available to holders of the Shares.*

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in other jurisdictions, including typical U.S. companies. As the Company is incorporated under the laws of England and Wales, the rights of Shareholders are governed by English law and the Articles of Association, which incorporate certain elements of

Dutch law by virtue of the Company's proposed listing on Euronext Amsterdam. Accordingly, the Company's corporate structure as well as the rights and obligations of the Shareholders may be different from the rights and obligations of shareholders of companies incorporated or organised under the laws of other jurisdictions. It may also be difficult for Shareholders to serve process on or to enforce a foreign judgment against the Company in certain jurisdictions. It may not be possible for a Shareholder to effect service of process upon the Directors within such Shareholder's country of residence, or to enforce against the Directors judgments of courts of such Shareholder's country of residence based on civil liabilities under that country's securities laws. In addition, English, Dutch or other courts may not impose civil liability on the members of the Board in any original action based solely on foreign securities laws brought against the Company or the members of the Board in a court of competent jurisdiction in the Netherlands or other countries.

1.4.7 *The market price of the Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.*

Following completion of the Offer, the Existing Shareholders will own beneficially approximately 74.0% of the issued ordinary share capital of the Company in aggregate (assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option) and 70.1% if the Over-Allotment Option is exercised in full (assuming the Offer Price is set at the mid-point of the Offer Price Range). The Company, the Existing Shareholders, and the Directors and Executive Management Team are subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital for a period of 180 days (in the case of the Company, and the Existing Shareholders) and 365 days (in the case of the Directors and Executive Management Team) following the Settlement Date, subject to certain customary exceptions, including with the permission of the Joint Global Coordinators, as well as exceptions relating to the ability of the Existing Shareholders to grant security over Shares in connection with margin loan facilities and for CS AG, BP2S and BNPP AM Holding to enter into transactions to fulfil (whether as principal or agent) third party client orders in relation to Shares or derivatives relating to shares but not Shares held by Existing Shareholders. The issue or sale of a substantial number of Shares by the Group, the Existing Shareholders or the Directors in the public market after the lock-up restrictions in the Underwriting Agreement expire (or are waived by the Joint Global Coordinators) or otherwise in connection with the enforcement of security granted over Shares in connection with any margin loans entered into by the Existing Shareholders, or the perception that these sales may occur, may depress the market price of the Shares. Furthermore, a sale of Shares by any Director could be perceived as a lack of confidence in the performance and prospects of the Group and could cause the market price of the Shares to decline. In addition, any such sales could impair the Group's ability to raise capital through the issuance of equity securities in the future.

1.4.8 *The issuance of additional debt or equity securities by the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings and may adversely affect the market price of the Shares.*

The Company may in the future, subject to the lock-up arrangements in the Underwriting Agreement, seek to raise capital through public or private debt or equity financings. The Company may also seek to establish employee share incentive or share option plans or raise financing to fund future acquisitions and other growth opportunities. The Company may, for these and other purposes, issue additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities, and the Company's existing shareholders may not always have the right to acquire additional Shares on a pro-rata basis. As a result, existing holders of Shares may suffer dilution in their percentage ownership of the Company.

Furthermore, any additional debt or equity financing the Company may seek to raise may not be available on terms favourable to the Company or at all, which could materially adversely affect its future plans and the market price of the Shares. Any additional offering or issuance of Shares by the Company, or the perception that an offering or issuance may occur, could also have a negative impact on the market price of the Shares and could increase the volatility in the market price of the Shares.

1.4.9 *The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and regulatory and capital requirements.*

There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay dividends will suffer. In addition, the shareholders of the Company, by ordinary resolution upon the recommendation of the directors of the Company, declared a dividend of €185 million reflecting retained earnings in the Group to be paid in cash to the Existing Shareholders in certain pre-agreed amounts upon the satisfaction of certain conditions (the ***Conditional Dividend***). No shareholder of the Company, other than the Existing Shareholders, shall have any entitlement to the Conditional Dividend, regardless of the fact that the Conditional Dividend may be paid after Admission or that the Offer Shares were held by the

Offering Shareholders at the record date for the Conditional Dividend. Payment of the Conditional Dividend by the Company may impact its ability to pay dividends to other Shareholders for the 2021 financial year.

Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, amongst others, applicable law, regulation, restrictions on the payment of dividends in the Group's financing arrangements, the Group's financial position, distributable reserves, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time. For a discussion on the regulatory restrictions which may apply in relation to the Group's ability to pay dividends see 1.3.1 "*The Group's business is subject to a variety of complex regulatory regimes in various jurisdictions, and changes in law and regulation impose or could impose operational restrictions on the Group, increase its expenses, restrict AFB's ability to pay dividends and/or otherwise have a material adverse effect on the business*" and 1.3.3 "*The AFB Banking Group may be subject to regulatory requirements and restrictions in relation to its ability to pay dividends*".

1.4.10 ***Overseas shareholders may be subject to exchange rate risk.***

The Shares are priced in euro and will be quoted and traded in euro. In addition, any dividends the Group may pay will be declared and paid in euro. Accordingly, investors resident outside the Eurozone are subject to risks arising from adverse movements in the value of the respective investor's reference currency against the euro, as well as additional transaction costs in converting the euro into the respective investor's reference currency, which may materially reduce the value of the Shares, as well as that of any dividends paid. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

1.4.11 ***If securities or industry analysts do not publish research or reports about the Company's business or industry, or if such analysts (if any) change their recommendations regarding the Shares adversely, the market price and trading volumes of the Shares could decline.***

The trading market for the Shares will be influenced by the research and reports that securities or industry analysts publish about the Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Group's business or industry, the Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Shares to decline. Also, if one or more of the analysts covering the Group's business or industry recommends selling Shares, or if negative research is published on the industry or geographic markets the Group serves, the market price of the Shares could decline.

1.4.12 ***If Settlement does not take place, purchases of the Shares will be disregarded and transactions effected in the Shares will be annulled.***

Application has been made to list the Shares on Euronext Amsterdam under the symbol "ALLFG". The Company expects that the Shares will be admitted to listing and that trading in the Offer Shares will commence prior to the Settlement Date on the First Trading Date, on an "as-if-and-when-delivered" basis. Settlement may not take place on the Settlement Date or at all, if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. Trading in the Shares before Settlement will take place subject to the condition that, if Settlement does not take place, the Offering will be withdrawn, all applications for the Shares will be disregarded, any allotments made will be deemed not to have been made, any payments made will be returned without interest or other compensation and transactions in the Shares on Euronext Amsterdam will be annulled. All dealings in the Shares prior to Settlement and delivery are therefore at the sole risk of the parties concerned. The Company, the Existing Shareholders, the Underwriters, the Listing and Paying Agent and Euronext Amsterdam do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the (related) annulment of any transaction in the Offer Shares on Euronext Amsterdam.

2. **Important Information**

2.1 General

This Prospectus was approved as a prospectus for the purposes of the Prospectus Regulation, by, and filed with the AFM, as competent authority under the Prospectus Regulation, on April 16, 2021.

The validity of this Prospectus shall expire on the First Trading Date or 12 months after its approval by the AFM on April 16, 2021, whichever occurs earlier. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply upon the expiry of the validity period of this Prospectus.

The AFM has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Prospective investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the Prospectus Regulation, and therefore prospective investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offering, other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Existing Shareholders, any of the Underwriters, ING as the listing and paying agent for the Shares (the ***Listing and Paying Agent***) or any of their respective affiliates or representatives. Neither the delivery of this Prospectus nor any issuance or sale of Shares made under it at any time after the date of this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time since such date.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. This Prospectus should not be considered as a recommendation by the Company, the Directors, the Existing Shareholders, the Underwriters, the Listing and Paying Agent or any of their respective affiliates or representatives that any recipient of this Prospectus should invest in the Offer Shares. None of the Company, the Existing Shareholders, the Underwriters, the Listing and Paying Agent or any of their respective affiliates of representatives is making any representation to any prospective investor regarding the legality of an investment in the Offer Shares by such prospective investor under the laws and regulations applicable to such prospective investor. Prior to making any decision to purchase the Offer Shares, prospective investors should read the whole of this Prospectus and, in particular, Section 1 (*Risk Factors*), and not just rely on key information or information summarised within it. Each prospective investor should consult his own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Shares, to consider such investment decision in light of the prospective investor's personal circumstances, and in order to determine whether or not such prospective investor is eligible to purchase the Offer Shares.

Prospective investors are expressly advised that an investment in the Offer Shares entails certain risks and that they should therefore read and carefully review the content of this Prospectus, and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation, including all information incorporated by reference in this Prospectus. A prospective investor should not invest in the Offer Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Offer Shares will perform under changing conditions, the resulting effects on the value of the Offer Shares and the impact this investment will have on its overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of the Offer Shares.

In making an investment decision, prospective investors must rely on their own assessment of the Company, the Offer Shares and the terms of the Offering, the information contained in, or incorporated by reference into, terms of this Prospectus, the Pricing Statement and any supplement to this Prospectus, should such supplement be published, within the meaning of Article 23 of the Prospectus Regulation, including the merits and risks involved, and the risk factors described in this Prospectus. Any decision to purchase Offer Shares should be based on the assessments that the investor in question may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offer Shares.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters has or might enter into a financing arrangement with the Company and/or any of its affiliates, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

The Underwriters and the Listing and Paying Agent are acting exclusively for the Company and/or the Existing Shareholders and no one else in connection with Admission and/or the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and/or the Existing Shareholders for providing the protections afforded to their respective clients nor for giving advice in relation to the Admission, the Offering or any transaction or arrangement referred to in this Prospectus.

Each person receiving this Prospectus acknowledges that (i) such person has not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; and (ii) it has relied only on the information in this Prospectus, and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained herein and information given by the Company's duly authorised officers and employees in connection with investors' examination of the Company and the terms of the Offering) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Existing Shareholders or the Underwriters.

2.2 Supplements

If a significant new factor or a material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus and the end of the Offering Period, a supplement to this Prospectus will be published. Any such supplement will be subject to approval by the AFM and will be made public in accordance with the relevant rules under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any such supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

2.3 Responsibility Statement

The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

None of the Underwriters, the Listing and Paying Agent nor any of their respective affiliates or respective directors, officers or employees or any other person makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness, fairness or verification of the information or opinions in this Prospectus or incorporated by reference herein, and nothing in this Prospectus or incorporated herein by reference is, or shall be relied upon as, a promise or representation by the Underwriters, the Listing and Paying Agent or any of their respective affiliates or respective directors, officers or employees or any other person, whether as to the past or the future.

None of the Underwriters nor the Listing and Paying Agent nor any of their respective affiliates or respective directors, officers or employees or any other person in their respective capacities in connection with the Admission and/or Offering accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Group, the Existing Shareholders, the Admission, the Offering, or the Offer Shares. Accordingly, each of the Underwriters, the Listing and Paying Agent and their respective affiliates or respective directors, officers or employees or any other person disclaims, to the fullest extent permitted by applicable laws and regulations, any and all liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

2.4 Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the ***MiFID II Product Governance Requirements***), and disclaiming all and any liability, whether arising in delict, tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the ***Target Market Assessment***). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) should note that:

the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

2.5 Notice to Prospective Investors

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY OTHER JURISDICTIONS IN WHICH IT IS UNLAWFUL TO DO SO.

In making an investment decision, prospective investors must rely on their own examination of the Group and the terms of the Offering, including the merits and risks involved. Any decision to purchase the Offer Shares should be based solely on this Prospectus and any supplement to this Prospectus, should such supplement be published, within the meaning of Article 23 of the Prospectus Regulation.

The Offer Shares may not be a suitable investment for all investors. Each prospective investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor (either alone or with a financial adviser) should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained or incorporated by reference in this Prospectus, including the financial risks and other risks described in Section 1 (*Risk Factors*); and

(ii) have the expertise to evaluate how the Offer Shares will perform under changing conditions, the resulting effects of changing conditions on the value of the Offer Shares and the impact this investment will have on the prospective investor's overall investment portfolio.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Offer Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, any related materials and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus may not be used for, or in connection with, and does not constitute an offer or an invitation to purchase any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. None of the Company, the Existing Shareholders, the Listing and Paying Agent or any of the Underwriters accepts any legal responsibility for any violation by any person, whether or not a purchaser of Offer Shares, of any such restrictions. The Company, the Offering Shareholders and the Underwriters each reserve the right in their own absolute discretion to reject any offer to purchase Offer Shares that the Company, the Offering Shareholders, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

No action has been or will be taken in any jurisdiction by the Company, the Offering Shareholders or the Underwriters to permit a public offer or sale of Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material in relation to the Company or the Offering in any jurisdiction where action may be required for such purpose. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any advertisement or any other related material in connection with the Offering or the Offer Shares may be distributed or published in or from any jurisdiction in compliance with any applicable laws and regulations of any such jurisdiction.

Prospective investors and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus should read Section 18 (*Selling and Transfer Restrictions).* Each purchaser of any Offer Shares will be deemed to have given certain representations and warranties as described in Section 18 (*Selling and Transfer Restrictions*).

In connection with the Offering, each of the Underwriters and any of their respective affiliates, may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including contracts for differences, swaps or warrants) with investors in connection with which each of the Underwriters and any of their affiliates may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters or their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

2.6 Notice to Prospective Investors in the United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority or any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares will not be offered or sold in the Offering within the United States, except to persons reasonably believed to be "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and are being offered and sold in the Offering outside the United States pursuant to Regulation S under the US Securities Act. The offering of the Offer Shares is being made in the United States through US broker-dealer affiliates of the Underwriters. Transfers of the Offer Shares will be restricted and each purchaser will be deemed to have made acknowledgements, representations and agreements as described in Section 18 (*Selling and Transfer Restrictions*). The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Company is currently not subject to the periodic reporting and other information requirements of the US Securities Exchange Act of 1934, as amended (the ***US Exchange Act***), nor will it become subject to such requirements as a result of the Offering. At any time during this Offering and for so long as any Offer Shares are outstanding during any period in which the Company is not subject to Section 13 or 15(d) of the US Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will, upon request, provide to any prospective purchaser of Offer Shares, any holder or beneficial owner of the Offer Shares or to any prospective purchaser of Offer Shares designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act in order to permit compliance with Rule 144A in connection with resales of the Offered Shares for so long as any of the Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act. Any such request should be addressed to the Company.

2.7 Notice to Investors in the European Economic Area

In relation to each Member State of the European Economic Area (***Member State***), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Member State, except that offers of Offer Shares may be made to the public in that Member State at any time under the following exemptions from the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in under Article 2 of the Prospectus Regulation; or
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Member State, subject to obtaining prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "*offer to the public*" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the

Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares and the expression "*Prospectus Regulation*" means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

2.8 Notice to Prospective Investors in the United Kingdom

This Prospectus and any other material in relation to the Offer Shares described herein is directed at and for distribution in the United Kingdom only to persons in the United Kingdom that are qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation that are also (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000, as amended (the ***FSMA***), (Financial Promotion) Order 2005 (the ***Order***), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons being together referred to as "relevant persons").

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in United Kingdom, except that offers of Offer Shares may be made to the public in the United Kingdom at any time under the following exemptions from the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in under Article 2 of the UK Prospectus Regulation; or
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Section 85 of the FSMA or supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "*offer to the public*" in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares and the expression "*UK Prospectus Regulation*" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

2.9 Presentation of Financial and Other Information

2.9.1 *Financial information for the years ended December 31, 2020, 2019 and 2018*

With regard to the historical financial information as of and for the financial years ended December 31, 2018, 2019 and 2020 presented in this Prospectus, references to Allfunds, the Company or the Group refer to the Company (and each of its subsidiaries from time to time, if the context requires), unless otherwise indicated.

This Prospectus includes the consolidated financial statements of the Group as of and for the years ended December 31, 2018 (the ***2018 Financial Statements***), 2019 (the ***2019 Financial Statements***) and 2020 (the ***2020 Financial Statements*** and, together with the 2018 Financial Statements and the 2019 Financial Statements, the ***Audited 2018-2020 Financial Statements***).

The Audited 2018-2020 Financial Statements have been audited by Deloitte LLP, independent auditor, in accordance with International Standards on Auditing (UK) (***ISA***) and applicable law. Deloitte LLP issued an independent auditor's report on the consolidated financial statements of Allfunds as of and for the financial years ended December 31, 2020, 2019 and 2018.

The aforementioned Audited 2018-2020 Financial Statements and the related auditor's reports are included in this Prospectus in Section 22 (*Historic Financial Information*) beginning on page F-1.

The 2018 and 2019 Financial Statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the IASB and as endorsed by the EU. The 2020 Financial Statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the IASB. As of December 31, 2020 'international accounting standards in conformity with the requirements of the Companies Act 2006' are identical to IFRS as adopted by the EU as at December 31, 2020. IFRS differs in certain material respects from United States of America generally accepted accounting principles (***US GAAP***) and as a result, the financial information that is included in this Prospectus may differ substantially from financial information prepared in accordance with US GAAP. Accordingly, potential investors should consult their own professional advisers to gain an understanding of the financial information in Section 22 (*Historic Financial Information*).

Financial information presented in parentheses in the tables in this Prospectus denotes the negative of such number presented. In respect of financial data set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but has been rounded to zero.

Prior period re-presentations

Presentation of the consolidated statement of comprehensive income

In the 2020 Financial Statements, adjustments have been made to the presentation of the consolidated statement of comprehensive income to more accurately reflect the Group's core business and business model. These changes comprise the renaming of certain line items and the reordering of certain line items within the consolidated statement of comprehensive income, as summarised below:

- Prior to the year ended December 31, 2020, the Group reported interest income, interest expense and net interest interest/expense above the loss before tax line. Beginning with its audited consolidated financial statements as of and for the year ended December 31, 2020, the Group changed the presentation of its consolidated statement of comprehensive income to move these line items below the profit /(loss) before net interest expense, impairment losses and tax expense line.

- Prior to the year ended December 31, 2020, the Group reported other operating income, net (losses)/gains on financial assets and liabilities at fair value through profit or loss, exchange differences (net), losses on derecognition of financial assets and liabilities measured at fair value through profit or loss and other operating expenses as separate items. Beginning in the year ended December 31, 2020, these items have been reallocated to the other operating income / (expense) line.

- Beginning in the year ended December 31, 2020, the Group revenue attributable to Allfunds Digital (formerly known as Finametrix) has been reallocated from other operating income to fee, commission and service revenue.

- Prior to the year ended December 31, 2020, the Group reported impairment loss on non-financial assets and impairment loss on financial assets held at amortised cost as separate items. Beginning in the year ended December 31, 2020, the Group reallocated these items to the impairment losses line below net interest expense line.

- Prior to the year ended December 31, 2020, the Group reported amortisation and depreciation as one line. Beginning in the year ended December 31, 2020, the Group reports amortisation of intangible assets acquired as a result of business combinations and amortisation and depreciation relating to other intangible assets and property, plant and equipment as separate items.

- Beginning in the year ended December 31, 2020, the Group presents loss before net interest expense, impairment losses and tax expense instead of loss before tax, to reflect the reallocation of interest income, interest expense and impairment losses below the line.

- Beginning in the year ended December 31, 2020, the Group has renamed the following lines of its consolidated statement of comprehensive income:

  - "Fee and commission income" and "fee and commission expense" have been renamed "fee, commission and service revenue" and "fee, commission and service expense", respectively.

  - "Net fee and commission income" has been renamed "net revenue".

  - "General and administrative expenses" has been renamed "other expenses".

The Group believes that the adjusted presentation, which includes the reallocation and renaming of these items, more accurately reflects the Group's core business and business model. Further details on the nature and reasons for these adjustments are explained in Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

As a result of the presentation adjustments, the (unaudited) comparative 2019 consolidated statement of comprehensive income included in the 2020 Financial Statements has been re-presented as described in Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*). In addition, the (unaudited) comparative 2018 consolidated statement of comprehensive income has been re-presented in this Prospectus in order to achieve comparability with the presentation of the consolidated statements of comprehensive income for 2019 and 2020 included in the 2020 Financial Statements, as described in Section 7 (*Selected Financial Information*) – "*Reconciliation between re-presented 2018 comparative information and 2018 consolidated statement of comprehensive income*".

The 2019 Financial Statements and the 2018 Financial Statements have not been restated to reflect the adjustments to the statements of comprehensive income and therefore the consolidated statements of comprehensive income in the 2019 Financial Statements and in the 2018 Financial Statements included in Section 22 (*Historic Financial Information*) are not directly comparable with the consolidated statements of comprehensive income for 2019 and 2020 included in the 2020 Financial Statements. Although the re-presented 2019 consolidated statement of comprehensive income has been presented in the 2020 Financial Statements, it is not audited.

2019 PPA restatement

As part of the purchase price allocation exercises carried out on (i) the CS InvestLab Acquisition following the completion of the second phase of the transaction on March 26, 2020 and (ii) the acquisition of Nordic Fund Market, the Group retrospectively recognised adjustments to the provisional amounts of intangible assets recognised at December 31, 2019 and reviewed the comparative information presented in the financial statements as at December 31, 2019. This review gave rise to an increase to the depreciation and amortisation charge, with an impact of €19.2 million on the profit after tax for the year ended December 31, 2019. This change has been reflected in the unaudited re-presented comparative 2019 consolidated financial information included in the 2020 Financial Statements. Further details on this restatement are described in Note 3 to the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

2.9.2 *Financial information for the years ended December 31, 2017 and 2016*

With regard to financial information for the years ended December 31, 2017 and 2016 presented in this Prospectus, references to Allfunds or the Group refer to Allfunds Bank S.A.U. (which, prior to the Acquisition, was named Allfunds Bank S.A.) (AFB or Allfunds Bank) (and each of its subsidiaries from time to time, if the context requires), unless otherwise indicated.

This Prospectus also includes certain selected unaudited financial information for the years ended December 31, 2017 and 2016, set out in Section 7 (*Selected Financial Information*) – "*Other financial data*" (the ***2016-2017 Financial Information***). The 2016-2017 Financial Information has been derived from the audited consolidated financial statements of AFB and from management accounting records for the years ended December 31, 2017 and 2016. The consolidated financial statements of AFB for the years ended December 31, 2017 and 2016 were audited by Deloitte S.L., independent auditor, in accordance with the audit regulations in force in Spain. Deloitte S.L. issued an independent auditor's report on the consolidated financial statements of AFB for each of the years ended December 31, 2017 and 2016.

The consolidated financial statements of AFB for the years ended December 31, 2017 and 2016 were prepared in accordance with the regulatory financial reporting framework applicable to the Bank of Spain (***Spanish regulatory financial reporting***). Management has conducted an analysis of the applicable differences between the Group's accounting policies under Spanish regulatory financial reporting compared to IFRS and has identified one key difference between its accounting policies: whilst Spanish regulatory financial reporting requires goodwill to be depreciated over 10 years, IFRS requires goodwill not to be amortised but to be subject to an impairment test. However, management does not consider that this accounting policy difference has any impact on the comparability of the 2016-2017 Financial Information included herein to the relevant financial information extracted or derived from the 2018-2020 Audited Financial Statements because no acquisitions were completed by AFB in those financial years. Accordingly, while Spanish regulatory financial reporting and IFRS are not directly comparable, Allfunds considers that the 2016-2017 Financial Information is materially comparable with the financial information of the Group as of and for the years ended December 31, 2018, 2019 and 2020, with the exception of new standards and amendments issued and effective for the financial periods ending December 31, 2018, 2019 and 2020. In particular, the 2016-2017 Financial Information reflects IAS 18 revenue recognition standards, whereas the 2018-2020 Audited Financial Statements reflect IFRS 15 – Revenue from Contracts with Customers. Application of IFRS 15 to the 2016-2017 Financial Information would not have resulted in any material differences.

As explained above in – "*Prior period restatements – Presentation of the consolidated statements of comprehensive income*", the Group has amended the presentation of its consolidated statement of comprehensive income beginning in the year ended December 31, 2020; therefore certain elements of the 2016-2017 Financial Information have been restated in line with the description of adjustments described in "- *Prior Period Restatements – Presentation of the consolidated statements of comprehensive income*", above, to achieve comparability with the current presentation of the Group's consolidated statement of comprehensive income on the basis set out above.

2.9.3 *Unaudited Pro Forma Financial Information*

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted from or has been derived from the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020 contained in Section 8 (*Unaudited Pro Forma Financial Information*). The unaudited pro forma financial information has been prepared to illustrate the impact on the Group of a portion of the BNPP Acquisition, specifically the acquisition from BP2S of its *Banca Corrispondente*, or local paying agent business division engaged in, amongst others, transfer agency, paying agency, investor relations management and tax and foreign exchange agency activities, which activities were conducted by BP2S through its Italian, Polish, French and Spanish branches (the ***BNPP LPA Business***), completed on October 2, 2020 as part of the BNPP Acquisition, as if it had been completed on January 1, 2020 (the ***Unaudited Pro Forma Financial Information***). The Unaudited Pro Forma Financial Information has not been prepared to illustrate the impact on the Group of the other portions of the BNPP Acquisition.

Due to its nature, the Unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group's actual results of operations. It may not, therefore, give a true picture of the Group's results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. In addition, the Unaudited Pro Forma Financial Information does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate revenue from 2021. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only in accordance with Annex 20 of the Prospectus Regulation. The Unaudited Pro Forma Financial Information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X of the US Securities Act.

2.9.4 *Non-IFRS financial information*

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including separately disclosed items, Adjusted profit after tax, Adjusted profit before tax, Adjusted EBITDA and Adjusted EBITDA margin, Underlying capital expenditures, Adjusted cash tax expense, Pro forma normalised free cash flow, Adjusted employee compensation and benefits and Adjusted other expenses. Definitions of these measures, along with reconciliations of the measures, as applicable, to the Group's historical financial information appears in Section 7 (*Selected Financial Information*) – "*Other financial and statistical data*".

These metrics are the non-IFRS financial measures used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. The Group believes that these non-IFRS performance measures, in addition to IFRS measures, provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for profit or loss after tax or any other measure as an indicator of the Group's performance, or as an alternative to cash generated from operating activities as a measure of liquidity. Further explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out in Section 7 (*Selected Financial Information*). The Group does not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. The non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under IFRS. Although certain of these non-IFRS measures have been extracted or derived from the Audited 2018-2020 Financial Statements, this data has not been audited or reviewed by the Group's independent auditors.

2.9.5 *Currency Presentation*

Unless otherwise indicated, all references in this Prospectus to "€", "euro", "EUR" or "cents" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended. All references to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. All references to "$", "US$", "USD" or "US dollars" are to the lawful currency of the United States.

2.9.6 *Rounding*

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages have been rounded and accordingly may not add up to 100%.

2.10 Market, Economic and Industry Data

This Prospectus contains market, economic and industry data relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Such market, economic and industry data in this Prospectus constitute the Company's estimates, using underlying data from independent third parties, including market studies commissioned by the Company from Bain & Company, Inc. and information otherwise obtained from Boston Consulting Group, Platforum, McKinsey & Co and Cerulli Associates (such market, economic and industry data collectively referred to in this Prospectus as the ***Market Data***).

In this Prospectus, certain statements are made regarding the Company's estimates in respect of the Group's competitive and market position. These statements are based on industry statistics and the Market Data. The Company cannot guarantee that a third-party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner that makes such figures incomparable with the Group's figures.

The Company confirms that all third-party data contained in this Prospectus (which, for the avoidance of doubt, does not include the Market Data) has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections that they contain are based on a number of significant assumptions. Neither the Company nor the Underwriters has independently verified any third-party data included in this Prospectus.

2.11 Incorporated by Reference

The Articles of Association are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. Copies of the Articles of Association can be obtained at the offices of the Company during business hours and in electronic form from the Company's website (https://investors.allfunds.com/ipo/wp-content/uploads/2021/04/Allfunds-Group-PLC_Articles-of-Association.pdf). Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus.

No other documents or information, including the contents of the Group's website (www.allfunds.com) or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus. Other than the information incorporated by reference into this Prospectus, the contents of the Company's website (www.allfunds.com), the Group's website or of websites accessible from hyperlinks on those websites have not been scrutinised or approved by the AFM.

2.12 Definitions and Glossary

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Section 21 (*Definitions and Glossary*).

2.13 Enforceability of Judgments

The ability of Shareholders in certain countries outside of the United Kingdom, in particular in the United States, to bring an action against the Company may be limited under applicable laws and regulations. The Company is a public limited liability company under the laws of England and Wales and has its registered office in London, United Kingdom. The majority of the Directors and executive officers are resident of countries other than the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. The vast majority of the Group's assets are located outside the United States. As a result, it may not be possible or it may be difficult for investors to effect service of process within the United States upon the Group or such persons, or to enforce against them in US courts a judgment obtained in such courts, including judgments predicated on the civil liability provisions of US federal securities laws or the securities laws of any state or territory within the United States.

3. **Forward-looking Statements**

Certain statements in this Prospectus constitute forward-looking statements. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, under Section 9 (*Operating and Financial Review*) and Section 11 (*Business Description*). Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "predict", "project", "target", "potential", "would", "could", "should", "continue", or the negative thereof, other variations thereon or similar expressions. Other forward-looking statements can be identified by the context in which the statements are made.

Although management believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements are based on management's current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results, performance, achievements or developments to differ materially from any future results, performance, achievements or developments expressed or implied from the forward-looking statements. Some of the factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those discussed in Section 1 (*Risk Factors*) and include, among others:

- general economic, political and market conditions, market risk and investor behaviour;
- the impact of regulation and investor preferences on the Group's fee model;
- the Group's ability to maintain and grow its AuA;
- the Group's ability to operate in the highly competitive fund platform services market;
- the Group's ability to manage and negotiate contracts with Fund Houses and Distributors;
- the impact of complex regulatory regimes;
- the Group's ability to maintain the size of its network of Distributors and Fund Houses;
- the Group's ability to develop and manage its IT and information systems, including outsourced IT systems;
- the impact of the withdrawal of the United Kingdom from the European Union and the impact of any other changes to the composition of the Eurozone;
- the Group's ability to adapt to new technology and provide new services;
- the impact of regulation in the areas of privacy, information security and data protection and the Group's ability to prevent unauthorised disclosure of data;
- the Group's ability to manage credit risk;
- the Group's ability to maintain compliance with anti-corruption and anti-money laundering laws and regulations and economic sanctions programs;
- the Group's ability to manage liquidity risks and foreign currency risks;
- the effectiveness of the Group's risk management policies and procedures;
- the impact of the international expansion of the Group's operations;
- the Group's ability to identify suitable acquisitions and integrate them into its business, including the BNPP Acquisition;
- the Group's ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions;
- the Group's ability to attract, integrate, manage and retain qualified personnel or key employees;
- the impact of litigation, governmental or regulatory investigations and other claims;
- the adequacy of the Group's insurance coverage;
- the Group's ability to protect its intellectual property rights;

- the impact of labour disputes or work stoppages; and
- the impact of changes in tax laws or challenges to the Group's tax position;
- the global expansion of the COVID-19 pandemic to a large number of countries.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition, cash flows or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. Investors are urged to read the Sections of this Prospectus entitled Section 1 (*Risk Factors*), Section 9 (*Operating and Financial Review*) and Section 11 (*Business Description*) for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates.

Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus and are expressly qualified in their entirety by the cautionary statements included in this Prospectus. Without prejudice to its obligations under Dutch law and English law in relation to disclosure and on-going information, the Company and the Existing Shareholders undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

4. **Reasons for the Offering and Use of Proceeds**

4.1 Reasons for the Offering

Whilst the Company will not receive any proceeds from the Offering, the Company believes that the Offering and Admission will provide access to the capital markets and diversified sources of funding, increase the Group's public profile and brand awareness, provide liquidity to Shareholders generally and provide a wider base of long-term Shareholders.

The sale of Offer Shares by the Offering Shareholders will provide the Offering Shareholders with an opportunity for a partial realisation of their shareholding in the Company.

4.2 Proceeds and Expenses of the Offering

Through the sale of Offer Shares pursuant to the Offering, the Company expects the Offering Shareholders to raise in aggregate, net proceeds of €1,841,072,068, assuming the Offer Price is set at the mid-point of the Offer Price Range (between €10.50 and €12.00 (inclusive) per Offer Share) and no exercise of the Over-Allotment Option. The aggregate underwriting commissions payable by the Offering Shareholders in connection with the Offering are estimated to be approximately €55.2 million, based on the aforementioned assumptions.

The aggregate expenses (excluding commissions) of, or incidental to, Admission and the Offering to be borne by the Company are estimated to be approximately €20 million, which the Company intends to pay with proceeds from the Revolving Credit Facility described in paragraph 20.5.6 of Section 20 (*General Information on the Company*).

Assuming the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option, the aggregate underwriting commissions payable by the Offering Shareholders in connection with the Offering are estimated to be approximately €55.2 million. No expenses or fees will be charged by the Company, the Offering Shareholders or the Underwriters to investors in relation to the Offering

4.3 Use of Proceeds

The Company will not be receiving any proceeds from the Offering, the proceeds of which will received by the Offering Shareholders.

5. **Dividend Policy**

5.1 General

Pursuant to English law and the Articles of Association, the distribution of profits will take place following the adoption of the Company's annual accounts by the General Meeting, from which the Company will determine whether such distribution is permitted. The Company may make distributions to the shareholders, whether from profits or from its freely distributable reserves, only insofar as its shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by English law or pursuant to the Articles of Association. See paragraph 15.14 of Section 15 (*Description of Share Capital and Corporate Governance*) for a more detailed description of the dividend and other distribution provisions in the Articles of Association.

5.2 Entitlement to Dividends

All Shares, including the Offer Shares, are equally entitled to dividends and other distributions, if and when declared.

5.3 Dividend Policy and History

Following Admission and subject to any applicable regulatory restrictions, the Company is targeting a dividend pay-out ratio of 20-40% of Adjusted profit after tax. The Company expects that the dividend pay-out ratio for the year ending December 31, 2021 will be near to the bottom end of the range and will be pro-rated from the date of Admission. The Company intends that any excess cash built up by the business will either be used in connection with attractive M&A opportunities or will be returned to shareholders in the form of special dividends or buy-backs.

In the context of the COVID-19 pandemic, the ECB has issued a series of recommendations concerning dividend distributions, the last of which recommends that until 30 September 2021 significant credit institutions exercise extreme prudence when deciding on or paying out dividends or conducting any share buy-backs aimed at remunerating shareholders (the ***ECB Recommendation***), or to limit such actions, until September 30, 2021. While the ECB Recommendation is addressed to significant supervised entities and significant supervised groups, it is also directed to the national competent authorities with regard to less significant supervised entities and less significant supervised groups (such as the AFB Banking Group). The national competent authorities are expected to apply this recommendation to such entities and groups, as deemed appropriate. In this regard, on December 15, 2020 the Bank of Spain published on its website their decision to extend this recommendation to the credit institutions under its direct supervision, including the Spanish less significant supervised groups (such as the AFB Banking Group).

Having full regard to the ECB Recommendation, on April 14, 2021, the shareholders of the Company, by ordinary resolution upon the recommendation of the directors of the Company, declared a dividend (the ***Conditional Dividend***) of €185 million reflecting retained earnings in the Group to be paid in cash to the Existing Shareholders in certain pre-agreed amounts upon the satisfaction of certain conditions. The record date for the Conditional Dividend was fixed as at April 14, 2021. The Conditional Dividend was declared, conditional upon: (a) by the Company's own determination, the Bank of Spain having approved, or confirmed its non-objection, in relation to the payment of all, or any portion, of the Conditional Dividend (or, by the Company's own determination, the Bank of Spain otherwise having demonstrated no objection or opposition to such payment); and (b) interim accounts of the Company being prepared, approved by the directors of the Company and filed with the Registrar of Companies for the purpose of the Conditional Dividend which accounts show that the Company has at such time profits available for distribution to pay all, or any portion, of the Conditional Dividend. If the conditions are not satisfied on or prior to December 31, 2021 they shall not be capable of satisfaction, and accordingly neither the Conditional Dividend nor any part of it shall be paid. The Existing Shareholders and the Company agreed that the Company will procure that the Conditional Dividend can be paid by the Company at the earliest opportunity upon satisfaction of the conditions, subject at all times to compliance with applicable laws and with regard to the Company's dividend policy. Upon satisfaction of the conditions to the Conditional Dividend, the Conditional Dividend shall be paid to LHC3, CS AG, BP2S and BNPP AM Holding in up to three instalments, up to the aggregate amount of the Conditional Dividend, provided that the satisfaction of the conditions to the Conditional Dividend must occur on or prior to December 31, 2021 and that payment of any amount of the Conditional Dividend must occur no later than January 31, 2022. No Shareholder of the Company, other than the Existing Shareholders, shall have any entitlement to the Conditional Dividend, regardless of the fact that the Conditional Dividend may be paid after Admission or that the Offer Shares were held by the Offering Shareholders at the record date for the Conditional Dividend. In addition, the payment of the Conditional Dividend to the Existing Shareholders shall not reduce any Existing Shareholder's entitlement to any other dividend that may be declared in respect of the Shares from time to time.

The Company was incorporated on March 2, 2017 by LHC3 for the purposes of the acquisition of the Group by H&F and Eiffel and did not declare or pay any cash dividends in respect of the period ended December 31, 2017. The Group paid cash dividends of €13.3 million in 2018 (€0.13 per Share outstanding at the end of 2018), €70.9 million in 2019 (€0.71 per Share outstanding at the end of 2019) and €12.0 million in 2020 (€0.11 per Share outstanding at the end of 2020). See Note 19 of the 2020 Financial Statements for further information.

5.4 Dividend Ranking

All Shares, including the Offer Shares, rank equally in all respects and will be eligible for any dividend distribution that may be declared on the Shares in the future.

5.5 Manner and Time of Dividend Payments

Payment of any dividend on the Shares in cash will be made in euro. Any dividends on the Shares that are paid to the Shareholders through Euroclear Netherlands, the Dutch centralised securities custody and administration system, will be credited automatically to the Shareholders' accounts without the need for the Shareholder to present documentation proving ownership of the Shares. The Board may set a record date for dividend and other distributions. In relation to dividend distributions, there are no restrictions under Dutch law in respect of holders of Shares who are non-residents of the Netherlands. However, see Section 19 (*Taxation*) for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

Payment of dividends on the Shares not held through Euroclear Netherlands will be made directly to the relevant Shareholder using the information contained in the Company's shareholders' register and records.

Payments of dividends will be announced in a notice by the Company.

5.6 Uncollected Dividends

An entitlement to any dividend distribution shall be barred six years after the date on which those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company and is allocated to its general reserves.

5.7 Taxation of Dividends

See Section 19 (*Taxation*) for a discussion of certain aspects of taxation of dividends paid on the Shares.

6. **Capitalisation, Indebtedness and Working Capital**

The tables below set out the Group's capitalisation and indebtedness as at January 31, 2021. The information in the tables below has been derived from the Group's unaudited management accounts as of January 31, 2021 and should be read in conjunction with, and is qualified by reference to, Section 7 (*Selected Financial Information*) and Section 9 (*Operating and Financial Review*).

6.1 Capitalisation

The table below sets out the capitalisation of the Company as at January 31, 2021.

	As at January 31, 2021
	(€millions)
Total current debt	**0**
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total non-current debt	**0**
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Shareholder's equity	**2,375.3**
Share capital	1.6
Legal reserve	0
Other reserves	2,373.7
Total	**2,375.3**

There has been no material change in the Company's capitalisation since January 31, 2021, other than the Group entering into the Revolving Credit Facility described in more detail in paragraph 20.5.6.

6.2 Indebtedness

The table below sets out the net indebtedness of the Company as at January 31, 2021.

	As at January 31, 2021
	(unaudited, €millions)
A. Cash	2,935.0
B. Cash equivalent	0
C. Trading Securities	0
D. Liquidity (A) + (B) + (C)	**2,935.0**
E. Current Financial Receivables	**401.2**
F. Current bank debt(1)	2,975.6
G. Current portion of non-current debt	0
H. Other current Financial Debt	0
I. Current Financial Debt (F) + (G) + (H)	**2,975.6**
J. Net current Financial Indebtedness (I) - (E) - (D)	**360.6**
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. Non-current Financial Indebtedness (K) + (L) + (M)	**0**
O. Net Financial Indebtedness (J) + (N)	**360.6**

Notes:

(1) Current bank debt includes financial liabilities at amortised cost, which is predominately made up of balances due to credit institutions and customers that have deposited funds with the Company.

There has been no material change in the Group's net indebtedness since January 31, 2021, other than the Group entering into the Revolving Credit Facility described in more detail in paragraph 20.5.6.

As the AFB Banking Group is subject to prudential capital requirements in connection with its regulated business, the AFB Banking Group uses its CET1 ratio and monitors its capital requirements as its main indicators of its available capital.

The following table provides an overview of the Group's own funds, exposures, capital requirements and capital ratios as of December 31, 2020, which are derived from the Group's unaudited management accounts as at December 31, 2020.

	As at December 31, 2020 *(unaudited, € thousands, unless otherwise indicated)*
Own funds	
Common Equity Tier 1 Capital (CET1)	371,401
Tier 1 Capital	0
Tier 2 Capital	0
Total own funds	**371,401**
Capital Requirements – Pillar I	
Capital requirements for credit and counterparty risk	65,729
Capital requirements for market risk	802
Capital requirements for operational risk	38,220
Total Pillar I capital requirements	**104,751**
Risk-Weighted Assets and capital ratios	
Risk-Weighted Assets	1,309,393
CET1 capital ratio	28.36%
Tier 1 capital ratio	28.36%
Total capital ratio	28.36%

For a description of the AFB Banking Group's capital and solvency requirements, see Section 12 (*Risk Management*) and Section 13 (*Regulatory*).

In aggregate, AFB Banking Group total capital requirements, including Pillar I, Pillar II (as determined by the Bank of Spain in their annual SREP) and combined buffer requirements as of January 1, 2021, added up to 17.62%. Any distribution to be declared in connection with the Conditional Dividend will require the AFB Banking Group to continue to satisfy its minimum capital requirements.

6.3 Indirect and Contingent Indebtedness

The Company's indirect and contingent indebtedness as at January 31, 2020 is as follows:

	As at January 31, 2021 *(unaudited, € thousands)*
Committed capital expenditures	0
Committed lease payments	19,175
Contingent liabilities	0

6.4 Statement on Working Capital

In the opinion of the Company, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

7. **Selected Financial Information**

Prospective investors should read this Section 7 (*Selected Financial Information*) in conjunction with Section 9 (*Operating and Financial Review*) and the 2018-2020 Audited Financial Statements included in Section 22 (*Historic Financial Information*) and additional financial information contained elsewhere in this Prospectus. Prospective investors should read the entire Prospectus and not just rely on the information contained in this section.

7.1 Consolidated statements of comprehensive income

The financial information set forth below for the years ended December 31, 2020, 2019 and 2018 has been extracted or derived from, and should be read in conjunction with, the 2018-2020 Audited Financial Statements. As described in more detail in Section 2 (*Important Information*) – "*Presentation of Financial and Other Information – Financial information for the years ended December 31, 2020, 2019 and 2018 – Prior period re-presentations*", in the 2020 Financial Statements, adjustments have been made to the presentation of the consolidated statement of comprehensive income to more accurately reflect the Group's core business and business model. As a result of the presentation adjustments, the selected (unaudited) consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018 set out below have been re-presented to also reflect the new presentation.

	Year ended December 31		
	2020[(1)]	**2019[(2)]**	**2018[(3)]**
		(Re-presented)	*(Re-presented)*
		(€ thousands)	
Fee, commission and service revenue	1,589,363	1,331,419	1,336,375
Fee, commission and service expense	(1,280,065)	(1,103,248)	(1,116,134)
Net revenue[(4)]	**309,298**	**228,171**	**220,241**
Employee compensation and benefits	(75,591)	(54,968)	(47,079)
Other expenses	(89,901)	(82,005)	(44,272)
Other operating income / (expense)	5,537	(901)	189
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	(18,426)	(13,351)	(4,533)
Amortisation of intangible assets acquired as a result of business combinations	(111,607)	(92,307)	(88,236)
Profit /(Loss) before net interest expense, impairment losses and tax expense	**19,310**	**(15,361)**	**36,310**
Interest income	3,451	4,041	2,118
Interest expense	(6,024)	(10,912)	(2,134)
Net interest expense	**(2,573)**	**(6,871)**	**(16)**
Impairment loss on financial assets held at amortised cost	(1,550)[(5)]	(319)	(404)
Impairment loss on non-financial assets	-	-	(362,007)
Profit /(Loss) before tax	**15,187**	**(22,551)**	**(326,117)**
Tax expense	(15,230)	(7,950)	(11,137)
Loss for the year after tax	**(43)**	**(30,501)**	**(337,254)**
Items that may be reclassified subsequently to comprehensive income:			
Currency translation differences	59	564	161
Taxes	(18)	(169)	(48)
Other comprehensive income for the year	**41**	**395**	**113**
Total comprehensive loss for the year	**(2)**	**(30,106)**	**(337,141)**

Notes:

(1) The consolidated statement of comprehensive income for the year ended December 31, 2020 included in this table has been extracted from the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

(2) The re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2019 included in this table has been extracted without adjustment from the 2019 comparative financial information included in the 2020 Financial Statements. This information has been re-presented (i) in order to achieve comparability with the presentation of the consolidated statement of comprehensive income for the year ended December 31, 2020 by renaming and reordering certain line items (see Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*)) and (ii) to reflect changes made as a result of the purchase price allocation exercises

carried out following completion of Phase 2 of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market (see Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*)).

(3) The re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2018 included in this table is derived from the 2018 Financial Statements and has been re-presented for the purposes of discussion in this Prospectus using information from internal accounting records to achieve comparability with the presentation of the consolidated statement of comprehensive income which the Group has adopted in the 2020 Financial Statements. A bridge showing the adjustments made to the consolidated statement of comprehensive income is provided below in "- *Reconciliation between re-presented 2018 comparative information and 2018 consolidated statement of comprehensive income*".

(4) Net revenue is comprised of fee, commission and service revenue recognized under IFRS 15 less fee, commission and service expense. Net revenue is a gross profit measure. The Group labels this gross profit subtotal as Net revenue because the directors believe it reflects the integral interrelationship between revenue generated and the expenses concurrently incurred, whilst also being comparable to measures used by peers.

(5) Impairment loss on financial assets held at amortised cost for the year ended December 31, 2020 comprises €750 thousand of impairment loss on non-financial assets and €800 thousand of impairment loss on financial assets held at amortised cost.

Reconciliation between re-presented 2018 comparative information and financial information extracted from the 2018 consolidated statement of comprehensive income

The following table provides a reconciliation between the Group's re-presented 2018 comparative information as presented in this Prospectus and financial information extracted from the consolidated statement of comprehensive income as set out in the 2018 Financial Statements included in Section 22 (*Historic Financial Information*). For an explanation of the reasons for the re-presentation, see Section 2 (*Important Information*) – "*Presentation of Financial and Other Information – Financial information for the years ended December 31, 2020, 2019 and 2018 – Prior period re-presentation*".

	Year ended December 31, 2018		
	Financial information extracted from the audited statement of comprehensive income (as reported)	*Adjustments*	*Summary unaudited re-presented statement of comprehensive income*
		(€ thousands)	
Interest income[(1)]	2,118	(2,118)	-
Interest expense[(1)]	(2,134)	2,134	-
Net interest expense[(1)]	**(16)**		**-**
Fee and commission income[(2)]	1,333,535	2,840	1,336,375
Fee and commission expense[(2)]	(1,116,134)	-	(1,116,134)
Net fee and commission income[(2)]	**217,401**	**-**	**220,241**
Other operating income[(3)]	5,099	(5,099)	-
Net (losses)/gains on financial assets and liabilities measured at fair value through profit or loss[(3)]	140	(140)	-
Exchange differences (net)[(3)]	33	(33)	-
Losses on derecognition of financial assets and liabilities measured at fair value through profit or loss[(3)]	(352)	352	-
Other operating expenses[(3)]	(1,891)	1,891	-
Net operating income[(4)]	**220,414**		**-**
Employee compensation and benefits	(47,079)	-	(47,079)
General and administrative expenses [(5)]	(44,272)	-	(44,272)
Other operating income / (expense)[(3)]	-	189	189
Amortisation and depreciation[(6)]	(92,769)	92,769	-
Amortisation of intangible assets acquired as a result of business combinations[(6)]	-	(88,236)	(88,236)
Amortisation and depreciation relating to other intangible assets and property, plant and equipment[(6)]	-	(4,533)	(4,533)
Impairment loss on non-financial assets[(7)]	(362,007)	362,007	-
Impairment loss on financial assets held at amortised cost[(7)]	(404)	404	-
Profit /(Loss) before net interest expense, impairment losses and tax expense[(8)]	**-**	**-**	**36,301**
Interest income[(1)]	-	2,118	2,118
Interest expense[(1)]	-	(2,134)	(2,134)
Net interest expense[(1)]	**-**		**(16)**
Impairment losses on financial assets held at amortised cost[(7)]		(404)	(404)
Impairment losses on non-financial assets[(7)]		(362,007)	(362,007)
Loss before tax[(8)]	**(326,117)**	**-**	**(326,117)**
Tax expense	(11,137)	-	(11,137)
Loss for the year after tax	**(337,254)**	**-**	**(337,254)**

Notes:

(1) Beginning in the year ended December 31, 2020, interest income, interest expense and net interest expense have been reallocated below the profit /(loss) before net interest expense, impairment losses and tax expense line.

(2) Beginning in the year ended December 31, 2020, these line items have been renamed "fee, commission and service revenue", "fee, commission and service expense" and "net revenue", respectively. In addition, beginning in the year ended December 31, 2020, revenue attributable to Allfunds Digital (formerly known as Finametrix) has been reallocated from other operating income to fee, commission and service revenue. This amounted to €2,840 thousand in the year ended December 31, 2018.

(3) Beginning in the year ended December 31, 2020, other operating income, net (losses)/gains on financial assets and liabilities measured at fair value through profit or loss, exchange differences (net), losses on derecognition of financial assets and liabilities measured at fair value through profit or loss and other operating expenses have been reallocated and renamed "other operating income / (expense)". In addition, beginning in the year ended December 31, 2020, revenue attributable to Allfunds Digital (formerly known as Finametrix) has been reallocated from other operating income to fee, commission and service revenue. This amounted to €2,840 thousand in the year ended December 31, 2018.

(4) Beginning in the year ended December 31, 2020, the Group no longer presents net operating income in its consolidated statement of comprehensive income.

(5) Beginning in the year ended December 31, 2020, the line item "general and administrative expenses" has been renamed to "other expenses".
(6) Beginning in the year ended December 31, 2020, the amortisation and depreciation line has been reallocated to the separate Amortisation of intangible assets acquired as a result of business combinations and amortisation and depreciation relating to other intangible assets and property, plant and equipment.
(7) Beginning in the year ended December 31, 2020, the Group has reallocated impairment loss on non-financial assets and impairment loss on financial assets held at amortised cost to a single impairment losses line. Impairment losses have been reallocated below the Net interest expense line.
(8) Beginning in the year ended December 31, 2020, the Group presents loss before net interest expense, impairment losses and tax expense instead of loss before tax, to reflect the reallocation of interest income, interest expense and impairment losses below the line.

7.2 Consolidated statements of financial position

The financial information set forth below as at December 31, 2020, 2019 and 2018 has been extracted or derived from, and should be read in conjunction with, the 2018-2020 Audited Financial Statements. As described in more detail in Section 2 (*Important Information*) – "*Presentation of Financial and Other Information – Financial information for the years ended December 31, 2020, 2019 and 2018 – 2019 re-presentation*", the (unaudited) comparative financial information as of and for the year ended December 31, 2019 has been re-presented in the 2020 Financial Statements to reflect retrospective adjustments recognised in connection with the purchase price allocation exercises carried out on (i) the CS InvestLab Acquisition following completion of Phase 2 of the transaction and (ii) the acquisition of Nordic Fund Market. The table below reflects this re-presentation.

	As at December 31		
	2020(1)	2019(2)	2018(3)
		(Re-presented)	
		(€ thousands)	
Non-current assets			
Goodwill	1,015,982	643,824	607,113
Intangible assets	1,308,167	1,006,942	928,933
Tangible assets	29,301	28,248	8,931
Other assets	-	-	4,916
Financial assets held at amortised cost	868	927	130,839
Deferred tax assets	55,112	20,964	575
Total non-current assets	**2,409,430**	**1,700,905**	**1,681,307**
Current assets			
Financial assets at fair value through profit or loss	900	1,002	737
Financial assets held at amortised cost	225,810	312,110	253,047
Tax assets	9,020	11,119	7,379
Other assets	442,448	341,184	310,076
Cash and cash equivalents	1,848,905	1,044,371	713,437
Total current assets	**2,527,083**	**1,709,786**	**1,284,676**
Total assets	**4,936,513**	**3,410,691**	**2,965,983**
Non-current liabilities			
Deferred tax liabilities	320,549	277,767	274,317
Tax liabilities	-	1,538	1,177
Non-current lease liabilities	12,188	12,977	-
Total non-current liabilities	**332,737**	**292,282**	**275,494**
Current liabilities			
Financial liabilities at fair value through profit or loss	213	749	213
Financial liabilities held at amortised cost	1,800,408	1,168,268	875,399
Current lease liabilities	7,289	5,188	
Tax liabilities	15,145	2,525	1,716
Other liabilities	405,461	337,745	279,456
Total current liabilities	**2,228,516**	**1,514,475**	**1,156,784**
Total liabilities	**2,561,253**	**1,806,757**	**1,432,278**
Equity attributable to equity holders of the parent entity			
Share capital	1,574	1,099	1,000
Share premium	2,060,156	1,276,839	1,905,730
Retained earnings	312,998	325,505	(373,121)
Foreign currency translation reserve	532	491	96
Total equity	**2,375,260**	**1,603,934**	**1,533,705**
Total liabilities and equity	**4,936,513**	**3,410,691**	**2,965,983**

Notes:

(1) The consolidated statement of financial position as at December 31, 2020 has been extracted without adjustment from the 2020 Financial Statements.

(2) The unaudited and re-presented consolidated statement of financial position as at December 31, 2019 has been extracted without adjustment from the (unaudited) comparative consolidated statement of financial position as at December 31, 2019 included in the 2020 Financial Statements. This information has been re-presented to reflect changes made as a result of the purchase price allocation exercise carried out following completion of Phase 2 of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market, as described in Note 3 to the 2020 Financial Statements.

(3) The consolidated statement of financial position as at December 31, 2018 has been derived from the 2018 Financial Statements.

7.3 Summary consolidated statements of cash flows

The summary financial information set out below for the years ended December 31, 2020, 2019 and 2018 has been extracted without adjustment from the 2018-2020 Audited Financial Statements.

	Year ended December 31		
	2020	**2019**	**2018**
		(€ thousands)	
		(Re-presented)	
Net cash flows from operating activities	835,670	443,184	2,552
Net cash flows used in investing activities	(28,094)	(36,077)	(24,643)
Net cash flows used in financing activities	(3,469)	(75,444)	(13,300)
Net increase/(decrease) in cash and cash equivalents	**804,107**	**331,663**	**(35,391)**
Effect of exchange rate changes on cash and cash equivalents	428	(729)	33
Cash and cash equivalents at the start of the year	1,044,371	713,437	748,794
Cash and cash equivalents at the end of the year	**1,848,905**	**1,044,371**	**713,437**

7.4 Other financial and statistical data

The following tables contain unaudited financial and other information provided for the years ended December 31, 2020, 2019, 2018, 2017 and 2016. Information for the years ended December 31, 2020, 2019 and 2018 has been derived from the 2018-2020 Audited Financial Statements of the Group and from management accounting records. Information provided for the years ended December 31, 2017 and 2016 has been derived from the consolidated financial information of AFB and from management accounting records, as AFB was the parent company of the Group until the acquisition of the Group by the Company pursuant to the Acquisition. In addition, where the following tables refer to "pro forma" information, this has been extracted or derived from the Unaudited Pro Forma Financial Information included in Section 8 (*Unaudited Pro Forma Financial Information*).

Allfunds monitors several key performance indicators (***KPIs***) to track the financial and operating performance of its business, set out in the following table.

	As of and for the year ended December 31						
	Allfunds Group Limited				Allfunds Bank		CAGR
	Pro forma 2020	2020	2019	2018	2017	2016	2016-2020
			(€ thousands, unless otherwise noted)				
AuA EoP[(1)] (€ billions)	1,232	1,232	554	349	359	253	48.5%
Allfunds standalone AuA	515	515	435	349	359	253	19.4%
Acquired AuA	717	717	119	-	-	-	
AuA average[(2)] (€ billions)	774	706	421	367	302	220	33.8%
Net flows as a % of BoP AuA[(3)]		11.2%	10.7%	4.0%	36.9%	14.3%	
Market performance as a % of BoP AuA[(4)]		3.9%	14.6%	(6.7)%	4.8%	3.2%	
Net revenue[(5)]	370,397	309,298	228,171	220,241	189,230	154,513	18.9%
of which: Net platform revenue[(6)]	356,390	295,291	216,259	212,519	185,058	152,236	18.0%
Net platform revenue (% of total)	96.2%	95.5%	94.8%	96.5%	97.8%	98.5%	
Net platform revenue margin (bps)[(7)]	5.4[(8)]	5.0[(8)]	5.1	5.8	6.1	6.9	(7.7%)[(8)]
of which: Net subscription and other revenues[(9)]	14,007	14,007	11,912	7,722	4,172	2,277	57.5%
Net subscription and other revenues (% of total)	3.8%	4.5%	5.2%	3.5%	2.2%	1.5%	
Separately disclosed items[(10)]	63,256	63,256	53,173	6,375	9,738	2,091	
Adjusted EBITDA[(11)]	262,749	212,599	143,471	135,456	124,080	99,796	20.8%
Adjusted EBITDA margin[(12)]	70.9%	68.7%	62.9%	61.5%	65.6%	64.6%	
Adjusted profit before tax[(13)]	241,160	191,600	123,250	130,907	121,886	98,513	18.1%
Adjusted profit after tax[(14)]	169,241	136,080	88,804	84,667	83,511	68,929	18.5%
Pro forma normalised free cash flow[(15)]	170,976						
Underlying capital expenditures[(16)]		19,387	27,020	12,475	5,226	6,184	

Notes:

(1) AuA EoP is defined as AuA on the Group's platform at the end of the relevant financial period (EoP). For the years ended December 31, 2020 and December 31, 2019, this amount is derived from management's internal accounting records and also includes acquired AuA which is yet to be transferred (€79 billion as at December 31, 2020). For December 31, 2020, AuA EoP includes €515 billion registered on the Allfunds Platform and €717 billion acquired through acquisitions (€581 billion in connection with the BNPP Acquisition, €125 billion in connection with the CS InvestLab Acquisition and €11 billion in connection with the NFM Acquisition). AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds

Platform (of which €425 billion of intermediated AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance). For the year ended December 31, 2018, this information is derived from management's internal accounting records. For the years ended December 31, 2017 and 2016, this information is derived from the internal accounting records of AFB.

(2) AuA average is defined as the average value of the AuA on the Group's platform for the relevant financial period. It is calculated as the sum of the daily value of AuA on the Group's platform for the year divided by 365 and is derived from management's internal accounting records.

(3) Net flows as a % of BoP AuA is defined as volumes of AuA from existing and new distributors in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period (*BoP*). Net flows as a % of BoP AuA is derived from management's internal accounting records.

(4) Market performance as a % of BoP AuA is defined as volumes of AuA from movements in the financial markets in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period. Market performance as a % of BoP AuA is derived from management's internal accounting records.

(5) Net revenue represents the Group's fee, commission and service revenues less fee, commission and service expenses. Net revenue for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Net revenue for the year ended December 31, 2018 is derived from the Group's underlying accounting records. Net revenue for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records. Pro forma net revenue is derived from the Unaudited Pro Forma Financial Information.

(6) Net platform revenue is derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net platform revenue for the year ended December 31, 2020 is therefore calculated as 2020 net platform revenue (derived from the 2020 Financial Statements), plus net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 (derived from the Unaudited Pro Forma Financial Information).

(7) Net platform revenue margin represents net platform revenue divided by the average AuA for the relevant period and expressed in basis points.

(8) Net platform revenue margin for 2020 and Pro forma 2020 are calculated using average AuA of €587 billion and €655 billion, respectively, which in each case excludes AuA related to the BNPP Platform Services Right from BNPP AM and the outsourcing activities covered by the BP2S Outsourcing Agreement, as these AuA will only begin generating revenue in 2021 (with the exception of €0.3 million in fees generated in 2020).

(9) Net Subscription and other revenues are derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net subscription and other revenues is therefore derived from management's internal accounting records.

(10) Separately disclosed items and Pro forma separately disclosed items are derived from management's internal accounting records and comprise costs or profits recognised in a given period which, due to their nature or size, are disclosed separately to enable a more comparable view of period-to-period underlying performance. Separately disclosed items for the periods indicated include TSA and restructuring costs (excluding capital expenditures), M&A consultancy costs, other consulting and legal fees and other non-recurring items (including IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line).

(11) The Group defines Adjusted EBITDA as profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro Forma Adjusted EBITDA is defined as unaudited Pro forma profit for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back.

(12) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of net revenue. Pro Forma Adjusted EBITDA margin represents Pro Forma Adjusted EBITDA as a percentage of Pro forma net revenue.

(13) The Group defines Adjusted profit before tax as profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit before tax is defined as unaudited Pro forma profit for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax.

(14) The Group defines Adjusted profit after tax as profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit after tax is defined as unaudited Pro forma profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax.

(15) The Group defines Pro forma normalised free cash flow as Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate).

(16) The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16.

7.4.1 *Selected Non-IFRS Financial Measures*

Certain of the KPIs tracked by Allfunds and certain financial measures included in this prospectus are not defined or recognised under IFRS, including separately disclosed items, Adjusted EBITDA and Adjusted EBITDA margin, Adjusted profit before tax, Adjusted profit after tax, Underlying capital expenditures, Adjusted cash tax expense, Pro forma normalised free cash flow, Adjusted employee compensation and benefits and Adjusted other expenses. Definitions of these non-IFRS metrics, as well as reconciliations to the nearest IFRS figures, are provided below. Allfunds uses these metrics, in addition to IFRS measures, to help evaluate growth trends, establish budgets and assess operational performance and efficiencies in relation to the Group. Allfunds considers that these metrics, in addition to IFRS measures, provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business of the Group. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or loss after tax or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Group does not regard these non-IFRS financial measures as a substitute for, or superior to, the equivalent measures that are calculated in accordance with IFRS. The non-IFRS financial measures presented in this Prospectus may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

Separately disclosed items

Allfunds defines separately disclosed items as costs or income recognised in a given period impacting profit or loss after tax, which, due to their nature or size, are disclosed separately. Allfunds uses separately disclosed items to give a more comparable view of period-to-period underlying performance. Separately disclosed items for the periods indicated include:

- TSA and restructuring costs relating to the CS InvestLab Acquisition and the BNPP Acquisition (excluding capital expenditures);

- M&A consultancy costs, which include costs related to due diligence, market analysis and other M&A advisory services, as well as in-house personnel costs related to individual employees assigned to provide full-time support to the acquisition and integration of the BNPP Acquisition;

- other consulting and legal fees, which include the costs of temporary staffing to support M&A activities, advisory fees relating to strategy consulting, attorney and regulatory fees relating to the opening of branches and head-hunter fees to reinforce management positions; and

- other non-recurring items, which include IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line.

Separately disclosed items are largely classified as non-recurring, but some items are attributable across multiple periods, including in particular the TSA and restructuring costs.

Adjusted EBITDA and Adjusted EBITDA margin

The Group defines Adjusted EBITDA as profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back. Allfunds views Adjusted EBITDA as a meaningful measure of the Group's operating performance without regard to depreciation and amortisation methods, which can differ across different companies, and excluding separately disclosed items, which can be one-off in nature and thus could distort trends in the Group's underlying earnings. The nearest IFRS measure is profit after tax.

Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of net revenue and is used by Allfunds as a supplemental measure of operating performance.

Adjusted profit before tax

The Group defines Adjusted profit before tax as profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax. The Group views Adjusted profit before tax as a helpful measure of its operating performance excluding separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, which can be one-off in nature and thus could distort trends in the Group's underlying earnings.

Adjusted profit after tax

The Group defines Adjusted profit after tax as profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax. The Group views Adjusted profit after tax as a helpful measure of its operating performance excluding separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, which can be one-off in nature and thus could distort trends in the Group's underlying earnings.

Underlying capital expenditures

The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16. Allfunds views Underlying capital expenditures as a useful indicator of the investments it has made in its technology and products. The following table shows the Group's Underlying capital expenditures for the periods indicated.

	As of December 31				
	Allfunds Group Limited			**Allfunds Bank**	
	2020	**2019**	**2018**	**2017**	**2016**
	(€ thousands)				
Property, plant and equipment additions[1]	9,487	27,135	3,364	1,614	3,868
Intangible asset additions[2]	17,680	22,796	9,111	3,612	2,316
Property, plant and equipment disposals[3]	(90)	-	-	-	-
Right-of-use asset additions	(7,690)	(22,911)	-	-	-
Underlying capital expenditures	**19,387**	**27,020**	**12,475**	**5,226**	**6,184**

Notes:

(1) Property, plant and equipment additions for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Property, plant and equipment additions for the year ended December 31, 2018 is derived from the 2018 Financial Statements. Property, plant and equipment additions for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records.

(2) Intangible asset additions for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Intangible asset additions for the year ended December 31, 2018 is derived from the Group's underlying accounting records. Intangible asset additions for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records.

(3) Property, plant and equipment disposals represents the net book value of assets disposed in the period. Property, plant and equipment disposals for the year ended December 31, 2020 is derived from the 2020 Financial Statements. Property, plant and equipment disposals for the years ended December 31, 2019 and 2018 exclude €886 thousand and €16 thousand, respectively, of net book value of disposals relating to exceptional write-offs of property, plant and equipment that could not be transferred to new offices following office relocations.

Pro forma normalised free cash flow

The Group defines Pro forma normalised free cash flow as Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate). The Group views Pro forma normalised free cash flow as a helpful measure of the Group's operating performance and underlying cash generation.

Adjusted cash tax expense

The Group defines Adjusted cash tax expense as the current year cash tax expense (i.e. excluding non-cash items such as deferred taxes) that would have arisen (or, in the case of 2020, is expected to arise) for the Group if the separately disclosed items, impairment losses, losses on disposal and their associated tax deductions, when applicable, were not reflected. The Group views Adjusted cash tax expense as a helpful measure of the Group's tax liabilities excluding the impacts of M&A activities which can distort the accounting tax rate and tax expense recognised through profit or loss. The following table below defines and presents a reconciliation of tax expense recognised in the Group's consolidated financial statements to the Adjusted cash tax expense.

	As of December 31					
	Allfunds Group Limited			Allfunds Bank		
	Pro forma 2020	2020	2019	2018	2017	2016
	(€ thousands)					
Tax expense[(1)]	**(26,727)**	**(15,230)**	**(7,950)**	**(11,137)**	**(37,264)**	**(27,291)**
Financial statement vs. cash tax expense adjustments[(2)]	789	789	1,268	1,346	63	(1,562)
Swiss tax expense vs. cash tax expense adjustments[(3)]	-	-	(10,637)	-	-	-
Adjustments for one-off items[(4)]	(15,398)	(15,398)	(12,792)	(1,992)	(1,174)	(730)
Non-cash tax deferred adjustments (Italian local level)[(5)]	(6,525)	(1,623)	-	-	-	-
Non-cash tax deferred adjustments (AFB Banking Group level)[(6)]	2,265	2,265	13,892	(184)	-	-
Non-cash tax deferred adjustments (Group level)[(7)]	(26,322)	(26,322)	(26,250)	(26,250)	-	-
2018 adjustment for non-available tax group relief[(8)]	-	-	-	(8,024)	-	-
2019 adjustment for non-available tax group relief[(9)]	-	-	8,024	-	-	-
Adjusted cash tax expense[(9)]	**(71,918)**	**(55,519)**	**(34,446)**	**(46,240)**	**(38,376)**	**(29,583)**

Notes:

(1) Unaudited Pro forma tax expense is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(2) Financial statement vs. cash tax expense adjustments are minor differences between tax expense as stated in the Group's consolidated financial statements and finalisation of detailed corporate income tax returns with all tax adjustments.

(3) Swiss tax expense vs. cash tax expense adjustments are adjustments for the difference between non-cash tax credits recognised in relation to 2017, 2018 and 2019 resulting from the InvestLab Closing 1 and the actual 2019 cash corporate tax expense.

(4) Adjustments for one-off items are reversals of tax deductions relating to the separately disclosed items as discussed in this paragraph 7.4, impairment losses and losses on disposal.

(5) Non-cash tax deferred adjustments (Italian local level) are adjustments for non-cash deferred tax movements at the Italian local level relating to business combinations accounting.

(6) Non-cash tax deferred adjustments (AFB Banking Group level) are adjustments for non-cash deferred tax movements at the AFB Banking Group consolidated level relating to business combinations accounting.

(7) Non-cash tax deferred adjustments (Group level) are adjustments for non-cash deferred tax movements at the Group consolidated level relating to business combination accounting.

(8) 2018 adjustment for non-available tax group relief is an adjustment for additional cash taxes being due as a result of losses at Liberty, which were anticipated at the time of the financial statement provisioning to be utilised by AFB, not being available (as a result of the newly created Spanish Corporation Income Tax (CIT) group not applying until 1 January 2019).

(9) 2019 adjustment for non-available tax group relief is an adjustment for the tax expense recorded in the 2019 Financial Statements in relation to the 2018 adjustment for non-available tax group relief discussed above.

(10) The Group defines Adjusted cash tax expense as the current year cash tax expense (i.e. excluding non-cash items such as deferred taxes) that would have arisen (or, in the case of 2020, is expected to arise) for the Group if the separately disclosed items, impairment losses, losses on disposal and their associated tax deductions, when applicable, were not reflected.

Adjusted employee compensation and benefits

The Group defines Adjusted employee compensation and benefits as employee compensation and benefits adjusted to exclude separately disclosed items. Allfunds uses Adjusted employee compensation and benefits as a supplemental measure to give a more comparable view of period-to-period employee compensation and benefits costs.

Adjusted other expenses

Allfunds defines Adjusted other expenses as other expenses adjusted to exclude separately disclosed items. Allfunds uses Adjusted other expenses as a supplemental measure to give a more comparable view of period-to-period other expenses.

7.4.2 *Reconciliations of selected non-IFRS measures to IFRS*

The following table defines and presents a reconciliation of profit /(loss) for the year after tax to Adjusted profit before tax, Adjusted EBITDA and Pro forma normalised free cash flow.

	As of December 31					
	Allfunds Group Limited			Allfunds Bank		
	Pro forma 2020	2020	2019	2018	2017	2016
	(€ thousands)					
Profit /(Loss) for the year after tax[1]	**23,164**	**(43)**	**(30,501)**	**(337,254)**	**75,258**	**69,074**
Separately disclosed items[2]						
TSAs and Restructuring Costs[3]	26,013	26,013	4,181	-	-	-
M&A consultancy costs[4]	29,891	29,891	38,738	2,697	3,017	979
Other consulting and legal fees[5]	4,005	4,005	3,543	2,598	6,126	579
Other non-recurring items[6]	3,347	3,347	6,711	1,080	595	533
	63,256	63,256	53,173	6,375	9,738	2,091
Impairment losses[7]	1,550	1,550	319	362,411	(375)	(81)
Losses on disposal[8]	-	-	-	2	-	138
Amortisation of intangible assets acquired as a result of business combinations[9]	126,463	111,607	92,307	88,236	-	-
Tax expense[10]	26,727	15,230	7,950	11,137	37,264	27,291
Adjusted profit before tax[11]	**241,160**	**191,600**	**123,250**	**130,907**	**121,886**	**98,513**
Interest income[12]	(3,451)	(3,451)	(4,041)	(2,118)	(799)	(1,284)
Interest expense[13]	6,614	6,024	10,912	2,134	554	295
Net interest expense	**3,163**	**2,573**	**6,871**	**16**	**(245)**	**(990)**
Amortisation and depreciation relating to other intangible assets and property, plant and equipment[14]	18,426	18,426	13,351	4,533	2,439	2,273
Adjusted EBITDA[15]	**262,749**	**212,599**	**143,471**	**135,456**	**124,080**	**99,796**
Adjusted EBITDA margin (%)[16]	70.9%	68.7%	62.9%	61.5%	65.6%	64.6%
Underlying capital expenditures[17]	(19,387)					
Pro forma rental expenses[18]	(5,984)					
Pro forma net interest expense[19]	(3,163)					
Pro forma illustrative taxes (assuming a 27% effective tax rate)[20]	(63,238)					
Pro forma normalised free cash flow[21]	**170,976**					

Notes:

(1) Unaudited Pro forma profit for the year after tax is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(2) Allfunds defines separately disclosed items as costs or income recognised in a given period impacting profit or loss after tax, which, due to their nature or size, are disclosed separately. Separately disclosed items are largely classified as non-recurring, but some items are attributable across multiple periods, including in particular the TSA and restructuring costs.

(3) TSA and restructuring costs (excluding capital expenditures) relate to transitional services agreements entered into in connection with M&A activity as well as restructuring and integration costs related to M&A activity during the periods indicated, excluding capital expenditures.

(4) M&A consultancy costs include costs related to due diligence, market analysis and other M&A advisory services, as well as in-house personnel costs related to individual employees assigned to provide full-time support to the acquisition and integration of the BNPP Acquisition.

(5) Other consulting and legal fees include the costs of temporary staffing to support M&A activities, advisory fees relating to strategy consulting, attorney and regulatory fees relating to the opening of branches and head-hunter fees to reinforce management positions.

(6) Other non-recurring items comprise IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line.

(7) Pro forma impairment losses are extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(8) Losses on disposal related to exceptional write-offs of property, plant and equipment that could not be transferred to new offices following office relocations.

(9) Pro forma amortisation of intangible assets acquired as a result of business combinations is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(10) Pro forma tax credit/(expense) is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(11) The Group defines Adjusted profit before tax as profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit before tax is defined as unaudited Pro forma profit for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax.

(12) Pro forma interest income is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).
(13) Pro forma interest expense is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).
(14) Pro forma amortisation and depreciation relating to other intangible assets and property, plant and equipment is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).
(15) The Group defines Adjusted EBITDA as profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back. Pro Forma Adjusted EBITDA is defined as unaudited Pro forma profit for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back.
(16) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of net revenue. Pro Forma Adjusted EBITDA margin represents Pro Forma Adjusted EBITDA as a percentage of Pro forma net revenue.
(17) The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16. For more detail see "*Underlying capital expenditures*" in paragraph 7.4.1.
(18) Pro forma rental expenses include the rental expenses of the Company for the year ended December 31, 2020 and the rental expenses relating to the BNPP LPA Business for the period 1 January 2020 to 2 October 2020.
(19) Pro forma net interest expense is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).
(20) Pro forma illustrative taxes (assuming a 27% effective tax rate) is calculated as Adjusted EBITDA less Underlying capital expenditures, Pro forma rental expenses and Pro forma net interest expense, multiplied by 27%.
(21) The Group defines Pro forma normalised free cash flow as Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate).

The following table defines and presents a reconciliation of profit /(loss) before tax to Adjusted profit after tax.

	As of December 31					
	Allfunds Group Limited			Allfunds Bank		
	Pro forma 2020	**2020**	**2019**	**2018**	**2017**	**2016**
			(*€ thousands*)			
Profit /(Loss) before tax[(1)]	**49,891**	**15,187**	**(22,551)**	**(326,117)**	**112,522**	**96,365**
Separately disclosed items[(2)]						
TSAs and Restructuring Costs[(3)]	26,013	26,013	4,181	-	-	-
M&A consultancy costs[(4)]	29,891	29,891	38,738	2,697	3,017	979
Other consulting and legal fees[(5)]	4,005	4,005	3,543	2,598	6,126	579
Other non-recurring items[(6)]	3,347	3,347	6,711	1,080	595	533
	63,256	63,256	53,173	6,375	9,738	2,091
Impairment losses[(7)]	1,550	1,550	319	362,411	(375)	(81)
Losses on disposal[(8)]	-	-	-	2	-	138
Amortisation of intangible assets acquired as a result of business combinations[(9)]	126,463	111,607	92,307	88,236	-	-
Adjusted cash tax expense[(10)]	(71,918)	(55,519)	(34,446)	(46,240)	(38,376)	(29,583)
Adjusted profit after tax[(11)]	**169,241**	**136,080**	**88,804**	**84,667**	**83,511**	**68,929**

Notes:

(1) Unaudited Pro forma profit before tax is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).
(2) Allfunds defines separately disclosed items as costs or income recognised in a given period impacting profit or loss after tax, which, due to their nature or size, are disclosed separately. Separately disclosed items are largely classified as non-recurring, but some items are attributable across multiple periods, including in particular the TSA and restructuring costs.
(3) TSA and Restructuring costs (excluding capital expenditures) relate to transitional services agreements entered into in connection with M&A activity as well as restructuring and integration costs related to M&A activity during the periods indicated, excluding capital expenditures.
(4) M&A consultancy costs include costs related to due diligence, market analysis and other M&A advisory services, as well as in-house personnel costs related to individual employees assigned to provide full-time support to the acquisition and integration of the BNPP Acquisition.
(5) Other consulting and legal fees include the costs of temporary staffing to support M&A activities, advisory fees relating to strategy consulting, attorney and regulatory fees relating to the opening of branches and head-hunter fees to reinforce management positions.
(6) Other non-recurring items comprise IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line.

(7) Pro forma impairment losses are extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(8) Losses on disposal related to exceptional write-offs of property, plant and equipment that could not be transferred to new offices following office relocations.

(9) Pro forma amortisation of intangible assets acquired as a result of business combinations is extracted without adjustment from the Unaudited Pro Forma Financial Information set out in Section 8 (*Unaudited Pro Forma Financial Information*).

(10) The Group defines Adjusted cash tax expense as the current year cash tax expense (i.e. excluding non-cash items such as deferred taxes) that would have arisen (or, in the case of 2020, is expected to arise) for the Group if the separately disclosed items, impairment losses, losses on disposal and their associated tax deductions, when applicable, were not reflected. The definition and reconciliation of Adjusted cash tax expense from tax expense recognised in the Group's consolidated financial statements is set out in paragraph 7.4.1 above.

(11) The Group defines Adjusted profit after tax as profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit after tax is defined as unaudited Pro forma profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax.

The following table presents a reconciliation of employee compensation and benefits to Adjusted employee compensation and benefits.

	As of December 31				
	Allfunds Group Limited			**Allfunds Bank**	
	2020	**2019**	**2018**	**2017**	**2016**
			(€ thousands)		
Employee compensation and benefits	**(75,591)**	**(54,968)**	**(47,079)**	**(37,067)**	**(28,941)**
Separately disclosed items relating to Employee compensation and benefits(1)					
Transitional Service Agreements (TSAs) and Restructuring Costs	-	-	-	-	-
M&A consultancy costs	8,966	796	872	1,618	-
Other consulting and legal fees	-	-	-	12	-
Other non-recurring items	1,447	1,701	635	557	-
Adjusted employee compensation and benefits	**(65,177)**	**(52,472)**	**(45,571)**	**(34,881)**	**(28,941)**

Notes:

(1) Does not include certain separately disclosed items that are classified as other operating income /(expense), which amounted to €(1.3) million in 2020, €3.3 million in 2019, €(0.04) million in 2018, and nil in each of 2017 and 2016.

The following table presents a reconciliation of other expenses to adjusted other expenses.

	As of December 31				
	Allfunds Group Limited			**Allfunds Bank**	
	2020	**2019**	**2018**	**2017**	**2016**
			(€ thousands)		
Other expenses	**(89,901)**	**(82,005)**	**(44,272)**	**(37,954)**	**(28,531)**
Separately disclosed items relating to other expenses(1)					
Transitional Service Agreements (TSAs) and Restructuring Costs	26,013	4,181	-	-	-
M&A consultancy costs	20,925	37,942	1,825	1,400	979
Other consulting and legal fees	4,004	3,543	2,598	6,116	579
Other non-recurring items	3,201	1,686	486	38	533
Adjusted other expenses	**(35,757)**	**(34,652)**	**(39,363)**	**(30,400)**	**(26,440)**

Notes:

(1) Does not include certain separately disclosed items that are classified as other operating income /(expense), which amounted to €(1.3) million in 2020, €3.3 million in 2019, €(0.04) million in 2018, and nil in each of 2017 and 2016.

8. **Unaudited Pro Forma Financial Information**

8.1 Introduction

The unaudited pro forma combined financial information, comprising an unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020 has been prepared to illustrate the impact on the Group of a portion of the BNPP Acquisition, specifically the acquisition from BP2S of its *Banca Corrispondente*, or local paying agent business division engaged in, amongst others, transfer agency, paying agency, investor relations management and tax and foreign exchange agency activities, which activities were conducted by BP2S through its Italian, Polish, French and Spanish branches (the ***BNPP LPA Business***), completed on October 2, 2020 as part of the BNPP Acquisition, as if it had been completed on January 1, 2020 (the ***Unaudited Pro Forma Financial Information***). The Unaudited Pro Forma Financial Information has not been prepared to illustrate the impact on the Group of the other portions of the BNPP Acquisition (see paragraph 8.5 herein).

The Unaudited Pro Forma Financial Information, prepared in accordance with Annex 20 of Commission Delegated Regulation 2019/980, is provided for illustrative purposes only. The Unaudited Pro Forma Financial Information is based on a hypothetical situation and, therefore, may differ from the actual results of the Group for the year ended December 31, 2020 had the acquisition of the BNPP LPA Business actually been implemented on January 1, 2020 and may differ from results following the acquisition of the BNPP LPA Business. In addition, the Unaudited Pro Forma Financial Information does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate revenue starting in 2021. The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the UK Companies Act 2006.

8.2 Unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020

	Allfunds Group Limited for the year ended Dec 31, 2020	**BNPP LPA Business for the period to Oct 2, 2020**	**Other pro forma adjustments**	**Unaudited Pro Forma Financial Information**
		(€ thousands)		
	Note 1	Note 2	Note 3	Note 4
Fee, commission and service revenue	1,589,363	64,164	-	1,653,527
Fee, commission and service expense	(1,280,065)	(3,065)	-	(1,283,130)
Net revenue	**309,298**	**61,099**	**-**	**370,397**
Employee compensation and benefits	(75,591)	(3,864)	-	(79,455)
Other expenses	(89,901)	(6,965)	-	(96,866)
Other operating income / (expense)	5,537	(120)	-	5,417
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	(18,426)	-	-	(18,426)
Amortisation of intangible assets acquired as a result of business combinations	(111,607)	-	(14,856)	(126,463)
Profit /(Loss) before net interest expense, impairment losses and tax expense	**19,310**	**50,150**	**(14,856)**	**54,604**
			-	
Interest income	3,451	-	-	3,451
Interest expense	(6,024)	(590)	-	(6,614)
Net interest expense	**(2,573)**	**(590)**	**-**	**(3,163)**
Impairment losses	(1,550)	-	-	(1,550)
Profit /(Loss) before tax	**15,187**	**49,560**	**(14,856)**	**49,891**
			-	
Tax expense	(15,230)	(16,399)	4,902	(26,727)
Profit /(Loss) for the year after tax	**(43)**	**33,161**	**(9,954)**	**23,164**

Notes:

(1) *Allfunds Group Limited for the year ended Dec 31, 2020:* The financial information for the year ended December 31, 2020 has been extracted from the 2020 Financial Statements included in Section 22 (*Historic Financial Information*). The consolidated financial information for the Company for the year ended December 31, 2020 includes the

consolidated results of the BNPP LPA Business for the period from completion of the BNPP Acquisition on October 2, 2020. The consolidated financial information for the Company for the year ended December 31, 2020 also reflects costs incurred by the Company in connection with the BNPP Acquisition during the year, including non-recurring costs payable under the BNPP TSA following completion of the BNPP Acquisition.

(2) *BNPP LPA Business for the period to Oct 2, 2020*: the unadjusted historical financial information for the BNPP LPA Business has been extracted from the audited carve-out financial statements of the Banca Corrispondente business as of October 2, 2020 and for the period from January 1, 2020 to October 2, 2020 (the ***Banca Corrispondente Carve-Out Financial Statements***), which has been subject to an Independent Auditor's Report by Mazars Italia S.p.A. This report is unqualified. No accounting policy differences between Allfunds Group Limited and the Banca Corrispondente Carve-Out Financial Statements were noted that have an effect on the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020.

(3) *Other pro forma adjustments:* Other pro forma adjustments represent the pro forma effect of the amortisation of intangible assets identified through the purchase price allocation exercise carried out on the acquisition of the BNPP LPA Business.

(4) The Unaudited Pro Forma Financial Information has not been prepared in accordance with the requirements of Article 11 of Regulation S-X of the US Securities Act.

8.3 Basis of preparation of the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Financial Information comprises the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020 and has been prepared in a manner consistent with the accounting policies adopted by the Group in the 2020 Financial Statements. The Unaudited Pro Forma Financial Information is furthermore prepared in euros, the presentation currency of the Group and rounded to the nearest thousand, unless otherwise indicated. The Unaudited Pro Forma Financial Information has been prepared to illustrate the effect of the acquisition of the BNPP LPA Business on the Group.

The Unaudited Pro Forma Financial Information includes historical financial information of (i) the Group derived from Audited 2020 Financial Statements and (ii) the BNPP LPA Business derived from the carve-out financial statements at October 2, 2020 and for the period January 1, 2020 to October 2, 2020. The 2020 Financial Statements are presented in euros and have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the IASB. The financial statements of the BNPP LPA Business are presented in euros and have been prepared in accordance with IFRS as endorsed by the European Union. The results of the BNPP LPA Business for the period October 2, 2020 to December 31, 2020 have been reflected in the consolidated statement of financial position as at December 31, 2020 and the consolidated income statement for the year ended December 31, 2020 included in the 2020 Financial Statements. The Unaudited Pro Forma Financial Information does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate revenue starting in 2021.

The Group completed the acquisition of the BNPP LPA Business on October 2, 2020 with the consideration satisfied through the issuance of shares by AFB to BP2S, which were ultimately rolled up into shareholdings in the Company. The acquisition of the BNPP LPA Business has been accounted for in accordance with IFRS 3 using the acquisition method of accounting under which the acquisition consideration is allocated to assets acquired and liabilities assumed based on their estimated fair values as of the date of closing of the acquisition. The Unaudited Pro Forma Financial Information has been prepared to illustrate the impact on the Group of the BNPP LPA portion of the acquisition only and has not been prepared to illustrate the impact of other portions of the BNPP Acquisition (see paragraph 8.5 herein).

In connection with the BNPP Acquisition, AFB entered into a transitional services agreement with BP2S, which provides, amongst other things, for the performance of certain services or obligations by BP2S for the benefit of the Group for a transitional period following the BNPP Acquisition (the ***BNPP TSA***). The duration of the transitional period varies depending on the service concerned, with the latest expiring in 2023. Pursuant to the BNPP TSA, BP2S will: (i) provide certain services relating to information technology to the Group and (ii) assist the Group with the separation of the BNPP LPA Business and the outsourcing activities covered by the BP2S Outsourcing Agreement from the remaining businesses and the migration of these activities to the Group. Due to the nature of the TSA costs, AFB is not able to fully distinguish the TSA costs within each of the BNPP acquisitions (the BNPP LPA Business, BP2S Outsourcing Agreement and BNPP Platform Services Right). As a result, the TSA costs have not been adjusted for in the Unaudited Pro Forma Financial Information. The total amount of TSA costs for the full BNPP acquisition for 2020 of €10.5 million is reflected in the 2020 Financial Statements of Allfunds Group Limited, and therefore also in the Unaudited Pro Forma Financial Information. For a description of the impact of TSA costs on the Group's financial results for the year ended December 31, 2020, see Notes 10 and 24 to the 2020 Financial Statements included in Section 22 (*Historic Financial Information*). Allfunds will also incur non-recurring post-tax M&A-related TSA costs of €31 million to €35 million, €24 million to €27 million and €5 million to €7 million during 2021, 2022 and 2023, respectively.

8.4 Accountant's report on the Unaudited Pro Forma Financial Information

Deloitte.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Board of Directors
Allfunds Group Limited
2 Fitzroy Place
8 Mortimer Street
London
United Kingdom
W1T 3JJ

Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma combined financial information of Allfunds Group Limited (the "Company") by management, which consists of the pro forma combined statement of profit or loss for the year ended December 31, 2020 (the "Pro Forma Financial Information"). The applicable criteria on the basis of which management has compiled the Pro Forma Financial Information are specified in sections 1 and 2 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 and described in paragraph 8.3 of the Prospectus.

The Pro Forma Financial Information has been compiled by management to illustrate the impact on the Company of the acquisition of the *Banca Corrispondente*, or local paying agent business division of BNP Paribas Securities Services ("BNPP LPA Business" or "Bandol") set out in paragraph 8.3 of the Prospectus, completed on 2 October 2020, as if it had been completed on 1 January 2020. As part of this process, information about the company's profit or loss has been extracted by management from the Company's consolidated financial statements for the period ended December 31, 2020, on which an audit report has been published.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the Pro Forma Financial Information on the basis consistent with the accounting policies of the Company as described in the notes to the audited financial statements of the Company for period ended December 31, 2020.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (UK) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express an opinion, as required by sections 1 and 2 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129, about whether the Pro Forma Financial Information has been compiled, in all material respects, by management on the basis of the applicable criteria and in accordance with the accounting policies as described in the Company's audited consolidated financial statements as of December 31, 2020.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the Pro Forma Financial Information on the basis of the applicable criteria and in accordance with the accounting policies as described in the Company's audited consolidated financial statements as of December 31, 2020.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the Pro Forma Financial Information has been properly compiled on the basis stated.

Deloitte LLP

Deloitte LLP

April 14, 2021

8.5 Effects of the components of the BNPP Acquisition and the CS InvestLab Acquisition not reflected in the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020

In addition to the Unaudited Pro Forma Financial Information, the below narrative information has been provided in relation to aspects of the BNPP Acquisition and the CS InvestLab Acquisition which were completed in the year ended December 31, 2020 on the dates set out below. See paragraphs 11.11.4 and 11.11.5 of Section 11 (*Business Description*) for a full description of and defined terms used in connection with the CS InvestLab Acquisition and the BNPP Acquisition, respectively.

8.5.1 *BNPP Acquisition*

The Group entered into the BNPP Investment Agreement with, amongst others, BP2S and BNPP AM pursuant to the terms of which AFB acquired and/or entered into, accordingly: (i) the BNPP LPA Business from BP2S; (ii) the BNPP Platform Services Right from BNPP AM; and (iii) the outsourcing activities covered by the BP2S Outsourcing Agreement. Pursuant to the BNPP Investment Agreement and in accordance with the BNPP Platform Services Right, AFB entered into the BNPP Sub-Distribution Framework Agreement with BP2S and BNPP AM and the BNPP Sub-Distribution Agreements with the Relevant BNPP Distributors. Additionally, AFB and BP2S entered into the BP2S Outsourcing Agreement. See paragraphs 11.11.5 and 11.12.2 of Section 11 (*Business Description*) for a full description of the BNPP Acquisition and related agreements. The BNPP Acquisition was completed on October 2, 2020.

In connection with the BNPP Acquisition, AFB entered into a transitional services agreement with BP2S, which provides, amongst other things, for the performance of certain services or obligations by BP2S for the benefit of the Group for a transitional period following the BNPP Acquisition (the ***BNPP TSA***). The duration of the transitional period varies depending on the service concerned, with the latest expiring in 2023. Pursuant to the BNPP TSA, BP2S will: (i) provide certain services relating to information technology to the Group and (ii) assist the Group with the separation of the BCBNPP LPA Business and the outsourcing activities covered by the BP2S Outsourcing Agreement from the remaining businesses and the migration of these activities to the Group. Due to the nature of the TSA costs, AFB is not able to fully distinguish the TSA costs within each of the BNPP acquisition (the BNPP LPA Business, BP2S Outsourcing Agreement and BNPP Platform Services Right). As a result, the TSA costs have not been adjusted for in the Unaudited Pro Forma Financial Information. The total amount of TSA costs for the full BNPP acquisition for 2020 of €10.5 million is reflected in the 2020 Financial Statements of Allfunds Group Limited, and therefore also in the Unaudited Pro Forma Financial Information. For a description of the impact of TSA costs on the Group's financial results for the year ended December 31, 2020, see Notes 10 and 24 to the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

Set out below are summaries of the components of the BNPP Acquisition which are not reflected in the Unaudited Pro Forma Financial Information:

(1) ***BP2S Outsourcing Agreement***

As part of the BNPP Acquisition, AFB and BP2S entered into the BP2S Outsourcing Agreement, pursuant to which AFB shall provide to BP2S certain outsourced dealing and custody services, comprising support to the regulated activities of (i) dealing in investment as agent and (ii) safeguarding and administering of assets, previously carried out by the Funds Dealing Services division of BP2S without limitation in Poland, Luxembourg and Spain. Under the BP2S Outsourcing Agreement, AFB is the exclusive provider of such services to BP2S (and, via BP2S, to the current and future custody clients of BP2S who make use of such services), except where agreed otherwise.

It is not possible to reflect the BP2S Outsourcing Agreement in the Unaudited Pro Forma Financial Information because it did not constitute a separate entity, branch or division within BP2S and no separate financial records or information in relation to the BP2S Outsourcing Agreement are available. Additionally, there was no acquisition price relating to the BP2S Outsourcing Agreement that was payable by the Group at the time of the BNPP Acquisition. As the entry into and acquisition of the relevant rights of AFB under the BP2S Outsourcing Agreement occurred on October 2, 2020, prior to the year-end, it is fully reflected in the consolidated statement of financial position as at December 31, 2020 included in the 2020 Financial Statements, with the exception of certain clients that were not transferred into the Group's business until after January 1, 2021.

(2) ***BNPP Platform Services Right***

As part of the BNPP Acquisition and in connection with the BNPP Platform Services Right, AFB, BNPP AM and BP2S entered into the BNPP Sub-Distribution Framework Agreement, pursuant to which BNPP AM agreed to procure that each Relevant BNPP Distributors shall enter into a BNPP Sub-Distribution Agreement. Pursuant to the arrangements contained in the BNPP Sub-Distribution Agreements, the Group will generate revenues in exchange for distribution and platform services provided to Fund Houses and the Relevant BNPP Distributors on an exclusive basis. The services provided to the Relevant BNPP Distributors are performed under the separate BNPP Sub-Distribution Agreements entered into with each of the Relevant BNPP Distributors.

The Group completed the BNPP Acquisition on October 2, 2020, with the consideration satisfied by the issuance of shares by AFB to BP2S and BNPP AM (which shares were subsequently rolled up into Shares in the Company and the Shares of BNPP AM were transferred to BNPP AM Holdings as a permitted transferee), as well as a cash payment by the Group to BNPP AM.

It is not possible to reflect the BNPP Sub-Distribution Framework Agreement and the related BNPP Sub-Distribution Agreements in the Unaudited Pro Forma Financial Information because they were newly created and did not constitute a separate entity, branch or division of BNPP AM and no separate financial records were kept for the BNPP Sub-Distribution Framework Agreement or the BNPP Sub-Distribution Agreements. No costs from BNPP AM were transferred to the Company as part of the BNPP Platform Services Right or in relation to the BNPP Sub-Distribution Framework Agreement and the BNPP Sub-Distribution Agreements. The BNPP Platform Services Right qualifies as an asset and is fully reflected in the consolidated statement of financial position as at December 31, 2020 included in the 2020 Financial Statements. However, the BNPP Platform Services Right was not utilised in the year ended December 31, 2020.

8.5.2 *CS InvestLab Acquisition*

On June 25, 2019, Allfunds AG entered into the InvestLab SPA with, amongst others, CS AG to acquire CS AG's open-architecture business-to-business (***B2B***) investment fund platform, which was implemented in two phases: (i) the acquisition of all of the shares in InvestLab by Allfunds AG from CS AG in consideration for the issuance by the Company of 9% of the issued share capital of the Company, which took place on September 6, 2019 and has been consolidated in the Group's financial statements since that date; and (ii) the acquisition of all of the shares in the newly established Credit Suisse InvestLab 2 AG (which has, subsequent to the closing of the InvestLab SPA, been re-named "Allfunds InvestLab 2 AG" (***InvestLab 2***)) from CS AG, which closed on March 26, 2020 (Phase 2). See paragraphs 11.11.4 and 11.12.1 of Section 11 (*Business Description*) for a description of the CS InvestLab Acquisition. Set out below is a summary of the components of the CS InvestLab Acquisition which are not reflected in the Unaudited Pro Forma Financial Information:

Phase 2 of the CS InvestLab Acquisition was completed on March 26, 2020 with the consideration satisfied by the Company issuing to CS AG further Shares in the Company, bringing CS AG's total ownership in the share capital of the Company to approximately 18% on completion of Phase 2 of the CS InvestLab Acquisition. Through the acquisition of InvestLab 2, the Group acquired all of the shares in the newly established InvestLab 2. After InvestLab 2 was established and before InvestLab 2 was acquired by the Group, CS AG transferred the InvestLab Distribution Agreements entered into with the management companies of CS AG, and several sub-distribution agreements which CS AG had in place with different financial entities, including the CS AG group of companies, to InvestLab 2. These agreements entitle the Group to act as distributor, to appoint sub-distributors (including the CS AG group of companies) and to receive the relevant rebates for those sub-distributors.

It is not possible to reflect Phase 2 of the CS InvestLab Acquisition in the Unaudited Pro Forma Financial Information because the CS InvestLab Distribution Agreements did not constitute a separate entity, branch or division in InvestLab 2 or InvestLab and as such no separate balance sheet, statement of comprehensive income or other financial records were kept for the InvestLab Distribution Agreements. Through the InvestLab Distribution Agreements, the Company will earn revenues in the form of rebates and platform service fees. The acquisition of the InvestLab Distribution Agreements pursuant to Phase 2 of the InvestLab Acquisition is fully reflected in the consolidated statement of financial position as at December 31, 2020 included in 2020 Financial Statements.

9. **Operating and Financial Review**

The following discussion of the financial condition and results of operations of the Group should be read in conjunction with the rest of this Prospectus, including the information set forth in Section 7 (Selected Financial Information) and Section 22 (Historic Financial Information), including the notes thereto and the auditor's reports thereon, which have included elsewhere in this Prospectus.

Except as otherwise stated, this Operating and Financial Review is based on the Audited 2018-2020 Financial Statements, which have been prepared in accordance with IFRS. In addition, this Operating and Financial Review discusses certain financial and other information for the years ended December 31, 2017 and 2016, which has been derived from the consolidated financial information of AFB as of and for the years ended December 31, 2017 and 2016 and from management accounting records, as AFB was the parent company of the Group until the acquisition of the Group by the Company pursuant to the Acquisition. In addition, where discussion in this Operating and Financial Review refers to "pro forma" information, this has been extracted or derived from the Unaudited Pro Forma Financial Information included in Section 8 (Unaudited Pro Forma Financial Information). For a discussion of the presentation of the Group's historical financial information included in this Prospectus, see Section 2 (Important Information) – "Presentation of Financial and Other Information". For a reconciliation of Non-IFRS Measures to their most directly comparable IFRS measures, see Section 7 (Selected Financial Information) — "Other Financial Information".

The following discussion contains forward-looking statements that reflect the current view of the Group's management and involve risks and uncertainties. The Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed below and elsewhere in this Prospectus, particularly in Section 1 (Risk Factors). See Section 3 (Forward-Looking Statements) for a discussion of the risks and uncertainties related to reliance on forward-looking statements. Neither the Group's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking financial information.

9.1 Overview

Allfunds is one of the world's leading B2B WealthTech platforms. It operates a world-class open-architecture platform which provides a marketplace matching fragmented demand for asset management products from Distributors with fragmented supply of those products from Fund Houses. Allfunds has built an ecosystem that covers the entire fund distribution value chain and investment cycle, including Allfunds Connect, a full suite of SaaS-enabled digital, data and analytics tools. As of December 31, 2020, Allfunds had over €1.2 trillion of AuA (including AuA acquired but still to be transferred).

The success of Allfunds' business characteristics is reflected in its operating and financial track record to date. The Group had €309.3 million, €228.2 million, €220.2 million €189.2 million and €154.5 million of net revenue for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, with €370.4 million of 2020 net revenue on a pro forma basis. This represented a 19% total CAGR and a 12% organic CAGR over that period (24% total CAGR based on 2020 Pro forma net revenues). Its platform revenues represented 95.5%, 94.8%, 96.5%, 97.8% and 98.5% of net revenue for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, whilst its subscription and other revenues represented the remaining 4.5%, 5.2%, 3.5%, 2.2% and 1.5% of net revenue for these periods, respectively. The Group generated €212.6 million, €143.5 million, €135.5 million €124.1 million and €99.8 million of Adjusted EBITDA for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, with a 21% CAGR over that period. The Group's Pro forma Adjusted EBITDA for the year ended December 31, 2020 was €262.7 million, which figure does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate revenue starting in 2021.

9.2 Key Performance Indicators

The following table presents the KPIs monitored by the Group. For more information on the definition and calculation of these metrics, including, in respect of applicable non-IFRS financial metrics, a reconciliation to the Group's reported historical financial information prepared on an IFRS basis, please see Section 2 (*Important Information*) – "*Presentation of Financial and Other Information – Non-IFRS Financial Information*" and Section 7 (*Selected Financial Information*) – "*Other financial and statistical data*".

	As of and for the year ended December 31						
	Allfunds Group Limited				Allfunds Bank		CAGR
	Pro forma 2020	2020	2019	2018	2017	2016	2016-2020
	(€ thousands, unless otherwise noted)						
AuA EoP[(1)] (€ billions)	1,232	1,232	554	349	359	253	48.5%
Allfunds standalone AuA	515	515	435	349	359	253	19.4%
Acquired AuA	717	717	119	-	-	-	
AuA average[(2)] (€ billions)	774	706	421	367	302	220	33.8%
Net flows as a % of BoP AuA[(3)]		11.2%	10.7%	4.0%	36.9%	14.3%	
Market performance as a % of BoP AuA[(4)]		3.9%	14.6%	(6.7)%	4.8%	3.2%	
Net revenue[(5)]	370,397	309,298	228,171	220,241	189,230	154,513	18.9%
of which: Net platform revenue[(6)]	356,390	295,291	216,259	212,519	185,058	152,236	18.0%
Net platform revenue (% of total)	96.2%	95.5%	94.8%	96.5%	97.8%	98.5%	
Net platform revenue margin (bps)[(7)]	5.4[(8)]	5.0[(8)]	5.1	5.8	6.1	6.9	(7.7%)[(8)]
of which: Net subscription and other revenues[(9)]	14,007	14,007	11,912	7,722	4,172	2,277	57.5%
Net subscription and other revenues (% of total)	3.8%	4.5%	5.2%	3.5%	2.2%	1.5%	
Separately disclosed items[(10)]	63,256	63,256	53,173	6,375	9,738	2,091	
Adjusted EBITDA[(11)]	262,749	212,599	143,471	135,456	124,080	99,796	20.8%
Adjusted EBITDA margin[(12)]	70.9%	68.7%	62.9%	61.5%	65.6%	64.6%	
Adjusted profit before tax[(13)]	241,160	191,600	123,250	130,907	121,886	98,513	18.1%
Adjusted profit after tax[(14)]	169,241	136,080	88,804	84,667	83,511	68,929	18.5%
Pro forma normalised free cash flow[(15)]	170,976						
Underlying capital expenditures[(16)]		19,387	27,020	12,475	5,226	6,184	

Notes:

(1) AuA EoP is defined as AuA on the Group's platform at the end of the relevant financial period (EoP). For the years ended December 31, 2020 and December 31, 2019, this amount is derived from management's internal accounting records and also includes acquired AuA which is yet to be transferred (€79 billion as at December 31, 2020). For December 31, 2020, AuA EoP includes €515 billion registered on the Allfunds Platform and €717 billion acquired through acquisitions (€581 billion in connection with the BNPP Acquisition, €125 billion in connection with the CS InvestLab Acquisition and €11 billion in connection with the NFM Acquisition). AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds Platform (of which €425 billion of intermediated AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance). For the year ended December 31, 2018, this information is derived from management's internal accounting records. For the years ended December 31, 2017 and 2016, this information is derived from the internal accounting records of AFB.

(2) AuA average is defined as the average value of the AuA on the Group's platform for the relevant financial period. It is calculated as the sum of the daily value of AuA on the Group's platform for the year divided by 365 and is derived from management's internal accounting records.

(3) Net flows as a % of BoP AuA is defined as volumes of AuA from existing and new distributors in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period (*BoP*). Net flows as a % of BoP AuA is derived from management's internal accounting records.

(4) Market performance as a % of BoP AuA is defined as volumes of AuA from movements in the financial markets in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period. Market performance as a % of BoP AuA is derived from management's internal accounting records.

(5) Net revenue represents the Group's fee, commission and service revenues less fee, commission and service expenses. Net revenue for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Net revenue for the year ended December 31, 2018 is derived from the Group's underlying accounting records. Net revenue for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records. Pro forma net revenue is derived from the Unaudited Pro Forma Financial Information.

(6) Net platform revenue is derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net platform revenue for the year ended December 31, 2020 is therefore calculated as 2020 net platform revenue (derived from the 2020 Financial Statements), plus net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 (derived from the Unaudited Pro Forma Financial Information).

(7) Net platform revenue margin represents net platform revenue divided by the average AuA for the relevant period and expressed in basis points.

(8) Net platform revenue margin for 2020 and Pro forma 2020 are calculated using average AuA of €587 billion and €655 billion, respectively, which in each case excludes AuA related to the BNPP Platform Services Right from BNPP AM and the outsourcing activities covered by the BP2S Outsourcing Agreement, as these AuA will only begin generating revenue in 2021 (with the exception of €0.3 million in fees generated in 2020).

(9) Net Subscription and other revenues are derived from the 2020 Financial Statements for the years ended December 31, 2020 and 2019. For the years ended December 31, 2018, 2017 and 2016, these amounts are derived from management's internal accounting records. Net revenue resulting from the BNPP LPA Business for the period to October 2, 2020 consists only of net platform revenue. Pro forma net subscription and other revenues is therefore derived from management's internal accounting records.

(10) Separately disclosed items and Pro forma separately disclosed items are derived from management's internal accounting records and comprise costs or profits recognised in a given period which, due to their nature or size, are disclosed separately to enable a more comparable view of period-to-period underlying performance. Separately disclosed items for the periods indicated include TSA and restructuring costs (excluding capital expenditures), M&A consultancy costs, other consulting and legal fees and other non-recurring items (including IT carve-out costs in relation to the BNPP Acquisition integration, double rental costs incurred due to moving to a new office in London and one-off staffing bonuses, redundancy and severance costs relating to the closing off of a redundant business line).

(11) The Group defines Adjusted EBITDA as profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro Forma Adjusted EBITDA is defined as unaudited Pro forma profit for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back.

(12) Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of net revenue. Pro Forma Adjusted EBITDA margin represents Pro Forma Adjusted EBITDA as a percentage of Pro forma net revenue.

(13) The Group defines Adjusted profit before tax as profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit before tax is defined as unaudited Pro forma profit for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax.

(14) The Group defines Adjusted profit after tax as profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Pro forma Adjusted profit after tax is defined as unaudited Pro forma profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax.

(15) The Group defines Pro forma normalised free cash flow as Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate).

(16) The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16.

9.3 Current trading and prospects

9.3.1 *Current trading*

There has been no significant change in the financial position or financial performance of the Group since December 31, 2020. The Group has benefited from strong growth momentum in the first quarter of 2021, with organic AuA increasing from €515 billion as at December 31, 2020 to €584 billion as at March 31, 2021, representing a growth rate of 13%. The growth in the first quarter of 2021 resulted from net flows from existing Distributors (€26 billion), net flows from new Distributors (€26 billion) and market performance (€17 billion).

9.3.2 *Prospects*

The Group's business plan sets out certain ambitions in respect of targeted net revenue growth, incremental net revenue growth, Adjusted EBITDA margin and expected costs. These are forward-looking statements, based on assumptions that the Company believes are reasonable, but which may turn out to be incorrect or different than expected, and the Group's ability to achieve them will depend on a number of factors, many of which are outside of the Group's control, including significant business and economic uncertainties and risks, including those described in Section 1 (*Risk Factors*). The Group has not defined, and does not intend to define, "medium-term" and these ambitions should not be read as indicating that the Company is targeting such metrics in any particular financial year. As a result, the Group's actual results may vary from the targets, ambitions and expectations set out below and those variations may be material. In addition, these ambitions make reference to "pro forma" financial information, which has been extracted without material adjustment from the Unaudited Pro Forma Financial Information in Section 8 (*Unaudited Pro Forma Financial Information*). The Company does not intend to publish revised financial targets to reflect events or circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events. The financial targets should not be regarded as a representation by the Company or by any other person that it will achieve these targets in any time period.

Subject to the above and assuming normal market conditions, the Group is targeting a medium-term organic net revenue CAGR in the low-teens based on 2020 Pro forma net revenue of €370.4 million, with growth elevated in the near-term to a mid-teens organic net revenue growth rate. This mid-teens near-term organic net revenue growth rate target is principally based on (i) the Group's strong business momentum from new flows from existing and new Distributors, which has translated into a strong start to 2021 for the Group, with organic AuA increasing from €515 billion as at December 31, 2020 to €584 billion as at March 31, 2021 and (ii) the positive effects of ongoing strategic initiatives, such as increasing penetration of Allfunds Connect platform and the launch of the sub-advisory business (described further below).

The low-teens medium-term organic net revenue CAGR target is in turn based on double-digit AuA growth and stable fee margins driving increased net platform revenue as a result of (i) secular market growth (with Allfunds' core addressable market growing at a 9% CAGR from 2019-2024, as described in Section 10 (*Industry Overview*), and (ii) positive organic inflows from existing Distributors and by the onboarding of new Distributors, with a medium term prospective pipeline of greater than €100 billion AuA. Allfunds' organic net revenue CAGR targets are also supported by assumed positive prospective market performance of various asset classes underlying AuA in line with current market expectations.

The Group's organic net revenue CAGR targets are further supported by strategic initiatives such as (i) increasing the proportion of net revenue attributable to net subscription and other revenues from services such as

Allfunds Connect, which the Group expects to approach 10% of total net revenue by the end of such medium-term period based on its continuing innovation of, and addition of value-add services to, Allfunds Connect, described in Section 11 (*Business Description – Solutions – New platform solutions - subscription and other solutions – Allfunds Connect – Digital Solutions*), as well as (ii) Allfunds' sub-advisory services, described in Section 11 (*Business Description – Solutions – New platform solutions - subscription and other solutions – Sub-Advisory Platform Solutions*), which are expected to drive additional growth and margin resilience. The Group's medium-term organic net revenue CAGR target excludes potential further upside from the Group's Allfunds Blockchain initiative and from opportunistic M&A activities.

In addition to the organic net revenue CAGR targets, the Group expects to realise approximately €25 million of incremental in-year net revenue in the year ending December 31, 2021, as some of the AuA acquired as part of the BNPP Acquisition will only be migrated to the Group's platform during the financial year ending December 31, 2021. This is in part attributable to recurring net revenue which the Group expects to achieve as a result of the commercial arrangements agreed in connection with the BNPP Acquisition.

The Group's Pro forma cost base for the year ended December 31, 2020 was €112 million (such cost base comprising Adjusted employee compensation and benefits (€65 million), Adjusted other expenses (€36 million), employee compensation and benefits of the BNPP LPA Business for the period to October 2, 2020 (€4 million) and other expenses from the BNPP LPA Business for the period to October 2, 2020 (€7 million)). In addition to organic recurring costs growth, Allfunds expects the incurrence of incremental costs of approximately €6 million to €8 million per annum from the beginning of 2021. These costs are expected to include full year incremental recurring expenses the Group anticipates incurring as a result of its previous M&A transactions, replacing below-the-line M&A-related TSA costs. Accordingly, Allfunds is targeting Adjusted EBITDA margin to gradually increase up to the mid-70% range in the medium-term, compared to 2020 Pro forma Adjusted EBITDA margin of 70.9%, due to the scalability of the Allfunds Platform driving net revenue growth in excess of cost growth.

In addition, Allfunds expects depreciation and amortisation (excluding the impact of intangible assets acquired as a result of business combinations, but including depreciation on right-of-use assets (leases)) to trend towards €25 million per annum in the medium term, which is expected to be slightly above capital expenditures (including payments on leases) as depreciation and amortisation also includes the impact of historic transformational capital expenditures which will be amortised through profit or loss.

Allfunds expects that its cash tax rate on Adjusted profit before tax will be 27% to 29% in the medium-term, with this rate closer to 27% in the near-term. Cash tax rate is defined as current cash tax expense divided by Adjusted profit before tax.

Allfunds is targeting to complete the integration activity related to the BNPP Acquisition by 2023 at the latest. The investments in the Allfunds Platform required to facilitate this integration activity are captured by the incremental costs of approximately €6 million to €8 million per annum outlined above. In addition, over the course of 2021 and 2022, the Group will incur total exceptional restructuring and integration costs of €33 million to €35 million (post-tax), which costs will be slightly front-loaded in 2021. In addition, Allfunds will also incur €25 million to €30 million of costs in 2021 in relation to the IPO (post-tax), and non-recurring post-tax M&A-related TSA costs of €31 million to €35 million, €24 million to €27 million and €5 million to €7 million during 2021, 2022 and 2023, respectively.

Allfunds is confident that it will consolidate its presence in Europe and increase its penetration in France and Germany. Allfunds believes it is very likely that strong growth will continue in markets such as Asia in an ever-growing open-architecture market and that the US offshore market will represent a very interesting market with growth potential.

9.4 Key Factors Affecting the Group's Results of Operations

The Group's results of operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors Allfunds considers have affected the Group's results of operations for the last five years and which could affect its results of operations in the future.

9.4.1 *AuA*

The Group generates the majority of its net revenue in the form of fees that are calculated and accrued daily as a margin on the outstanding AuA on the Allfunds Platform. The Group's net revenue is thus primarily driven by the total value of AuA on the Allfunds Platform, which in turn is driven by net flows from existing and new Distributors, as well as by the market performance of the AuA. The following table sets out the value of AuA on the Allfunds Platform over the last five years.

	As of and for the year ended December 31						
	Allfunds Group Limited				Allfunds Bank		
	(€ billions, unless otherwise indicated)						
	Pro forma 2020	2020	2019	2018	2017	2016	CAGR (2016-2020)
AuA EoP[(1)]	1,232	1,232	554	349	359	253	48.5%
Of which:							
Allfunds standalone AuA	515	515	435	349	359	253	19.4%
Acquired AuA	717	717	119	-	-	-	
AuA average[(2)]	774	706	421	367	302	220	33.8%
Net flows as a % of BoP AuA[(3)]		11.2%	10.7%	4.0%	36.9%	14.3%	
Market performance as a % of BoP AuA[(4)]		3.9%	14.6%	(6.7)%	4.8%	3.2%	

Notes:

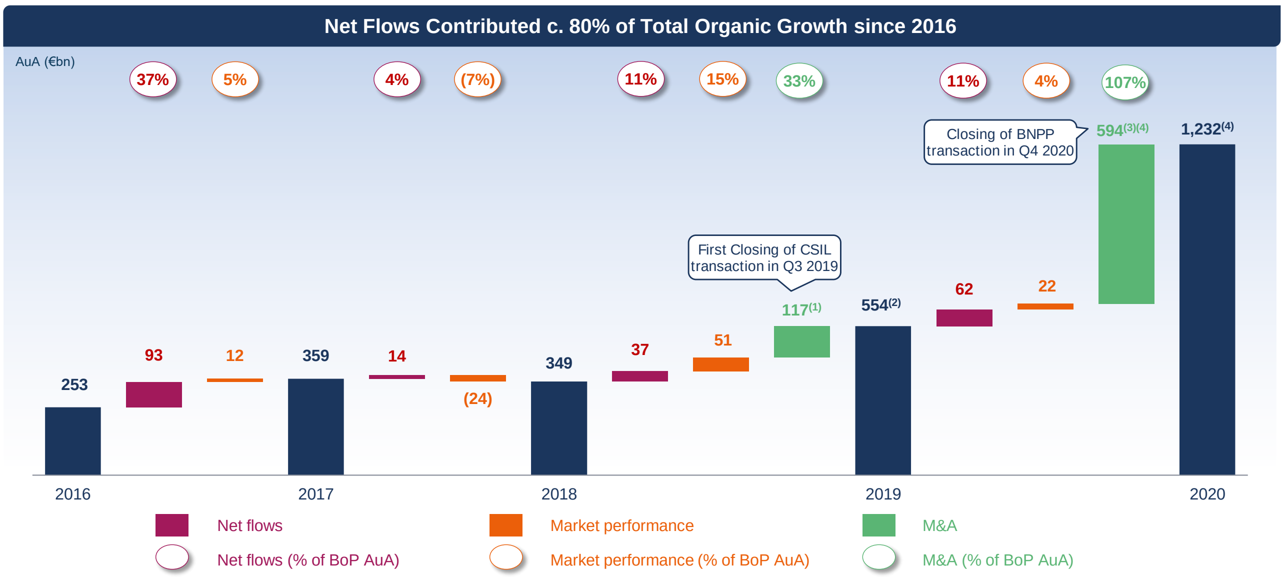
(1) AuA EoP is defined as AuA on the Group's platform at the end of the relevant financial period (EoP). For the years ended December 31, 2020 and December 31, 2019, this amount is derived from management's internal accounting records and also includes acquired AuA which is yet to be transferred (€79 billion as at December 31, 2020). For December 31, 2020, AuA EoP includes €515 billion registered on the Allfunds Platform and €717 billion acquired through acquisitions (€581 billion in connection with the BNPP Acquisition, €125 billion in connection with the CS InvestLab Acquisition and €11 billion in connection with the NFM Acquisition). AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds Platform (of which €425 billion of intermediated AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance). For the year ended December 31, 2018, this information is derived from management's internal accounting records. For the years ended December 31, 2017 and 2016, this information is derived from the internal accounting records of AFB.

(2) AuA average is defined as the average value of the AuA on the Group's platform for the relevant financial period. It is calculated as the sum of the daily value of AuA on the Group's platform for the year divided by 365 and is derived from management's internal accounting records.

(3) Net flows as a % of BoP AuA is defined as volumes of AuA from existing and new distributors in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period (*BoP*). Net flows as a % of BoP AuA is derived from management's internal accounting records.

(4) Market performance as a % of BoP AuA is defined as volumes of AuA from movements in the financial markets in any given year as a percentage of AuA on the Group's platform at the beginning of the relevant financial period. Market performance as a % of BoP AuA is derived from management's internal accounting records.

The following chart illustrates the evolution of AuA growth on the Allfunds Platform from 2016 to 2020.

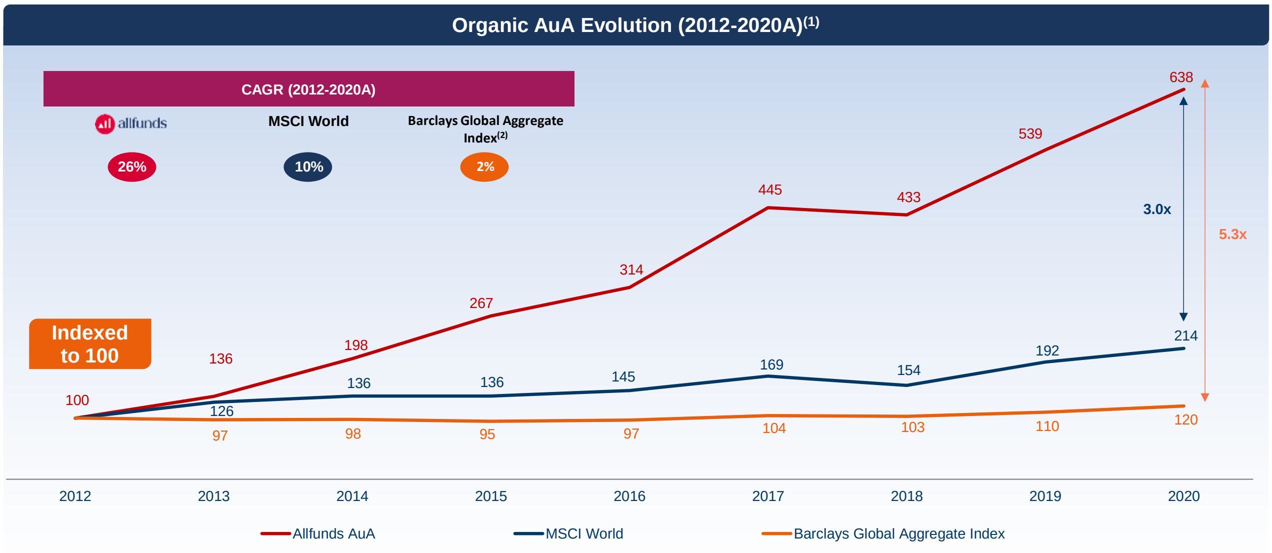


Notes:
Net flows and market performance include flows and market fluctuations relating to CS InvestLab and NFM starting at the time of their respective acquisitions. BNPP AuA as of December 31, 2020.

(1) M&A for 2018 includes the NFM Acquisition.

(2) AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds Platform (of which €425 billion of intermediated AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance).
(3) Includes €13 billion of AuA from the closing of CS InvestLab Phase 2.
(4) AuA as at December 31, 2020 includes €79 billion of AuA acquired in connection with the BNPP Acquisition but not yet transferred.

As illustrated above, AuA volumes are impacted by flows of AuA onto or off of the Allfunds Platform through, for example, increased investment from existing Distributors, the onboarding of new Distributors or the reduction or divestment of investments from Distributors, as the case may be. In addition, since 2016, approximately 80% of the Group's organic AuA growth has been generated by net flows from existing and new Distributors, as opposed to positive market performance, demonstrating Allfunds' strong organic growth engine. Since 2017, the Group has also embarked on an opportunistic acquisition strategy, which has added, in aggregate, €717 billion to the Group's AuA (including net flows and market performance on acquired AuA), including in particular €581 billion acquired as a result of the BNPP Acquisition.



Notes:
Source: Factset and S&P Global as of December 31, 2020.
(1) Refers to the Group's AuA on a standalone basis.
(2) Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from 24 local currency markets. Includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging markets issuers.

As set out above, the value of AuA on the Allfunds Platform is to some extent linked to the market performance of the AuA. As financial market performance improves, there is a corresponding increase in the market value of AuA on the Allfunds Platform, which can be coupled with increased inflows from Distributors seeking to take advantage of the positive market performance. Conversely, when markets decline, there is a corresponding decrease in the market value of AuA which can be compounded in times of prolonged market volatility if Distributors move AuA off of the Allfunds Platform into investments which are considered less volatile. The asset classes underlying Allfunds' AuA are, and its regional exposure is, however, highly diversified, which reduces the negative impact from periods of equity market declines. For example, during the initial period of the COVID-19 outbreak and the associated market volatility, the Group's AuA declined by approximately 10% between February 29, 2020 and March 15, 2020, relative to an approximately 22% decline of the EURO STOXX 50 index over the same period. The Group's AuA has since strongly rebounded (as shown in the chart above) and has continued to outperform the EURO STOXX 50 index.

The following table sets out the geographic diversification of the Group's AuA as at December 31, 2015 and 2020.

	Percentage of AuA in each region as at December 31	
	2015	2020
France and Benelux	5%	38%
Italy	42%	27%(1)
Iberia	37%	12%
Nordics, Central Europe and Eastern Europe	3%	12%
United Kingdom and Ireland	7%	6%
Asia, Middle East and Africa	1%	3%
United States and Latin America	5%	2%

Notes:

(1) Includes approximately €0.3 billion of AuA in Southern European countries other than Italy and Spain.

9.4.2 *Platform revenue models and distribution channels*

The Group's net platform revenue has represented and is expected to continue to represent the significant majority of its total net revenue. For the years ended December 31, 2020, 2019, 2018, 2017 and 2016, net platform revenue represented 95.5%, 94.8%, 96.5%, 97.8% and 98.5% of the Group's total net revenue, respectively (96.2% of the Group's Pro forma 2020 net revenue). Net platform revenue is generated either on a commission or on a transaction basis and is considered by Allfunds to be 100% recurring in nature. In 2020, 2019 and 2018, the split between commission-based and transaction-based revenues has on average been approximately 80% and 20%, respectively, on a standalone basis.

Commission-based revenues

Where platform revenues are driven by commissions, they are generated based on a daily fee calculated based on the amount of each Fund House's outstanding AuA in UCIs on the Allfunds Platform, according to two models, described below:

- Non-Rebate Model: Under the Non-Rebate Model, a Platform Service Fee is charged to the Fund House as a fee margin on the volume of the Fund House's AuA on the Allfunds Platform in exchange for bundled services provided by Allfunds to the Fund House, comprising of, but not limited to, intermediation and execution services, distribution channel access and the provision of digital services.

- Rebate Model: Under the Rebate Model (applicable primarily for retail share classes), Allfunds similarly receives a Platform Service Fee for the services it provides, in line with the Non-Rebate Model. In addition, Allfunds, in certain circumstances, retains a percentage of the gross rebate paid to the Distributor, based on agreements in place with each Fund House and individual Distributor. The gross rebate is calculated based on the Fund House's annual management charge for each UCI.

The Platform Service Fee revenue that the Group receives varies based on, among other, the relevant Fund House, the type of UCIs, the volume of associated AuA and geographic market dynamics. In the Non-Rebate Model, distribution and intermediation-related service fees are negotiated exclusively between the Group and the Fund House. In both the Rebate Model and the Non-Rebate Model, the Group charges fees on a quarterly basis for all the services it provides. The Group calculates and accrues these fees daily based on daily AuA.

In addition, while fees charged to Fund Houses are independent of the underlying asset classes of the AuA on the Allfunds Platform, fee levels may differ based on the underlying characteristics of the specific funds or investment vehicles. Fund Houses typically receive better pricing for low-cost funds, resulting in some cases in lower Platform Service Fee levels for the Group, despite Allfunds' implied take rate typically being higher for these low-cost funds. As such, the Group's net revenue is impacted by the evolving split between passive and active investments. The percentage of AuA on the Allfunds Platform originating from passive asset classes and ETFs as a percentage of total AuA has increased from approximately 4% in 2016 to approximately 7% in 2020, partially as a result of acquisitions.

In the European Union, since the adoption of MiFID II in January 2018, the asset management industry as a whole has been shifting from the generally higher margin Rebate Model to the Non-Rebate Model. The substantial majority of the Group's AuA is now based on the Non-Rebate Model. On a standalone basis, Allfunds does not earn any percentage of the rebate on approximately 82% of AuA as of 2020 (including rebate AuA on which Allfunds does not earn any percentage of the rebate) receiving only its separate Platform Service Fee. While net platform revenue margins under the Non-Rebate Model are generally lower than under the Rebate Model, the Group considers that the Non-Rebate Model provides it with more stable net platform revenue margins by enabling it to negotiate the Platform Service Fees based on the different services it provides directly with Fund Houses. As of December 31, 2020, 2019, 2018 and 2017, approximately 82%, 80%, 75% and 71% of AuA on the Allfunds Platform generated net revenue for the Group based on the Non-Rebate

Model, respectively, with the remaining 18%, 20%, 25% and 29% of AuA generating net revenue for the Group based on the Rebate Model, respectively (all on a standalone basis).

Transaction-based revenues

Transaction-based net platform revenue consists of transaction charges related to number of transactions. While correlated with AuA, these fees are charged on a transactional basis and are driven by both the volume and the value of the transactions. Transaction-based net platform revenue includes, but is not limited to, fees earned from the Group's foreign exchange services, its local paying agent services and ETF services.

The Group earns revenue on its foreign exchange services based on the spread in the prices of the relevant currencies involved in the trade and the value of the assets subject to the currency exchange. In exchange for the local paying agent services it provides to Distributors, Allfunds receives various transaction-related fees paid as a margin on a per transaction basis, as well as fees calculated based on a fixed margin on the volume of AuA on the Allfunds Platform.

The following table shows the Group's net platform revenue margin for the periods indicated.

	As of and for the year ended December 31						
	Allfunds Group Limited				Allfunds Bank		
	Pro Forma 2020	2020	2019	2018	2017	2016	CAGR 2016-2020
Net Platform revenue margin(1) (bps)	5.4(2)	5.0(2)	5.1	5.8	6.1	6.9	(7.7%)(2)

Notes:

(1) Net Platform revenue margin represents net platform revenue (commission-based revenues and transaction-based revenues) divided by the average AuA for the relevant period and expressed in basis points. Average AuA for any given year is computed based on daily AuA levels.

(2) Net platform revenue margin for 2020 and Pro forma 2020 are calculated using average AuA of €587 billion and €655 billion, respectively, which in each case excludes AuA related to the BNPP Platform Services Right from BNPP AM and the outsourcing activities covered by the BP2S Outsourcing Agreement, as these AuA will only begin generating revenue in 2021 (with the exception of €0.3 million in fees generated in 2020).

As illustrated above, Allfunds' net platform revenue margins have been trending downwards, from 6.9 bps in 2016 to 5.0 bps in 2020 on a standalone basis (5.4 bps in 2020 on a pro forma basis[1]). In addition to the shift in revenue model described above, the evolution of the Group's net platform revenue margin has also been driven by the onboarding of new Distributors in connection with the Group's geographic expansion in recent years and the focus on onboarding strategic reference Distributors. These new Distributors are in some cases onboarded at attractive rates, though the net platform revenue margin Allfunds earns from the underlying Fund Houses with respect to these new Distributors tends to increase over time as additional services are provided to them. These new Distributors are furthermore typically onboarded at high incremental EBITDA margins as the scalability of the Group's platform means new Distributors can be added at marginal cost.

Allfunds believes that the shift in revenue model is now very advanced, especially when considering the recent M&A activity which contributed a higher share of AuA on the Non-Rebate Model. Furthermore, Allfunds initiated a contract terms harmonisation project in 2020 to harmonise contract terms with Fund Houses, the results of which will begin to materialise in 2021. On that basis, Allfunds expects to see a stabilisation or only a modest decline in the Group's average net platform revenue margin, excluding the impact from AuA which did not generate net revenue in 2020, as described in the following paragraph.

Approximately €485 billion of AuA acquired in connection with the BNPP Acquisition, which only started generating net revenue in 2021, is expected to generate net platform revenue at a significantly lower margin of approximately 0.5 bps, as this AuA predominantly relates to the custodial services provided to Distributors via BP2S. The net platform revenue margin generated from this approximately €485 billion of AuA is however expected to increase as Allfunds starts converting some of the more than 700 Distributors to the Allfunds proposition over time. By way of illustration, the impact of this additional lower-margin AuA would result in an aggregate net platform revenue margin of approximately 3.3 bps based on AuA volumes at December 31, 2020.

Taking into consideration the various trends and dynamics described above, Allfunds expects its net platform revenue margin to remain broadly stable going forward at approximately 3.3 bps.

[1] Excluding AuA related to the BNPP Platform Services Right from BNPP AM and the outsourcing activities covered by the BP2S Outsourcing Agreement, as these AuA will only start generating revenue in 2021 (with the exception of €0.3 million in fees generated in 2020).

9.4.3 *Subscription and other services*

The Group's net subscription and other revenues represented 4.5%, 5.2%, 3.5%, 2.2% and 1.5% of the Group's total net revenue in the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively (3.8% of the Group's Pro forma 2020 net revenue). Whilst subscription and other revenue currently represents a small minority of the Group's total net revenue, it is a growing proportion of overall net revenue and represents an important aspect of the Group's value proposition to its Fund Houses and Distributors.

The Group's subscription and other services include Allfunds Connect (including both annual licence fees and annual membership fees) and digital add-ons, as well as the Group's Fund Research and Investment services and Legal and Compliance services. Subscription and other services will also include Allfunds Blockchain services once commercialised. See Section 11 (*Business Description*) – "*New platform solutions – subscription and other solutions"*.

Allfunds generates income from subscription and other services based on fixed membership and licence fees and charges fees for its digital solutions and tools and other investment and legal solutions. In particular, the Group charges recurring annual fees to its Allfunds Connect subscribers, based on their selected services and business requirements. In this regard, Distributors are generally currently charged a recurring membership fee only, while Fund Houses are charged an initial joining fee and a recurring membership fee.

9.4.4 *Operating efficiency and investments*

The Group's Adjusted EBITDA margin is driven by operating expenses, including in particular by employee compensation and benefits and other expenses flowing through to profit or loss. The following table shows the Group's adjusted expenses (comprising Adjusted employee compensation and benefits and Adjusted other expenses) and Adjusted EBITDA margin for the last five years.

	As of December 31				
	Allfunds Group Limited			**Allfunds Bank**	
	2020	**2019**	**2018**	**2017**	**2016**
	(€ thousands, unless otherwise indicated)				
Adjusted employee compensation and benefits	(65,177)	(52,472)	(45,571)	(34,881)	(28,941)
Adjusted other expenses	(35,757)	(34,652)	(39,363)	(30,400)	(26,440)
Total	**(100,934)**	**(87,124)**	**(84,934)**	**(65,281)**	**(55,381)**
Adjusted EBITDA margin	**68.7%**	**62.9%**	**61.5%**	**65.6%**	**64.6%**

The Group's adjusted operating expenses for the last five years reflect the Group's investments from 2017-2018 in becoming a standalone business following the Acquisition and separation from Santander. For example, these costs include IT costs relating to the migration of support systems to IBM. In addition, over the last three years, Allfunds has made significant investments in expanding internationally and expanding the Group's digital and platform capabilities, for example through the opening of six new offices since 2017 and the development of Allfunds Connect, Allfunds Blockchain and the Sub-Advisory Platform services. Much of these investments are reflected in the expansion of the Group's personnel composition, with full-time equivalent employees and fixed term contractors increasing from 501 in 2018 to 819 in 2020.

The following table sets forth the Group's maintenance capital expenditures, which the Group classifies as business-as-usual investments in the business, and transformational capital expenditures which occurred in 2018-2020 and mainly related to carve-out expenses following the Acquisition, and also included M&A-related investments and investments in technology.

	As of December 31				
	Allfunds Group Limited			**Allfunds Bank**	
	2020	**2019**	**2018**	**2017**	**2016**
	(€ thousands, unless otherwise indicated)				
Maintenance capital expenditures	16,667	12,591	8,481	5,226	6,184
Transformational capital expenditures	2,720	14,429	3,994	-	-
Underlying capital expenditures(1)	**19,387**	**27,020**	**12,475**	**5,226**	**6,184**

Notes:

(1) The Group defines Underlying capital expenditures as the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16.

Allfunds considers that its investments in its international expansion and in the Allfunds Platform have resulted in a platform which is now highly scalable and allows new Distributor onboarding at a marginal cost (close to zero incremental costs), with limited capital expenditure requirements going forward. Allfunds believes that this scalability will enable net revenue to grow in excess of costs, supporting Allfunds' target of Adjusted EBITDA margin in the mid-70% range in the medium-term.

9.4.5 *Impact of acquisitions*

Since 2017, the Group has pursued an opportunistic acquisition strategy to enable it to expand its global reach, further develop its platform and distribution capabilities and onboard new Distributors and Fund Houses. Allfunds expects to continue to pursue attractive mergers and acquisitions, where appropriate, to expand or strengthen its product and service offerings and geographic reach, as described in Section 11 (*Business Description – "Strategies – Pursue strategic, value accretive acquisitions*").

The following table presents a summary of the Group's key acquisitions during the periods presented, other than the acquisition of the Group by the Company pursuant to the Acquisition. The acquisitions set out below are described in more detail in Section 11 (*Business Description*) – "*Recent Acquisitions*".

Acquisition	**Date**	**Consideration**
Finametrix Acquisition (renamed to Allfunds Digital)	January 17, 2018	€20 million
FundInfo Acquisition	July 17, 2019	€1.3 million
CS InvestLab Acquisition Phase 1	September 6, 2019	10,975,622 Shares
NFM Acquisition	October 31, 2019	€29.3 million
CS InvestLab Acquisition Phase 2	March 26, 2020	10,975,622 Shares
BNPP Acquisition	October 2, 2020	35,405,232 Shares

These recent acquisitions have supported the Group's global market expansion and expansion of its AuA, enabling the Group to expand its global presence to Distributors in 59 countries as of December 31, 2020, with local offices to support the Distributors in 15 countries. Since January 1, 2018, AuA acquired by the Group in connection with M&A activities has represented €717 billion in aggregate (including net flows and market performance on acquired AuA).[2] In addition, the following table shows the proportion of the Group's net revenue attributable to M&A activities for the periods indicated.

	Year ended December 31					
	Pro forma 2020	**2020**	**2019**	**2018**	**2017**	**2016**
			(€ thousands)			
			(Re-presented)	*(Re-presented)*		
Organic net revenue	242,649	242,649	212,798	217,278	189,230	154,513
M&A net revenue	127,748	66,649	15,373	2,963	-	-
Net revenue	**370,397**	**309,298**	**228,171**	**220,241**	**189,230**	**154,513**

Notes:

Net revenue for the years ended December 31, 2020 and 2019 are derived from the 2020 Financial Statements. Net revenue for the year ended December 31, 2018 is derived from the Group's underlying accounting records. Net revenue for the years ended December 31, 2017 and 2016 are derived from AFB's underlying accounting records.

Pro forma net revenue is derived from the Unaudited Pro Forma Financial Information and includes the €61.1 million of net revenue from the BNPP LPA Business for the period from January 1, 2020 to October 2, 2020, as set forth in more detail in Section 8 (*Unaudited Pro Forma Financial Information*).

The split between organic and M&A net revenue is derived from management's internal accounting records.

The Group's acquisitions have led to increased advisory and other costs, as well as TSA and restructuring costs, which Allfunds treats as separately disclosed items in monitoring its underlying business performance.

Allfunds expects the incurrence of incremental costs of approximately €6 million to €8 million per annum from the beginning of 2021. These costs are expected to include full year incremental recurring expenses the Group anticipates incurring as a result of its previous M&A transactions, replacing below the line M&A-related TSA costs. In addition, over the course of 2021 and 2022, the Group expects to incur total exceptional restructuring and integration costs of approximately €33 million to €35 million (post-tax), which costs will be slightly front loaded in 2021. In addition, Allfunds also expects to incur €25 million to €30 million of costs in 2021 in relation to the IPO (post-tax). Management also expects

[2] AuA as at December 31, 2020 includes €79 billion of AuA acquired from BNPP to be transferred in 2021.

to incur non-recurring post-tax M&A-related TSA costs of approximately €31 million to €35 million, €24 million to €27 million and €5 million to €7 million during 2021, 2022 and 2023, respectively.

In accordance with IFRS 3 Business Combinations, where the Group undertakes an acquisition, it is required to perform a purchase price allocation to allocate consideration paid to all assets and liabilities of the Group as of the date of the relevant transaction. In circumstances where the initial accounting for an acquisition can be determined only provisionally by the end of the first reporting period after the acquisition, the Group accounts for the acquisition using provisional amounts. These provisional amounts are then adjusted during the measurement period (which cannot exceed one year from the acquisition date) and can thus have a retrospective impact on the Group's financial statements. For example, in connection with the Company's recent acquisitions, the purchase price allocation exercises carried out following the completion of Phase 2 of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market resulted in the Group retrospectively recognising adjustments to the provisional amounts of intangible assets recognised at December 31, 2019, leading to an increase to the depreciation and amortisation charge, with an impact of €19.2 million on the profit for the year ended December 31, 2019. For further details, see Note 3 to the 2020 Financial Statements included at Section 22 (*Historic Financial Information*).

The Group has already completed the initial purchase price allocation exercise with respect to the BNPP Acquisition in accordance with IFRS 3 Business Combinations, which resulted in the provisional recognition of intangible assets of €215.3 million, deferred tax liabilities of €71.1 million and goodwill of €232.4 million. See Note 10 of the 2020 Financial Statements included at Section 22 (*Historic Financial Information*). The purchase price allocation exercise will be finalised during 2021, prior to the end of the permitted 12-month measurement period.

9.4.6 *Regulation*

Fees charged to end investors have been and may continue to be subject to regulatory scrutiny internationally as regulators increasingly require Distributors and Fund Houses to increase transparency. For example, the rules on inducements included in MiFID II, which came into effect from January 2018, have primarily driven the shift from the Rebate Model to the Non-Rebate Model over the periods under review. In addition, as a result of AFB's banking licence, the Group is subject to regulatory capital requirements, which require it to maintain certain minimum amounts of CET1 Capital, Tier 1 Capital and Tier 2 Capital. Capital requirements limit the Group's financial leverage and thus affect its ability to pay dividends.

9.5 Factors Affecting Comparability of Financial Statements

9.5.1 *Re-presentation of the Group's 2019 and 2018 consolidated statements of comprehensive income to reflect amended presentation adopted in 2020*

In the Group's 2020 Financial Statements, adjustments have been made to the presentation of the consolidated statement of comprehensive income to more accurately reflect the Group's core business and business model. Further details on the nature, amount and reason for the reclassifications are explained in Section 2 (*Important Information*) – "*Presentation of Financial and other information – Prior period re-presentations*" of this Prospectus and Note 3 of the 2020 Audited Financial Statements included in Section 22 (*Historic Financial Information*).

The 2019 Financial Statements and the 2018 Financial Statements have not been restated to adjust the statements of comprehensive income and therefore the consolidated statements of comprehensive income in the 2019 Financial Statements and in the 2018 Financial Statements included in Section 22 (*Historic Financial Information*) are not directly comparable with the consolidated statements of comprehensive income for 2019 and 2020 included in the 2020 Financial Statements. Accordingly, the (unaudited) comparative 2019 consolidated statement of comprehensive income included in the 2020 Financial Statements has been re-presented in order to achieve comparability between the 2019 and 2020 consolidated statements of comprehensive income included in the 2020 Financial Statements, as described in Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*). In addition, the (unaudited) comparative 2018 consolidated statement of comprehensive income has been re-presented in this Prospectus in order to achieve comparability with the presentation of the consolidated statements of comprehensive income for 2019 and 2020 included in the 2020 Financial Statements, as described in Section 7 (*Selected Financial Information*) – "*Reconciliation between re-presented 2018 comparative information and 2018 consolidated statement of comprehensive income*".

9.5.2 *2019 adoption of IFRS 16 Leases*

In the Group's 2019 Financial Statements, IFRS 16 Leases was applied from January 1, 2019 using the modified retrospective approach and, therefore, 2018 was not restated and was reported under IAS 17 Leases. At January 1, 2019, the Group recognised right-of-use assets and lease liabilities totalling €22.4 million. For the purposes of the consolidated statement of comprehensive income, the depreciation of the right-of-use assets was recognised as "depreciation" under "depreciation and amortisation", totalling €5.1 million and the finance costs were recognised as "lease liabilities" under "interest expense" totalling €0.4 million. In the 2018 Financial Statements, rental costs were recognised as "property, fixtures and supplies" under "general and administrative expenses" totalling €7.6 million.

9.6 Components of the Group's IFRS Results of Operations

- ***Net revenue***

The Group's net revenue comprises fee, commission and service revenues less fee, commission and service expenses:

Fee, commission and service revenue

The Group's fee, commission and service revenue includes fees and commissions related with the Group's fund intermediation services, primarily from: the marketing of units in collective investments undertakings to asset management houses; foreign currency exchange services; ETFs intermediation activity; correspondent bank services; sub-custody services; intermediation services to customers where the fees are calculated applying a percentage to the daily AuA or distribution held for the account of the Group's customers; and transaction fees on subscriptions and redemption orders in units of collective investments undertakings.

Subscription and other revenue is revenue that is not driven by fund intermediation activity, primarily: information and research services; administration and legal services; and use of technological financial tools.

Fee, commission and service expense

Fee, commission and service expenses comprise expenses for third parties, distributors, and other parties. These expenses are generated as a result of rebate model contracts. Under this model, the Fund Houses pay a portion of the management or distribution fee of the UCI, which is calculated as a margin on the volume of AuA, as a distribution fee, or rebate, to the Group. The Group then passes this rebate on to the distributor and recognises the amount in fee, commission and service expense.

- ***Employee compensation and benefits***

Employee compensation includes wages and salaries, social security costs, contributions to defined benefit contribution pension funds, termination benefits, training expenses, and other staff costs.

- ***Other expenses***

These expenses mainly comprise expenses incurred for IT; legal & professional fees; technical reports, comprising of, among others, the fees made for the audit and other services provided by the auditor; subcontracted administrative services; communications; property, fixtures, and supplies; transportation costs; and levies and taxes.

The remainder of other expenses comprise of costs incurred on advertising and publicity, insurance and self-insurance premiums, association memberships, contributions to foundations, surveillance and cash courier services, governing and control bodies, and other expenses.

- ***Other operating income / (expense)***

As part of the Group's other operating income / (expense), the Group incurs/recognises net (losses)/gains on financial assets and liabilities at fair value through profit or loss. Other elements of other operating income comprise exchange differences, gains on derecognition of financial assets and liabilities measured at fair value through profit or loss. Other operating expenses primarily include annual contribution payments to the Single Resolution Fund, the central resolution authority within the banking union.

- ***Amortisation and depreciation relating to other intangible assets and property, plant and equipment***

The Group's main intangible assets relate primarily to computer software and licenses. In addition, development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method over the useful life of the intangible asset.

Property, plant and equipment, such as computer hardware, are stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated lives.

- ***Amortisation of intangible assets acquired as a result of business combinations***

  Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at acquisition date (which is regarded as their cost). These intangible assets recognised by the Group include brand name, cooperation agreements and the current relations with clients. Amortisation is calculated using the straight line method over the useful life of the intangible asset.

  Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

- ***Impairment losses***

  Impairment losses include impairment losses on non-financial assets and impairment losses on financial assets held at amortised cost. Impairment losses on non-financial assets relate primarily to goodwill in relation to business acquisitions and other intangible assets. Impairment losses on financial assets held at amortised cost relate to the losses recognised as a result of the application of a provision matrix to outstanding customer receivables, pursuant to IFRS 9.

- ***Net interest income/expense***

  Interest income comprised income earned on loans and advances to credit institutions, loans and advances to customers, and other finance income. Interest expense is incurred in respect of deposits from credit institutions, cash balances from central banks, and lease liabilities.

- ***Tax credit/(expense)***

  Current tax expense or credit represents accrued tax based on the taxable profit for that year for the members of the Group, less deferred tax on intangible assets.

- ***Other comprehensive income for the year***

  Other comprehensive income includes costs incurred on currency translation differences and tax credits.

9.7 Results of operations

The following table sets forth the Group's results of operations for the years ended December 31, 2020, 2019 and 2018. The Group's results of operations for the year ended December 31, 2018 have been adjusted to achieve comparability with the audited results of operations for the year ended December 31, 2020 and the unaudited re-presented results of operations for the year ended December 31, 2019. For a reconciliation of the unaudited re-presented 2018 results of operations to the audited 2018 results of operations, see Section 7 (*Selected Financial Information*).

	Year ended December 31		
	2020[(1)]	2019[(2)]	2018[(3)]
		(Re-presented)	*(Re-presented)*
		(€ thousands)	
Fee, commission and service revenue	1,589,363	1,331,419	1,336,375
Fee, commission and service expense	(1,280,065)	(1,103,248)	(1,116,134)
Net revenue[(4)]	**309,298**	**228,171**	**220,241**
Employee compensation and benefits	(75,591)	(54,968)	(47,079)
Other expenses	(89,901)	(82,005)	(44,272)
Other operating income /(expense)	5,537	(901)	189
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	(18,426)	(13,351)	(4,533)
Amortisation of intangible assets acquired as a result of business combinations	(111,607)	(92,307)	(88,236)
Profit /(Loss) before net interest expense, impairment losses and tax expense	**19,310**	**(15,361)**	**36,310**
Interest income	3,451	4,041	2,118
Interest expense	(6,024)	(10,912)	(2,134)
Net interest expense	**(2,573)**	**(6,871)**	**(16)**
Impairment loss on financial assets held at amortised cost	(1,550)[(5)]	(319)	(362,411)
Profit /(Loss) before tax	**15,187**	**(22,551)**	**(326,117)**
Tax expense	(15,230)	(7,950)	(11,137)
Loss for the year after tax	**(43)**	**(30,501)**	**(337,254)**
Items that may be reclassified subsequently to comprehensive income:			
Currency translation differences	59	564	161
Taxes	(18)	(169)	(48)
Other comprehensive income for the year	**41**	**395**	**113**
Total comprehensive loss for the year	**(2)**	**(30,106)**	**(337,141)**

Notes:

(1) The consolidated statement of comprehensive income for the year ended December 31, 2020 included in this table has been extracted from the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

(2) The re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2019 included in this table has been extracted without adjustment from the 2019 comparative financial information included in the 2020 Financial Statements. This information has been re-presented (i) in order to achieve comparability with the presentation of the consolidated statement of comprehensive income for the year ended December 31, 2020 by renaming and reordering certain line items (see Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*)) and (ii) to reflect changes made as a result of the purchase price allocation exercises carried out following completion of Phase 2 of the CS InvestLab Acquisition and the acquisition of Nordic Fund Market (see Note 3 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*)).

(3) The re-presented and unaudited consolidated statement of comprehensive income for the year ended December 31, 2018 included in this table is derived from the 2018 Financial Statements and has been re-presented for the purposes of discussion in this Prospectus using information from internal accounting records to achieve comparability with the presentation of the consolidated statement of comprehensive income which the Group has adopted in the 2020 Financial Statements. A bridge showing the adjustments made to the consolidated statement of comprehensive income is provided below in "- *Reconciliation between re-presented 2018 comparative information and 2018 consolidated statement of comprehensive income*".

(4) Net revenue is comprised of fee, commission and service revenue recognized under IFRS 15 less fee, commission and service expense. Net revenue is a gross profit measure. The Group labels this gross profit subtotal as Net revenue because the directors believe it reflects the integral interrelationship between revenue generated and the expenses concurrently incurred, whilst also being comparable to measures used by peers.

(5) Impairment loss on financial assets held at amortised cost for the year ended December 31, 2020 comprises €750 thousand of impairment loss on non-financial assets and €800 thousand of impairment loss on financial assets held at amortised cost.

Comparison of the Group's results of operations for the years ended December 31, 2020, 2019 and 2018

9.7.1 *Fee, commission and service revenue*

Fee, commission and service revenue in 2020 was €1,589.4 million, representing an increase of €258.0 million or 19.4%, from fee, commission and service revenue of €1,331.4 million in 2019. For 2019, fee, commission and service revenue of €1,331.4 million represented a slight decrease of €5.0 million compared to fee, commission and service revenue of €1,336.4 million in 2018.

The following table summarises the Group's fee, commission and service revenue by revenue type for the years ended December 31, 2020, 2019 and 2018.

	Year ended December 31		
	2020	**2019**	**2018**
		(€ thousands)	
		(Re-presented)	*(Re-presented)*
Platform revenue	1,575,356	1,319,507	1,328,653
Subscription and other revenues	14,007	11,912	7,722
Fee, commission and service revenue	**1,589,363**	**1,331,419**	**1,336,375**

- Platform revenue increased by €255.9 million or 19.4%, from €1,319.5 million in 2019 to €1,575.4 million for the year 2020. This increase was primarily due to a higher average AuA generated from a strong starting position in 2020 due to positive market and business performance in the fourth quarter of 2019, followed by the temporary worldwide market decline in Q1 2020 due to the outbreak of the COVID-19 pandemic, which subsequently recovered and continued its expansion throughout the remainder of the year. Furthermore, the BNPP Acquisition also contributed positively in 2020, with the addition of the BNPP LPA business during the fourth quarter of 2020. For 2019, platform revenue of €1,319.5 million represented a decrease of €9.2 million, or 0.7% compared to 2018 platform revenue of €1,328.7 million. This decrease was primarily due to the effects of the market downturn and subsequent reduction in AuA in the fourth quarter of 2018, which led to a lower average AuA during the first half of 2019 and was partly offset by additional AuA being acquired from the CS InvestLab Phase 1 acquisition in September 2019. Over these periods, the growth in platform revenue was partially offset by the impact of the shift from the Rebate Model to the Non-Rebate Model on AuA on the Allfunds Platform, which led to a reduction in retrocession fees collected by Allfunds.

- Subscription and other revenue increased by €2.1 million or 17.6%, from €11.9 million in 2019 to €14.0 million for the year 2020. This increase was primarily due to the continuing advancement and rollout during 2020 of various new Allfunds Connect solutions following its initial launch in 2019, as well as higher membership fees as a result of the growing Allfunds Connect customer base in 2020 and charges for its digital solutions and other investment and legal services. For 2019, subscription and other revenue of €11.9 million represented an increase of €4.2 million, or 54.5% compared to 2018 subscription and other revenue of €7.7 million. This increase was primarily due to higher joiner and membership fees in 2019 following the launch of Allfunds Connect in 2018.

9.7.2 *Fee, commission and service expense*

Fee, commission and service expense increased by €176.9 million or 16.0%, from €1,103.2 million in 2019, to €1,280.1 million in 2020, primarily driven by a higher average AuA already described above, which also results in higher fees to pass onto the Distributors. For 2019, fee, commission and service expense of €1,103.2 million represented a slight decrease of €12.9 million, or 1.2%, from €1,116.1 million in 2018, primarily due to a reduction in Distributor costs following a reduction in margin, which was partly offset by higher bank fees driven by an increased number of transactions.

9.7.3 *Net revenue*

Net revenue in 2020 was €309.3, representing an increase of €81.1 million or 35.6%, from net revenue of €228.2 million in 2019. For 2019, net revenue of €228.2 million represented an increase of €7.9 million compared to net revenue of €220.2 million in 2018.

The following table summarises the Group's net revenue by revenue type for the years ended December 31, 2020, 2019 and 2018.

	Year ended December 31		
	2020	**2019**	**2018**
		(€ thousands)	
		(Re-presented)	*(Re-presented)*
Net platform revenue	295,291	216,259	212,519
Net subscription and other revenues	14,007	11,912	7,722
Net revenue	**309,298**	**228,171**	**220,241**

- Net Platform revenue increased by €79.0 million, or 36.5%, from €216.3 million in 2019, to €295.3 million for the year 2020. This increase was, as described above, primarily due to higher average AuA for the period, partially offset by margin compression in the industry, combined with the contribution of the BNPP LPA business in the fourth quarter in 2020. For 2019, net platform revenue of €216.3 million represented an increase of €3.8 million, or 1.8% compared to 2018 net platform revenue of €212.5 million. This increase was primarily due to the reduction in gross fee, commission and service revenue being lower than the reduction in gross fee, commission and service expense as referred to above.

- Net Subscription and other revenues increased by €2.1 million or 17.6%, from €11.9 million in 2019 to €14.0 million for the year 2020. This increase was mainly due to Allfunds Connect, digital add-ons, as well as membership fees and charges relating to Fund Research, Investment, Legal and Compliance services. Subscription revenue, given its nature, is in essence the same on a gross and net basis. For 2019, net subscription and other revenues of €11.9 million represented an increase of €4.2 million, or 54.3% compared to 2018 net subscription and other revenues of €7.7 million, for the reasons set out above.

9.7.4 *Employee compensation and benefits*

Employee compensation and benefits increased by €20.6 million or 37.5%, from €55.0 million in 2019 to €75.6 million in 2020. The increase was primarily due to additional senior hires and an increase in average headcount of 81 people from 512 to 593 (with an actual headcount increase of 303 between December 31, 2019 and December 31, 2020). In 2020, Allfunds considers that €10.4 million of employee compensation and benefits were non-recurring in nature, attributable to the deferred compensation and retention plan regarding the Finametrix Acquisition and payments for the successful completion of acquisitions.

For 2019, employee compensation and benefits of €55.0 million represented an increase of €7.9 million, or 16.8%, from €47.1 million in 2018. This increase was driven by an increase in wages, salaries and social security costs driven by additional hiring during the year as the number of employees was increased by 67, or 15% from an average of 445 employees in 2018 to an average of 512 in 2019. In 2019, €2.5 million of employee compensation and benefits was non-recurring in nature, attributable to the deferred compensation and retention plan regarding the Finametrix Acquisition and payments for the successful completion of acquisitions. This compares to €1.5 million of non-recurring employee compensation and benefits incurred in 2018 mainly in relation to the deferred compensation and retention plans for the Finametrix Acquisition, which occurred in January 2018.

9.7.5 *Other expenses*

Other expenses increased by €7.9 million or, 9.6%, from €82.0 million in 2019, to €89.9 million in 2020. The increase was primarily due to non-recurring items and to the incorporation of the BNPP Acquisition cost structure. Without these two factors, this category of expenses would have remained relatively stable in 2020 versus 2019. In 2020, €63.3 million of other expenses were non-recurring and included the TSA costs from the CS InvestLab Acquisition and the BNPP Acquisition, as well as other restructuring costs related to the BNPP Acquisition, in the fourth quarter of 2020.

For 2019, other expenses of €82.0 million represented an increase of €37.7 million, or 85.1%, from other expenses of €44.3 million in 2018. This increase was primarily driven by a €29.5 million increase in expenses for technical reports, an increase of €8.7 million in legal and professional expenses attributable to higher advisory costs in connection with M&A activities and an increase of €2.0 million in IT costs relating to the hosting change to IBM, partially offset by a decrease of €4.9 million in expenses relating to property, fixtures and supplies due to lower rental costs as a result of the application of IFRS 16 from January 1, 2019. In 2019, €47.4 million of other expenses were non-recurring and principally related to M&A consultancy costs, TSA costs related to CS InvestLab, and other consulting and legal costs compared to €4.9 million of non-recurring other expenses in 2018, which also related to M&A consultancy costs and other consulting and legal costs.

9.7.6 *Other operating income/(expenses)*

Other operating income increased by €6.4 million, from expenses of €0.9 million in 2019 to an income of €5.5 million in 2020, primarily due to income from capitalisation of internal staff costs, insurance proceeds from operational incidents, higher income from exchange gains and gains on financial assets held for trading.

For 2019, other operating expenses of €901 thousand represented a change of €1.1 million compared to other operating income of €189 thousand in 2018, primarily due to losses on exchange rate movements and losses on financial assets held for trading. In 2019, €3.3 million of other operating income / (expenses) were non-recurring and related to operational incidents caused by temporary downtime in the IT communication systems (SWIFT) by the service provider. There were €0.04 million non-recurring other operating income / (expenses) in 2018.

9.7.7 *Amortisation and depreciation relating to other intangible assets and property, plant and equipment*

Amortisation and depreciation relating to other intangible assets and property, plant and equipment increased by €5.1 million or 38.0%, from €13.4 million in 2019, to €18.4 million in 2020. This increase was primarily due to IT platform capital expenditures which were recognised and commenced depreciation in 2020.

Amortisation and depreciation relating to other intangible assets and property, plant and equipment of €13.4 million in 2019 represented an increase of €8.9 million or 197.8% from €4.5 million in 2018. This increase was primarily due to the adoption by the Group of IFRS 16 at the beginning of 2019.

9.7.8 *Amortisation of intangible assets acquired as a result of business combinations*

Amortisation of intangible assets acquired as a result of business combinations was €111.6 million in 2020, relating to the CS InvestLab Phase 2, the BNPP acquisitions and all prior acquisitions. This represented an increase of €19.3 million, or 20.9% compared to a re-presented amount of €92.3 million of amortisation of intangible assets acquired as a result of business combinations in 2019, relating primarily to the Acquisition, but also including the Finametrix, NFM and CS InvestLab Phase 1 acquisitions. In 2019, amortisation of intangible assets acquired as a result of business combinations increased €4.1 million, or 4.6%, from €88.2 million in 2018 relating primarily to the Acquisition and also including the Finametrix Acquisition.

As part of the Acquisition there were intangible assets identified in the purchase price allocation exercise which includes the client relationships with the Group's former shareholders. These customer relationships were established through a cooperation agreement with entities of the Group's former shareholders whereby, subject to certain conditions and exceptions, these entities will use the Group's platform on an exclusive basis to access certain third-party fund products for a period of six years until November 2023. The cooperation agreement may be extended for further two years at the Group's option for a further €30 million paid to each of the two distributor groups. As at 31 December 2020, no decision has been made whether to extend these exclusivity arrangements. The customer relationships intangible asset established by the cooperation agreement has a useful life of 16.5 years as the Group expects these client relationships to continue after the expiry of the exclusivity periods of the cooperation agreements based on the Group's experience with existing customers relationships, their market position and historical attrition rate.

9.7.9 *Impairment losses*

Impairment loss was €1.6 million in 2020, compared to an impairment loss of €0.3 million in 2019. The 2020 impairment loss is attributable to €0.8 million of impairment of receivables and an intangible impairment of €0.8 million which is non-recurring.

Impairment loss was €0.3 million in 2019 and related to impaired receivables, compared to €362.4 million in 2018 relating to the impairment of receivables of €0.4 million and the impairment of goodwill of €362.0 million due to annual impairment review of goodwill in the year 2018 following the acquisition of AFB by the Company in November 2017 pursuant to the Acquisition. In accordance with the Group's accounting policies, pursuant to which goodwill is not amortised, but is reviewed for impairment at least annually, the Group performed an impairment review test of AFB as at December 31, 2018 to test whether the carrying value of the goodwill on purchase was higher than recoverable amounts (and therefore impaired). Due to the downturn experienced by the financial markets in the fourth quarter of 2018, the original business plan developed under the previous owners of the Group was revised to incorporate more conservative growth targets taking into account the assumption of a prolonged macro-economic downturn in Europe and associated equity capital market declines. As a result, the board of directors of the Company deemed it appropriate to provide for an impairment loss of €362.0 million, which did not recur in 2019 due to the recovery in the financial markets and corresponding business plan recovery.

9.7.10 *Net interest income/(expense)*

Interest income decreased by €0.5 million, from €4.0 million in 2019 to €3.5 million in 2020, primarily due to the lower interest rates set by the US Federal Reserve and the Bank of England in respect of USD and GBP, respectively in March 2020 which affected the interest earned on cash held balances on demand and overnight deposits denominated in these currencies, which was partially offset by the revenue derived from the participation in an economic interest group (€1.1 million) and the implementation of a daily charge of 50 bps for the balances on clients' cash accounts opened in EUR from June 2020.

Interest expense decreased by €4.9 million, from €10.9 million in 2019 to €6.0 million in 2020. The decrease was primarily due to extraordinary expense (€4.7 million) recorded in other interest expenses in 2019 due to debt-related finance costs associated with the elimination of the intercompany loan between the Company and Liberty and the lower remuneration paid for the balances in clients' cash accounts denominated in USD in GBP, and partially offset with higher interest payments to central banks for balances deposited in these institutions. In 2020, €1.1 million of net interest expense was non-recurring and related to the revenue derived from the participation in an economic interest group.

For 2019, interest income of €4.0 million represented an increase of €1.9 million, from €2.1 million in 2018. This increase was primarily due to higher market remuneration of the USD and GBP exposures and the collection of interest from customers due to their EUR positions due to the application of negative market interests being applied.

Interest expense in 2019 was €10.9 million, representing an increase of €8.8 million from €2.1 million in 2018. The increase was primarily caused by an increase of (i) €1.4 million in interest expenses for deposits from credit institutions which was driven by higher market interest costs relating to USD and GBP exposures; (ii) an increase of €2.3 million in interest expense for cash balances from central banks driven by the Group's higher EUR exposure due to higher amounts of client cash accounts held in EUR, combined with higher negative interest rates; and (iii) an increase of €4.7 million in other interest expenses due to debt-related finance costs associated with the elimination of the intercompany loan between the Company and Liberty Partners incurred in 2019. In 2019, €4.7 million of net interest income / (expense) was non-recurring and related to the elimination of the intercompany loan. There was no non-recurring net interest income / (expense) in 2018.

9.7.11 *Tax credit/(expense)*

Tax expense increased by €7.2 million, from a re-presented tax expense of €8.0 million in 2019 to an expense of €15.2 million in 2020. This increase was driven by (i) the obligation for the French branch to add back and be taxed over a five year period, on the gain derived by BNPP AM upon its contribution, (ii) the significant reduction of Liberty's tax losses to offset AFB`s taxable profits within the Spanish tax group and (iii) higher tax profits in certain jurisdictions, such as Italy and Luxembourg.

In 2019, the re-presented tax expense of €8.0 million represented a decrease of €3.1 million from a tax expense of €11.1 million in 2018. This reduction was primarily driven by (i) lower profits in certain subsidiaries in the year and thus a reduction of their tax expenses, (ii) the application of the Spanish tax group relief under which AFB partially offset its taxable profits against Liberty's tax losses, thus creating a receivable for Liberty and a corresponding tax income and (iii) the accounting positive impact derived from the recognition of a tax goodwill balance, amortisable for tax purposes as from 2017, as a result of the InvestLab Closing 1.

9.7.12 *Profit /(Loss) for the year after tax*

As a result of the above, the Group's loss for the year after tax was €43 thousand in 2020, compared to a re-presented loss of €30.5 million in 2019 and a loss of €337.3 million in 2018.

9.7.13 *Adjusted EBITDA and Adjusted EBITDA margin*

Adjusted EBITDA increased by €69.1 million, or 48.2%, from €143.5 million in 2019 to €212.6 million in 2020, primarily as a result of higher activity in both platform and subscription revenues and higher AuA, as well as the contribution of the BNPP LPA Business in the fourth quarter, as described above. Including the full-year illustrative impact of the acquisition of the BNPP LPA Business, Pro Forma Adjusted EBITDA for 2020 is €262.7 million, representing a 83.1% increase compared to Adjusted EBITDA in 2019.

For 2019, Adjusted EBITDA of €143.5 million represents an increase of €8.0 million, or 5.9%, from Adjusted EBITDA of €135.5 million in 2018, for the reasons set out above.

The 2020 Adjusted EBITDA margin was 68.7% (70.9% including the full-year illustrative impact of the acquisition of the BNPP LPA Business), compared to 62.9% and 61.5%, in 2019 and 2018, respectively.

9.8 Liquidity and Capital Resources

The Group's primary source of liquidity as at the date of this Prospectus is the cash flows generated from its operations. The Group's primary use of liquidity is for the day-to-day operation of its business and as a further detailed in "*Cash flows*" below. For a discussion of the Group's risk and capital management, see Section 12 (*Risk Management*) and Section 13 (*Regulation*).

9.8.1 *Cash flows*

The following table presents a summary of the Group's cash flows for the periods indicated, which have been extracted without material adjustment from the Audited 2018-2020 Financial Statements set out in Section 22 (*Historic Financial Information*).

	Year ended December 31		
	2020	**2019**	**2018**
		(€ thousands)	
Net cash flows from operating activities	835,670	443,184	2,552
Net cash flows used in investing activities	(28,094)	(36,077)	(24,643)
Net cash flows used in financing activities	(3,469)	(75,444)	(13,300)
Net increase/(decrease) in cash and cash equivalents	**804,107**	**331,663**	**(35,391)**
Effect of exchange rate changes on cash and cash equivalents	428	(729)	33
Cash and cash equivalents at the start of the year	1,044,371	713,437	748,794
Cash and cash equivalents at the end of the year	**1,848,905**	**1,044,371**	**713,437**

Cash flows from operating activities

Cash flows from operating activities resulted in an inflow of €835.7 million in 2020, compared to an inflow of €443.2 million in 2019. This increase was primarily due to the following types of cash inflows during the year:

- Financial assets at amortised cost decreased by €86.3 million or 27.6%, from €313.0 million in 2019 to €226.7 million in 2020. The decrease was due to the cancellation of short-term deposits.

- Financial liabilities at amortised cost increased by €632.1 million or 54.1%, from €1,168.3 million in 2019 to €1,800.4 million in 2020. The increase is due to clients wishing to increase their deposit funds held with the Company.

Cash flows from operating activities resulted in an inflow of €443.2 million in 2019, compared to an inflow of €2.6 million in 2018. This increase was primarily due to the following types of cash inflows during the year:

- Financial assets at amortised cost decreased by €70.9 million, from €383.9 million in 2018 to €313.0 million in 2019. The decrease was due to the cancellation of short-term deposits.

- Financial liabilities at amortised cost increased by €292.9 million from €875.4 million in 2018 to €1,168.3 million in 2019. The increase was due to new clients' money deposited in their cash accounts.

Cash flows from investing activities

Cash flows from investing activities resulted in an outflow of €28.1 million in 2020, compared to an outflow of €36.1 million in 2019. This reduced outflow of €8.0 million related to the reduction in both the payments made for the acquisition of subsidiaries of €9.5 million and the purchase of intangible assets of €3.7 million which was offset by an increase in purchases of property, plant and equipment of €5.2 million.

Cash flows from investing activities resulted in an outflow of €36.1 million in 2019, compared to an outflow of €24.6 million in 2018. This increase was primarily due to the payment of intangible assets, which increased by €13.5 million, from €9.3 million in 2018, to €22.8 million in 2019. These payments of intangible assets related to IT developments over the course of the year 2019.

Cash flows from financing activities

Cash flows from financing activities resulted in an outflow of €3.5 million in 2020, compared to an outflow of €75.4 million in 2019. This is mainly the result of (i) an interim dividend paid in March 2020 of €12.0 million, (ii) cash lease payments of €6.1 million, which was offset by cash injection from proceeds of an issuance of share capital and share premium of €14.6 million. This compares to interim dividends paid in 2019 totalling €70.9 million and cash lease payments of €4.6 million.

Cash flows from financing activities resulted in an outflow of €75.4 million in 2019, compared to an outflow of €13.3 million in 2018. This was principally the result of the payment of interim dividends to shareholders.

9.8.2 *Liabilities*

The following table summarises the Group's total liabilities as at December 31, 2020, 2019 and 2018.

	As at December 31		
	2020	2019	2018
		(€ thousands) *(Re-presented)*	
Non-current liabilities			
Deferred tax liabilities	320,549	277,767	274,317
Tax liabilities	-	1,538	1,177
Non-current lease liabilities	12,188	12,977	-
Total non-current liabilities	**332,737**	**292,282**	**275,494**
Current liabilities			
Financial liabilities at fair value through profit or loss	213	749	213
Financial liabilities at amortised cost	1,800,408	1,168,268	875,399
Current lease liabilities	7,289	5,188	
Tax liabilities	15,145	2,525	1,716
Other liabilities	405,461	337,745	279,456
Total current liabilities	**2,228,516**	**1,514,475**	**1,156,784**
Total liabilities	**2,561,253**	**1,806,757**	**1,432,278**

Total liabilities increased by €754.5 million or 41.8%, from €1,806.8 million re-presented as at December 31, 2019 to €2,561.3 million as at December 31, 2020. This is mainly the result of a large increase in client monies held at the year end.

Total liabilities increased by €374.5 million or 26.1%, from €1,432.3 million as at December 31, 2018, to € 1,806.8 million as at December 31, 2019. This increase was mainly due to higher deposits from customers and credit institutions of €229.5 million and increased other financial liabilities of €81.5 million in 2019, which relate to a combination of (i) the initiation of rebates in Singapore, (ii) withholding taxes and (iii) financial transactions pending settlement.

Financial liabilities

The Group's financial liabilities primarily comprise client balances held within the category of Financial Liabilities held at amortised cost. The following table summarises the maturities of the Group's financial liabilities as at December 31, 2020.

	As at December 31, 2020				
	Less than 6 months	6 months to 12 months	1 year to 5 year	Over 5 years	Total
			(€ millions)		
Financial liabilities held at amortised cost	1,804,168	3,529	11,890	298	1,819,885
Other liabilities	405,461	-	-	-	405,461
Financial liabilities at fair value through profit/loss	213	-	-	-	213
Total	**2,209,842**	**3,529**	**11,890**	**298**	**2,225,559**

As at the date of this Prospectus, AFB has an investment grade rating and the Company intends to get an investment grade rating in the near- to medium-term.

Revolving Credit Facility

On April 14, 2021, the Company as company and original borrower and original guarantor entered into a revolving credit facility agreement with, *inter alios*, BNP Paribas S.A., Sucursal en España, Credit Suisse AG, London Branch, Citibank N.A., London Branch, Morgan Stanley Bank International Limited, Barclays Bank PLC, Bank of America Europe Designated Activity Company, HSBC Bank plc, Banco Santander, S.A., Intesa SanPaolo S.p.A., London Branch and CaixaBank S.A. as arrangers, the financial institutions named therein as original lenders and Barclays Bank PLC as facility agent (such agreement as amended, amended and restated and/or replaced from time to time, the ***Revolving Credit Facility Agreement***).

The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of €550 million on a committed basis, available from Admission in euro, US dollars or sterling (or any other currency approved by the lenders). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings will be available to be used towards financing or refinancing the general corporate purposes of the Company and certain of its subsidiaries, other than towards the Conditional Dividend.

The Revolving Credit Facility matures on April 14, 2025 (being 4 years after the signing of the Revolving Credit Facility Agreement), subject to 2 one-year extension options (at the Company's request, subject to the lenders' discretion).

The interest rate on cash advances under the Revolving Credit Facility is the percentage rate per annum equal to the aggregate of the applicable margin and applicable EURIBOR or LIBOR (or SONIA for sterling) (subject to a zero floor). A mechanic to switch from US dollar LIBOR to compounding in arrears SOFR has been included. The initial margin at the date of the Revolving Credit Facility Agreement was 1.50%, subject to a margin ratchet pursuant to which the margin on the loans is adjusted depending on the credit rating (if any) of the Company. For any period during which the Company has no credit rating, the margin is 1.50%.

A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility until the last day of the availability period for the Revolving Credit Facility at a rate of 35% of the then applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears. A utilisation fee is payable on the amount of any loans drawn at a rate between 0.10% and 0.40%, depending on the proportion of the total commitments drawn. The utilisation fee is payable quarterly in arrears. Default interest is calculated as an additional 1% on the overdue amount. Customary agency fees will also be payable to the facility agent during the life of the Revolving Credit Facility.

The Company intends to use the Revolving Credit Facility to repay an outstanding loan balance of €6.3 million to LHC3, as well as to pay certain expenses relating to the Offering as described in more detail in paragraph 4.2 of Section 4 (*Reasons for the Offering and Use of Proceeds*).

The Revolving Credit Facility Agreement is described in more detail, including a description of certain covenants, in paragraph 20.5.6 of Section 20 (*General Information on the Company*).

9.8.3 *Commitments and contingent liabilities*

The Audited 2018-2020 Financial Statements include where applicable all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. In accordance with current standards, contingent liabilities are not recognised in the financial statements, but rather are disclosed in the notes. For a discussion of the Group's contingent liabilities, see Note 35 of the 2020 Financial Statements included in Section 22 (*Historic Financial Information*).

9.8.4 *Off-balance sheet arrangements*

"Off-Balance Sheet arrangements" relates to balances at December 31, 2020, 2019 and 2018 representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions performed by the Group although they may not impinge on its net assets.

Contingent obligations held by the Group which may result in the recognition of financial assets refer in their entirety to those available to third parties. The detail thereof at December 31, 2020, 2019 and 2018 is as follows:

	Year ended December 31		
	2020	**2019**	**2018**
		(€ thousands)	
Available to third parties:			
Credit institutions	49,092	42,434	41,143
Other resident sectors	2,250	1,250	1,149
Other non-resident sectors	14,743	13,539	11,585
Total Off-balance sheet items	**66,085**	**57,223**	**53,877**

In addition, as at December 31, 2020, the Group held off-balance-sheet funds under management relating to UCIs amounting to €1,158,453,206 thousand (2019: €425,339,602 thousand; 2018: €348,684,760 thousand).

9.9 *Critical Accounting Policies and Estimates*

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Company also exercises judgements in applying the Group´s accounting policies. For a description of the Group's critical accounting judgments and key sources of estimation uncertainty, see Note 4 of the Audited 2018-2020 Financial Statements, set out in Section 22 (*Historic Financial Information*).

9.10 *Quantitative and Qualitative Disclosures about Market Risks*

For a description of the Group's quantitative and qualitative disclosures about market risks, see Section 12 (*Risk Management*) – "*Other risk management areas*". Please also see Note 6 of the 2020 Financial Statements, included in Section 22 (*Historic Financial Information*).

10. **Industry Overview**

The following information relating to the Group's industry has been provided for background purposes only. The information has been extracted from the Market Data (as defined in Section 2 (Important Information) – "Market, Economic and Industry Data". The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors should read this Section 10 (Industry Overview) in conjunction with the more detailed information contained in this Prospectus including Section 1 (Risk Factors) and Part 9 (Operating and Financial Review).

In addition, certain statements in this section are based on the Group's own estimates, insights, opinions or proprietary information. Such statements contain the words "the Group believes" or "the Group expects" and as such do not purport to cite, refer to or summarise any third-party independent source and should not be so read. For further information on the treatment of third-party information and statements based on the Group's own estimates, insights, opinions or proprietary information, see Section 2 (Important Information) – "Market, Economic and Industry Data.

Allfunds, as a leading global B2B WealthTech platform, provides integrated solutions to Fund Houses and Distributors and operates across the complex value chain of the wealth management industry and the broader asset management market.

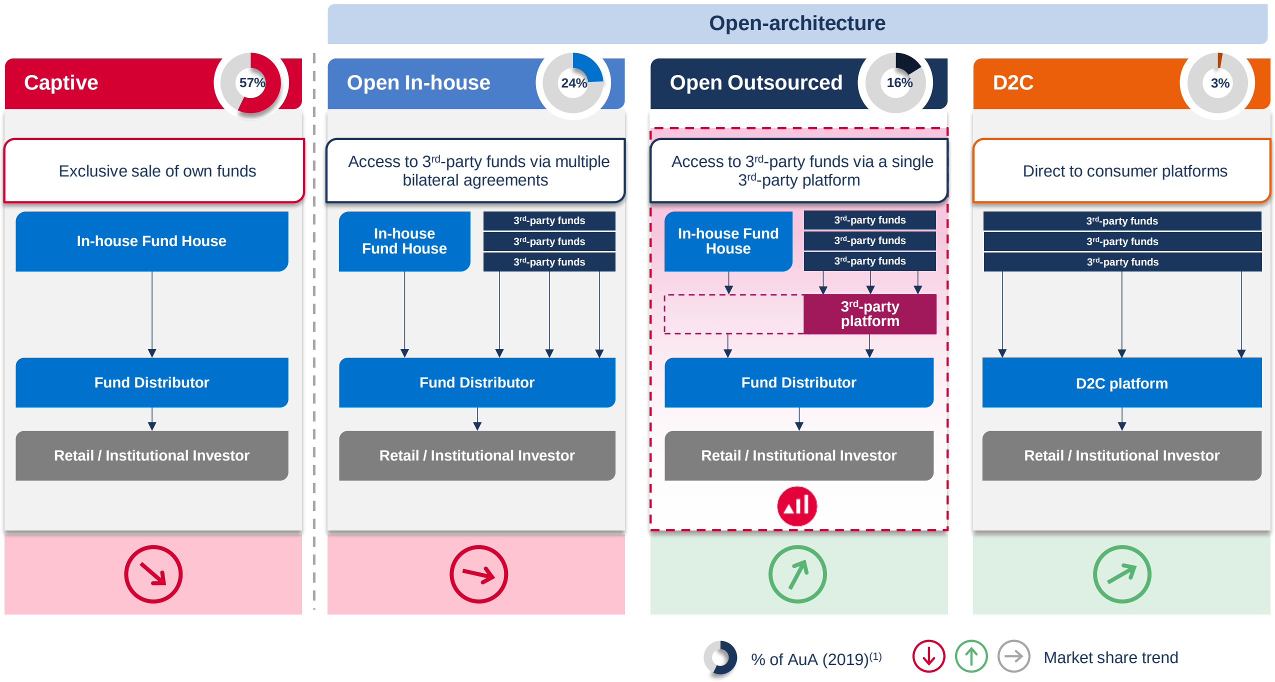
10.1 Market Overview and Key Trends

10.1.1 *The Wealth Management Market*

The wealth management industry is more than 200 years old, yet it is only within the last 20 years that traditional business models have begun to shift in response to massive digital and regulatory disruption across the value chain. Wealth growth has proven its resilience in weathering crises, as personal financial wealth globally has nearly tripled over the last twenty years and is expected to continue growing in the coming years. According to the Market Data, despite 2020 growth having been flat as a result of the COVID-19 pandemic crisis, the global wealth management market is expected to continue to grow at 3% per annum, reaching a total market size of €125 trillion by 2024.

There are four main wealth distribution channels by which to reach retail investors: (i) closed, or captive, architecture (Distributors selling only or predominantly their own funds and investment products to their retail clients); (ii) open-architecture in-house, or Distributor-delivered (Distributors selling third party funds but without the use of a fund platform); (iii) open-architecture outsourced, or intermediated B2B (Distributors selling third party funds through a B2B wealth platform such as Allfunds); and (iv) direct-to-consumer (***D2C***) (Fund Houses that reach retail investors via third-party D2C platforms). Unlike in the United States, where D2C is the predominant distribution channel, in Europe, wealth distribution relies mainly on Distributor-delivered and intermediated B2B channels (e.g., banks, insurers, independent financial advisers). Consequently, B2B wealth platforms are more relevant players in Allfunds' current markets than in the United States, where significant D2C distribution prevails.

The following chart illustrates the four main wealth distribution channels described above, together with their approximate percentage of market share (based on 2019 AuA and according to the Market Data) and market share trends.



Source: McKinsey & Co. Fund Platform Market review and other market data.
(1) Based on €14.9tn AuA total fund platform TAM.

10.1.2 *Key Trends*

The wealth management market has experienced and continues to experience material changes as a result of regulatory changes and macro trends. Allfunds considers that the main trends affecting the wealth management landscape, specifically as it pertains to Allfunds' operating and business models to be as follows:

- ***Digitalisation of the advice proposition:*** The wealth management provider model is expanding and refocusing as client needs shift and services and interactions evolve in multiple ways to meet these needs. As clients require more personalised products and access to what they need at any time, the importance of digital tools, digital channels, data and analytics increases. Furthermore, digital technologies and ecosystems offer wealth management providers the opportunity to access new revenue pools at a lower cost whilst also lowering barriers to entry to new players.

- ***Changing demographics, savings and wealth effect:*** Today there is more wealth in more hands, and the wealth gap separating mature markets and growth markets has narrowed dramatically. Increased household wealth across a larger set of geographies and households means wealth management providers will have a larger pool of potential clients to serve over the next five years: the global affluent segment, the high net worth segment and the ultra-high net worth segment (valued in 2019 at US$35.3 trillion, US$87.7 trillion and US$ 27.3 trillion, respectively, according to the Market Data) are expected to grow at CAGRs of up to 4.6%, 4.7% and 5.8%, respectively, from 2019 to 2024, according to the Market Data. Additionally, the gradual disappearance of public pension plans is creating a need for employers and retail investors to develop their own long-term savings plans. This trend towards independent pension and retirement planning is fuelling the demand for more sophisticated wealth and savings products.

- ***Banks' push into wealth management:*** As banks' lending activities continue to be restrained by capital-and-liquidity-related regulations, banks are expected to continue to grow and push forward their wealth management segments, allowing them to increase their contribution of recurring fee-based revenues, reduce capital requirements and thus increase return on equity.

- ***Growing shift to passive investing and ETFs***: There has been a great shift from active to passive investing in recent years, and this trend is expected to continue. Passive investments under management are expected to grow faster than any other product category, and this coupled with pricing pressures from lower margin passive funds and increased investor preference for ETFs and passive investments will continue to drive lower margins for asset managers as well as allow retail customers to access passive investments with a lower investment quantum. Allfunds currently offers ETFs on its platform. However, ETFs do not make up a large component of Allfunds' AuA, as they are typically part of discretionary portfolios.

10.2 Addressable Market

10.2.1 *Fund Platform Distribution Industry Overview*

A fund platform today is no longer simply an intermediary linking Fund Houses and Distributors. Full-service fund platforms have moved beyond simply facilitating distribution agreements. Allfunds defines the fund platform distribution market as the portion of household wealth pertaining to investable financial assets that are invested in mutualised vehicles and distributed via captive asset managers or open-architecture platforms. According to the Market Data, the total fund platform distribution market was estimated to be €14.9 trillion at the end of 2019 based on AuA. Of this €14.9 trillion, €8.5 trillion refers to the captive fund platform market, €6.0 trillion to B2B open-architecture platforms, and the remaining €0.4 trillion pertains to D2C platforms. The figures for Allfunds' addressable market are limited to the geographies in which it currently has Distributors: Europe (including but not limited to the United Kingdom, Germany, France, Italy, Spain, Switzerland, Denmark, Finland, Norway, Sweden), Asia (Hong Kong, Singapore, Thailand, Philippines), Middle East (including but not limited to the UAE, Qatar and Oman), the United States offshore market and Latin America (including but not limited to Chile, Mexico, Colombia and Brazil).

10.2.2 *The Wealth Management Value Chain*

Changing platform business models have led to fund platforms covering a broader set of activities across the wealth management value-chain and competing, in some cases, with non-platform businesses. Allfunds considers the main players across the wealth management value chain to include: Fund Houses, custodians, clearing houses, transfer agents, fund platforms and Distributors; the general activities of which are described below.

- ***Fund Houses:*** Conduct analyses of the needs of their investors as compared with their investment capabilities, define the strategy of each fund, undertake asset allocation and portfolio construction, structure funds and develop investment products, engage in trading activities and manage investment portfolios. To support these activities, Fund Houses also conduct other activities, such as: research, due diligence, sales and marketing and data analytics. Since Fund Houses are regulated businesses, they have significant legal and compliance obligations and a need for robust anti-money laundering and "know your customer" (or ***KYC***) processes. Some Fund Houses also provide sub-advisory, or third-party fund management, and environmental, social and governance (***ESG***) advisory services (e.g., PIMCO, Vanguard, Nordea, Robeco).

- ***Custodians:*** Provide safekeeping and transaction processing services, cash management and cash sweep activities, foreign exchange management, securities lending and collateral management. Custodians also calculate net asset value and provide risk management activities, corporate actions and processing and paying agent services.

- ***Clearing houses:*** Act as an intermediary for trades in financial assets by facilitating the payment for and delivery of financial assets and are thus responsible for trade clearing and settlement services.

- ***Transfer agent:*** Manage and maintain shareholder registers for entities who issue stocks or shares. Transfer agents are responsible for the management of shareholder communications, administration of funds and assets, and legal and compliance management, including post-trade compliance activities.

- ***Fund platforms:*** Are dealing and distribution platforms where shares of UCIs can be dealt between Fund Houses and Distributors. Fund platforms can be directed or closed architecture, meaning they only offer shares in proprietary UCIs of the asset management division within the fund platform's group or a limited number of UCIs, or they can be open-architecture, meaning they offer shares from multiple Fund Houses, sometimes in addition to their UCIs. Fund platforms can provide a broad range of transaction, custody and execution services, including rebate and fee calculation negotiation and processing, order management, reporting and corporate action processing, single-point client administration (such as sales support, account administration, reporting and tax administration) regulatory services and compliance services. In addition, full-service fund platforms, such as Allfunds, increasingly also provide software solutions such as data and analytics, and digital wealth management services.

- ***Distributors:*** Engage in fund and asset research and shortlisting, portfolio development and management (where they have discretionary mandates), real-time portfolio trading and rebalancing, portfolio data analytics and tax optimisation. To support these activities, Distributors rely on front office sales activities such as financial advice and profiling and ongoing client management as well as other front-end services including client interfacing, client education, fee processing and order entry reporting. Distributors also have a need for robust anti-money laundering and KYC processes, and may conduct ESG, sub-advisory activities and robo-advice services. There are various types of Distributors including retail banks (e.g. Banco Santander, Intesa Sanpaolo, BNP PARIBAS), private banks (e.g. Credit Suisse AG, Julius Bar), insurers (e.g. Allianz, Zurich) and funds of funds (e.g. DWS, InverCaixa).

10.2.3 *Key Trends*

Key trends driving Fund Houses and Distributors include:

Fund Houses

- ***Increased outsourcing:*** Fund houses have started to shift towards lower-cost operating models by outsourcing more activities (e.g. back-office, portfolio tools and analytics, regulatory and legal services) to fund platforms. Increased levels of outsourcing and relying more on open-architecture levels have allowed Fund Houses to not only deal with increasing regulatory pressure, but also to help accommodate higher investor demand for performance and diversification.

- ***Expanding distribution:*** Fund houses have started seeking new markets and sources of revenue by expanding distribution reach. Optimising distribution channels has also become of increasing importance as regulation increasingly focuses on open-architecture distribution and pushes Fund Houses towards greater disclosure and a fiduciary standard of care.

- ***Fee margin compression:*** Despite growth in global AuA, Fund Houses continue to face fee margin compression, leading to outsourcing and are looking to shift away from asset-based fees towards non AuA-based sources of revenue as a way in which to increase profitability.

- ***Importance of data & analytics:*** As wealth management models continue to evolve towards automated and open ecosystems, the importance of data and analytics capabilities increases. Data and analytics have become crucial as Fund Houses seek to accommodate investor demand for increased customisation and bespoke solutions, and will help drive new client acquisition, research and portfolio management, middle and back office processes in the future. In order to remain competitive, Fund Houses will need to continue to invest in technology, data, analytics and digitalisation both internally and from third parties.

- ***ESG focus:*** Fund houses are experiencing increased pressure from investors to include more ESG criteria into their investments, leading to additional work and costs to consider and report on such ESG criteria. Conversely, demand from end investors to de-carbonise their investment portfolio has created the ability for asset managers to market both active and passive "green funds" which typically attract higher management fees given the increased willingness by investors to pay for ESG strategies, creating a revenue opportunity.

Distributors

- ***Changes in regulation and compliance:*** Distributors are facing continued regulatory pressure to increase transparency, particularly with regards to fees charged to investors and/or received from third parties. The increased costs of regulatory compliance is putting pressure on cost-income ratios of banks. In addition, greater transparency with regard to fees is driving investor demand away from higher cost captive or closed architecture funds to lower cost open-architecture funds, which also places pressure on Distributors' profits as they retain lower margins on open-architecture funds. Lower profit margins and investor demand is leading Distributors to increase levels of outsourcing in various areas of their activities to lower cost third party providers.

- ***Continued shift to open architecture:*** End investors continue to show increasing demand for access to open-architecture fund products as they look for breadth, choice and best performance at lowest cost and regulation has also drive this change. The continued shift from captive and closed models to guided and open-architecture is leading to an increased need for platform outsourcing solutions and more sophisticated wealth offerings including advice and planning capabilities to provide value-add to end investors. It also provides Distributors with greater transparency and increased cost efficiencies, particularly for smaller Distributors who cannot develop these tools in-house.

- ***Expanding digitalisation & value proposition:*** As the sophistication of end investors increases, Distributors are looking to provide direct-to-consumer investing and distribution services to meet end investor needs. For less sophisticated or time-poor end investors, Distributors are seeking to provide advice-based offerings, which allow a Distributor to charge for advice rather than rely on rebate commission or internal margin on an in-house fund product, which rebate commissions and internal margins are under pressure. Consequently, Distributors are seeking to broaden both the range of investment products available, through open and guided architecture, and are investing in digitally enabled ways to deliver investment advice or investment access in order to reduce costs and generate revenues from advisory and other add-on services.

10.3 Addressable Market Revenue Pool

The addressable revenue market for Allfunds can be described as the aggregate of the markets related to its different sources of revenue. The main sources of revenue for Allfunds include platform revenues (including sub-advisory solutions), data analytics & other value-added services revenues (referred to in Allfunds' financial statements as "subscription and other revenues"), as well as other areas of potential growth within those revenue segments, such as distributed ledger and data technologies (known as "blockchain" technologies).

Total AuA growth based on management sizing of the market using third party data is expected to be approximately 9% from 2019 to 2024. This is driven by continued growth in household wealth, an increase in financial assets penetration, open-architecture penetration, further growth in outsourcing penetration and increasing demand for digital solutions.

Platform revenues: Allfunds considers that addressable market pertaining to its platform and distribution services (referred to as "total B2B fund platform market") includes the B2B open-architecture fund platform segment and the captive (both outsourced and in-house) fund segment. According to the Market Data the total B2B fund platform market is valued at approximately €14.5 trillion, based on 2019 AuA. Allfunds considers that this represents a revenue opportunity of €6.3 billion (based on 2019 data), assuming approximately 4bps in revenue margin on market AuA.

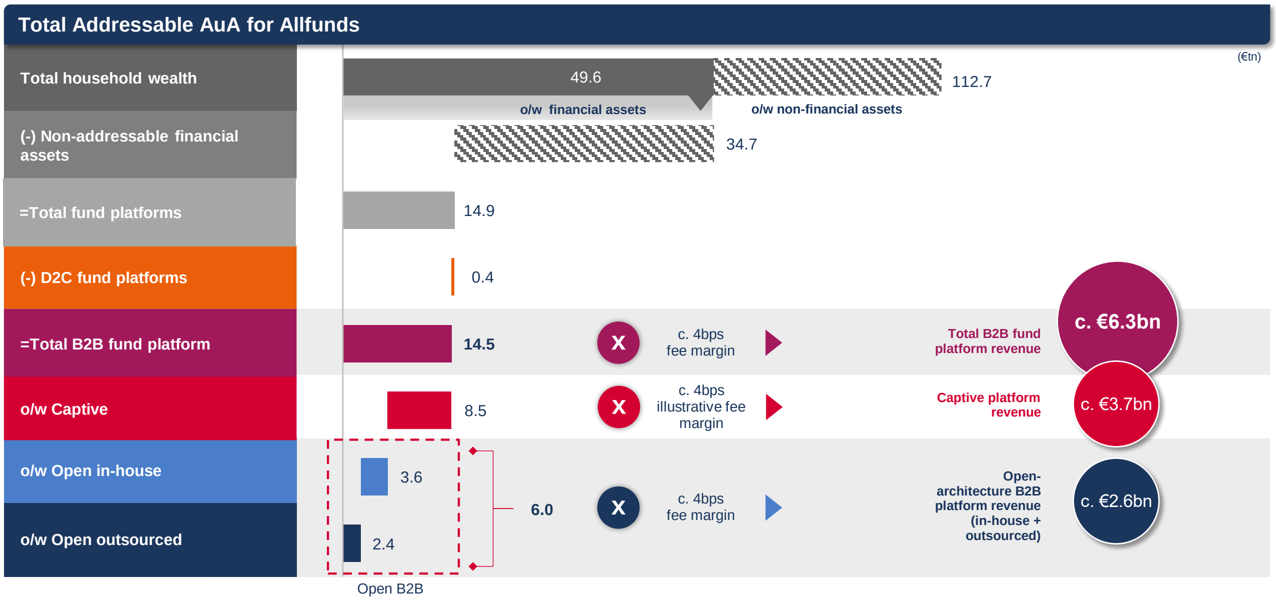
Subscription and other revenues: Subscription and other revenues pertain to sources of revenues which are not linked to AuA volumes. In the context of Allfunds, this includes value-added services such as: data and digital solutions offered to both Fund Houses and Distributors, back-office services such as legal, compliance and administrative services and customer management services. Allfunds believes that the total addressable market for digital services revenues is approximately €5.8 billion (based on 2019 data).

Other areas of growth: Allfunds continues to expand its offering into new attractive segments and markets in order to drive future growth. Allfunds' new initiatives are currently focused on two main markets: sub-advisory and blockchain. Allfunds believes the revenue addressable market linked to blockchain technology and sub-advisory services is approximately €1.9 billion (based on 2019 data). These figures include the current revenue generated by providers of services that already are or can be disintermediated by blockchain in the future.

10.3.1 *Existing addressable revenue market*

(1) ***Platform revenues***

The addressable B2B fund platform market is composed of three main segments: captive, in-house open-architecture and outsourced open-architecture. Management considers that both captive and open-architecture segments are relevant addressable markets as the company's proposition supports Distributors to shift assets from captive to open-architecture distribution. As an example, Allfunds believes that the Allfunds Platform has accelerated significantly the penetration of open-architecture distribution in its historical core markets of Spain and Italy over the past ten years.

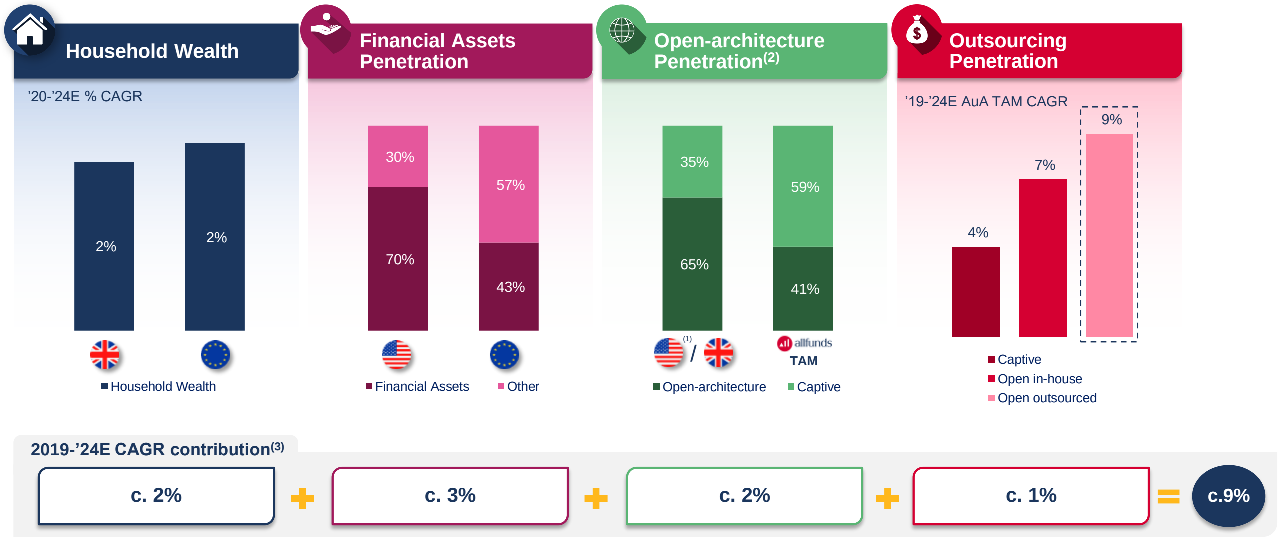


Source: Management estimates based on the Market Data. Figures as of 2019.

Captive: The captive fund platform market refers to fund platforms that carry funds and investment products offered by their own bank or firm only. Of the €14.5 trillion AuA total B2B fund platform addressable market, approximately €8.5 trillion pertains to the closed fund platform segment, representing a revenue opportunity of €3.7 billion (based on 2019 data).

Open architecture: Open architecture offers access to funds from a wide range of providers. Allfunds believes that the total €6.0 trillion AuA open-architecture addressable market translates into a €2.6 billion revenue opportunity. This is regarded as Allfunds' core market. Approximately €2.4 trillion of the €6.0 trillion total open-architecture AuA pertains to outsourced open-architecture fund platforms, growing at a CAGR of approximately 9% to approximately €3.6 trillion by 2024. Outsourced open architecture is the fastest growing segment of the platform markets, as it is taking, and it is expected will continue to take, market share away from captive and in-house platforms as the need for outsourcing increases and the breadth of product continues. As an example, management believes that the Allfunds proposition has accentuated the penetration of open-architecture distribution in its historical core market of Spain and Italy significantly over the last 10 years. Approximately €3.6 trillion AuA of the total €6.0 trillion AuA open-architecture addressable market pertains to in-house open-architecture, which is a system that offers access to funds from a wide range of providers but does so through its own internal processes.

Allfunds believes that growth in the core B2B outsourced open-architecture platform market is driven by predictable and sustainable secular trends, including household wealth, combined with penetration of financial assets, open-architecture and outsourcing:



Source: Management sizing of the market based on the Market Data.
Notes: Penetration figures as of 2019 except for outsourcing penetration which shows 2020 data for mutualised securities excluding B2C. Outsourcing penetration includes Europe, LatAm, US offshore and APAC countries where Allfunds has presence (HK, Singapore, Thailand, Philippines).
(1) Penetration figures as of 2014.
(2) Excludes D2C.
(3) Represents the CAGR from 2019 to estimated 2024 for B2B fund platform open outsourced AuA in Allfunds' addressable market.

- ***Increased household wealth*** across the globe linked to secular trends such as the increase in wealth and savings, globalisation, and change in social demographics. In the last five years, the European population has increased moderately and the overall population is expected to continue increasing until 2026, according to the Market Data. Coupled with the fact that interest rates are expected to remain close to 0% and expansionary monetary policy has fuelled economic growth, this is expected to drive future increases in European household wealth.

- ***Increased financial assets penetration.*** Based on 2019 data, Europe continues to have lower penetration rates of financial assets than the United States (which is at approximately 70% penetration, according to the Market Data). Consequently, Allfunds considers that increased financial penetration in Europe will be driven by increased demand for simple and liquid investment products as well as the perceived attractiveness of investments (particularly relating to expansion in equity and fixed income asset classes) as well as a shift to personal and employer-provided pensions and savings plans. Nevertheless, Europe is still expected to have materially lower financial asset penetration levels than the United States in 2024:

- ***Open-architecture penetration:*** will continue due to the need for lower cost of access to third-party funds and increasing regulatory pressure for transparency and end investor demand. As Distributors expand their offering to new client pools, open-architecture will also make it easier to capture clients whilst focusing on end-investor relationship management and expanding capabilities and leading to increased outsourcing to open-architecture platforms. Despite this increase in open-architecture penetration levels, Europe is expected to continue to have lower platform outsourcing levels than the United States and the United Kingdom, the latter of which had approximately 65% penetration as of 2019, according to the Market Data.

- ***Penetration of platform outsourcing:*** Levels of AuA outsourcing are expected to continue to increase, further supporting market growth. Increased outsourcing will be driven by increasing levels of administrative, compliance and data requirements, cost pressure on asset managers and Distributors and economics of out-sourced vs. in-house platforms leading to outsourcing functions at lower costs, and increasing strength of external fund value proposition vs. in-house. Outsourced AuA levels are still low in Allfunds' key markets, and increased outsourcing will continue supporting market growth.

Allfunds believes (based on the Market Data) that the combination of these factors will drive the expected growth in the B2B open outsourced fund platform market from approximately €2.4 trillion in AuA based on 2019 data to approximately €3.6 trillion in AuA by 2024, representing a CAGR of approximately 9% over the period.

10.3.2 *New addressable revenue markets*

(1) ***Data analytics & other value-added services revenues***

Allfunds estimates that, based on the Market Data, the data analytics & other value-added services revenues component of Allfunds' directly addressable market represents a €5.8 billion revenue opportunity, growing to €9.3 billion by 2024. This market is made up of data and digital solutions offered to Fund Houses and Distributors, back office solutions and customer management.

Allfunds considers, based on the Market Data, that the portion relating to data and digital solutions offered to Fund Houses represents €3.6 billion, which it expects to grow at a CAGR of 9%, reaching €5.6 billion by 2024. Similarly, data and digital solutions offered to Distributors represent a €0.8 billion revenue opportunity, growing at a CAGR of 7% to €1.1 billion by 2024. Back-office solutions represent another €0.9 billion, growing at a CAGR of 14% to €1.7 billion by 2024; and customer management represents a €0.5 billion opportunity, growing at a CAGR of 12% to €0.9 billion by 2024.

Allfunds believes that the main growth drivers for the overall subscription and other revenues include:

- ***Demand for data and analytics tools:*** Data volume growth and increased complexity has required advanced analytical tools to support decision-making. Furthermore, investors' needs are becoming more complex and they increasingly demand bespoke solutions, thus increasing the importance of data aggregation and analysis to deliver tailored solutions. An increase in regulatory and reporting compliance as well as in investment models based on advanced analytics (e.g. robo-advisory, algorithmic financial advisory services) has also led to an increase in demand for real-time data and analytical tools.

- ***Growth of new products:*** Exponential growth in a number of asset products has driven demand for a consolidated solution with a comprehensive offering of information and products. Furthermore, as wealth managers continue to experience fee pressure from asset-driven sources of revenue, expanding into non-asset-driven sources of revenue will become increasingly important in order to maintain and increase profitability. As traditional business models continue to evolve into ecosystems, the importance of developing a breadth of value-added services will continue to increase. Via the launch of the Connect platform, and consequently, the development of new tools and services (e.g. portfolio tools, reporting, transparency, advice), Allfunds has already started to position itself to take advantage of this shift to alternative sources of revenue and proactively tackle this addressable market. Much like the US turnkey asset management platforms (***TAMPs***), Allfunds offers supporting services (e.g. technology, back-office support, legal, research) to Distributors and Fund Houses in exchange for a recurring fee. These services not only provide alternative sources of revenue, but also more predictable ones with higher potential for growth.

(2) ***Other Areas of Growth***

In order to drive future growth, Allfunds is currently focused on two new key initiatives: sub-advisory and blockchain.

Sub-advisory

The sub-advisory model is a blend of historical fund distribution and institutional mandates, where demand for a fund managed by a Fund House is aggregated across several Distributor clients into a mandate to drive savings from lower manufacturing costs due to higher aggregate volume. Sub-advisory improves economies for platforms, Distributors and end investors by enabling Distributors to provide a better value proposition to end investors and platforms to capture a specific segment of the value chain, in each case at higher margins relative to the standard fund distribution model. Meanwhile, Fund Houses can benefit from greater volumes by participating in the sub-advisory model as well as an opportunity to win market share compared to competitors who do not participate in sub-advisory.

Allfunds estimates the sub-advisory marketplace has doubled in the last four years, from €500 billion assets under management in Europe in 2017, to €1.0 trillion assets under management in 2021, according to the Market Data. Allfunds believes that this represents an approximately €1 billion potential revenue opportunity for sub-advisory platforms in Europe.

Allfunds believes that the growth of sub-advisory adoption in the recent years has been fuelled by multiple factors including: the need from Distributors to drive better economics due to margin pressure since the introduction MiFID II, investors have become more complex thus demanding more specialised solutions, and an increasingly informed market has increased the pressure to deliver superior returns; which sub-advisory mandates have proven to deliver.

Allfunds believes that it is naturally well-positioned to expand into the sub-advisory market and win business in this space given its global scale and reach, strength of relationships with both Distributors and Fund Houses, its independence, and its ability to negotiate prices with asset managers.

Blockchain

Based on peer-to-peer topology, blockchain is a distributed ledger technology that allows data to be stored globally on thousands of servers while letting all network users see other user's entries in near real-time. It is a type of database that differs from a typical database in the way in which it stores information—by storing data in blocks that are then chained together. New data is entered into a fresh block as it added, and once the block is filled, it is then chained onto the previous block, making the data chained in chronological order.

Blockchain technology has the potential to disrupt the wealth and asset management industry by de-risking, streamlining and speeding up processes while potentially disintermediating parts of the value chain. In addition, blockchain technology can bring higher speed, greater transparency and enhanced security to existing processes. Blockchain represents a material opportunity with a revenue that Allfunds estimates, based on the Market Data, to be €1.1 billion, growing at 35% per annum and reaching €4.9 billion by 2024. The funds distribution's value chain is particularly open to blockchain disruption due to its legacy systems, ineffective costs set-up and multiple players and counterparties. Allfunds considers that it is well positioned to drive adoption as it has the necessary relationships to drive both demand and supply, no vested interest to sustain the status quo, has critical scale in Europe, and can substitute existing value chain with Blockchain solutions, thus creating significant efficiencies to the ecosystem.

10.4 Competitive Landscape

The services and products required or used by participants across the B2B wealth management value chain is broad, as described in " – *The Fund Platform Value Chain*."

Allfunds has a differentiated service offering versus that of any of its competitors due to its ability to offer a suite of comprehensive one stop shop services globally. Allfunds provides Distributors free-of-charge basic access to its services and provides Fund Houses what it believes is the largest global distribution network of funds, in addition to a one-stop-shop suite of services. These services include trading and execution, clearing, transfer agency services, distribution and platform services including digital and data analytics services and also the recently developed sub advisory and blockchain services. Allfunds believes it is the only fund platform that offers this comprehensive set of services globally through a single platform.

Allfunds competes against other service providers in each of the service categories it provides, but Allfunds believes its clients value the integrated suite of comprehensive services that it provides, which its competitors do not, as well as Allfunds' twenty-year history of solving for clients' needs. In addition to offering the most comprehensive breadth of services compared to its competitors, Allfunds believes it is the most global player, with a pan-European and international presence, and also believes that it benefits from being one of the largest fund platforms globally, with over €1.2 trillion AuA as of December 31, 2020 (included AuA acquired but not yet transferred).

10.4.1 *Existing platform solutions*

As described in section 10.2.2, the broad categories of activities across the wealth management value chain include custodian services, clearing and settlement and transfer agency services. Within these services, Allfunds competes with financial institutions which provide operational access to the fund market, namely HSBC Trinkaus' HSBCfast, Clearstream Vestima and Euroclear FundsPlace. Within administration, local paying and fund transfer agency services, Allfunds competes with global custodians such as CACEIS, Citi or BNY, as well as competitors specifically in the Italian local paying agent market such as State Street, RBC or CACEIS.

However, none of these players cover the full value chain, and in the case of global custodians, they may also seek to partner with Allfunds to complete their service offering under a B2B partnership (e.g. the outsourcing agreement with BP2S). Furthermore, none of these players have Allfunds' size or global presence, based on AuA linked to fund distribution. For example, Euroclear FundsPlace and Clearstream Vestima are, like Allfunds, global players, although present in fewer countries and are not as large as Allfunds, based on AuA, while HSBC Trinkaus and CACEIS are primarily regional custody players.

Within the fund distribution servicing platforms that connect Fund Houses and Distributors, Allfunds considers that its competitors are MFEX (which Euroclear has recently announced its intention to acquire), Clearstream Fund Centre, FundChannel and Inversis, among others. However, Allfunds believes that these competitors do not match the breadth of services or the global scale provided by Allfunds. For instance, MFEX and FundChannel, unlike Allfunds, do not offer fund research services nor real-time portfolio trading and rebalancing or front offices sales (advice and profiling). In the case of Clearstream Fund Centre, they offer a relatively limited set of services compared to Allfunds, including only rebate

& fee calculation, reporting tools and partial regulatory and compliance services, complementing it with the operational Clearstream Vestima platform. In the case of Inversis, their reach remains local (Spain only) and combine their retail B2C servicing with a residual exposure to B2B. Most of these players like MFEX, Fund Channel or Inversis, are more regional players and only compete with Allfunds in specific geographies.

10.4.2 *New platform solutions and value-added services*

Allfunds believes that the value-added services it provides to clients, including real time data and analytics and research services, are increasingly differentiating Allfunds' service offering from its competitors. The data and analytics services provide Fund Houses with digital tools which allow them to improve sales and marketing for their funds, while providing Distributors, in particular banks and insurance companies, with real time data tools which allow them to better serve their end investors through improved analytics.

Allfunds has invested in and is planning to launch a suite of new services which it believes will be disruptive and give it a first-mover advantage in the evolving wealth management sector. These include services using blockchain technology as well sub-advisory investment solutions. In each of these services, Allfunds' competitors will include specialist providers, but Allfunds is the only player that will compete in these services as well as in the more traditional fund distribution platform services described above.

In the data and analytics solutions space, Allfunds considers that its services compete with those provided by specialists including Bloomberg, Morningstar, Refinitiv, Broadridge and FE fundinfo. In research services, Allfunds believes that its competitors include Morningstar on a global basis, Square Mile in the UK and main institutional consultants such as Mercer or Towers Watson.

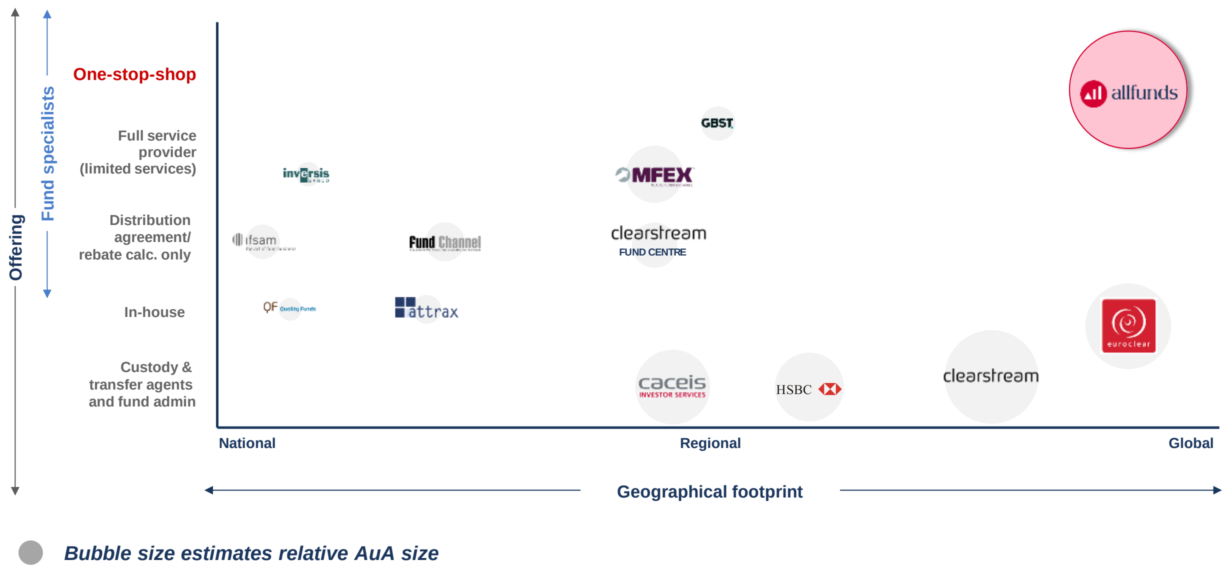
For its front-to-back office digital modular solutions, as these services launch, Allfunds aims to compete with other players supporting financial institutions in the full digital management of their investment services, including through white labelling solutions, end-investor onboarding infrastructure and portfolio management tools. This digital space is an evolving aspect of the market with many technology-focused players seeking a foothold, but few of these players have Allfunds' profound understanding of fund distribution needs based on its long track record in the market and reputation as a tested and reliable partner. In this digital space, Allfunds believes that it competes with local players such as Openfinance and Techrules in Spain and Objectway in Italy, while on an international scale there are large IT consultancy companies (e.g. Accenture) developing proposals for their global clients through the combination of several IT providers. There are also software and platform providers such as FNZ, Avaloq, FIS or Temenos who are moving from core banking, back and middle office to additional digital services, which Allfunds considers to be indirect competitors whose offerings are indeed potentially compatible with Allfunds' service offering rather than a challenge to it.

Allfunds has also built capabilities to operate in the sub-advisory investment solutions space and believes that it is well positioned to win market share in this space given its strong overall value proposition. The participants in this sector are Distributors (such as CaixaBank, Intesa Sanpaolo or Santander, who are looking to expand their own label with an external manager), Fund Houses (such as Blackrock or Amundi, who have multimanager capabilities) and consultants (such as Mercer or Aon, who focus primarily on institutional investors). However, Allfunds believes that it is well-positioned compared to these potential competitors as an independent, scalable and specialised player. Compared to Allfunds, Distributors lack the global reach and negotiation power, Fund Houses lack independence and price negotiation power and consultants might lack the global reach and/or access to key players.

Within blockchain technology and the potential usage of it across the fund distribution chain, Allfunds believes that its offering will compete with FundsDLT, Calastone and Iznes on the fund dealing side, and FNZ Clear (on the UK transfer agency space).

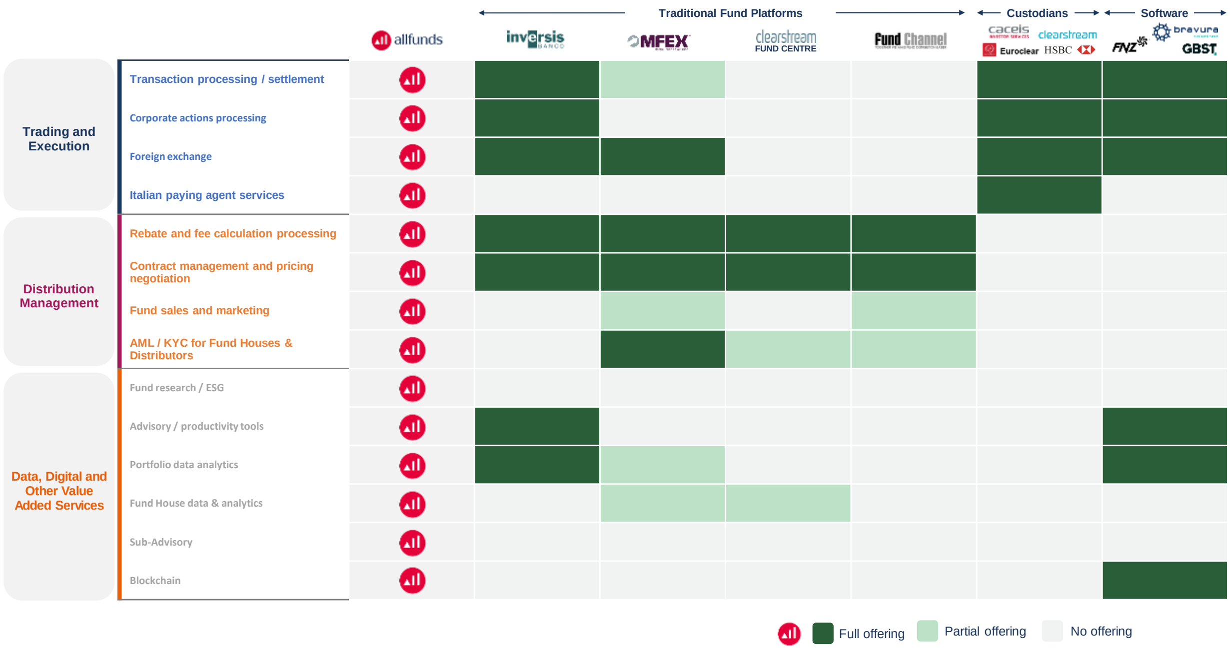
10.4.3 *Overall competitive landscape*

The following diagram aims to position Allfunds alongside other players within the fund platform space based on a comparison of the range of services, geographical presence and scale.



Source: Company filings, Platforum reports, Amadeus, Lit. search, S&P, Industry participants interview. Management estimates based on Market Data.
Note: Bubbles not displayed at scale and Clearstream Fund Centre is presented as a separate entity focused on distribution services (UBS Fondcenter + SwissCanto) and reporting AuA independently from Clearstream traditional business. Euroclear has recently announced its intention to acquire MFEX.

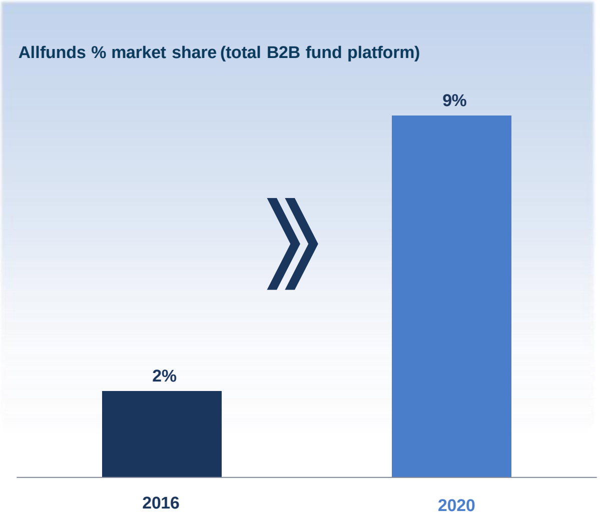
The following diagram presents further detail regarding Allfunds' geographic exposure, service offering and internal capabilities.



Source: Company filings, Platforum reports, Amadeus, Lit. search, S&P, Industry participants interview. Management estimates based on Market Data.
Notes: Data is based on 2019 information. Euroclear has recently announced its intention to acquire MFEX.

Supported by the two diagrams above, Allfunds believes that it is one of the world's leading B2B WealthTech platforms, with the broadest services offering and the most global presence.

The following diagram shows the development of Allfunds' market share since 2016. Allfunds believes that the key drivers that have enabled it to more than quadruple its market share over this period were the continuous increase of new Distributors, inflows from existing Distributors, market performance, and a series of highly strategic M&A transactions, including the CS InvestLab Acquisition and the BNPP Acquisition, which Allfunds believes positions it as a leading consolidator and a driver of innovation in the open-architecture fund platform space. Allfunds believes that this growth has bolstered its key competitive advantages: (i) a one-stop-shop platform, (ii) global scale with local presence, (iii) attractive pricing model for Distributors and Fund Houses, and (iv) long-standing relationships with Distributors and Fund Houses supported by global distribution agreements.



Source: Company financials, industry participant overviews; sizing of the market based on the Market Data and includes Europe, Latin America, US offshore and APAC countries where Allfunds has a presence (Hong Kong, Singapore, Thailand, Philippines).

Taking into account the key drivers that have enabled Allfunds to more than quadruple its market share since 2016, as described above, Allfunds believes that it is well positioned to continue gaining market share within the fragmented wealth management value chain.

11. Business Description

Investors should read this Section 11 (Business Description) in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in Section 9 (Operating and Financial Review). Where stated, financial information in this section has been extracted from Section 22 (Historic Financial Information).

This Section 11 (Business Description) includes certain technical terms that are commonly used in the Group's industry. See Section 21 (Definitions and Glossary) for a detailed explanation of these terms.

11.1 Overview

Allfunds is one of the world's leading B2B WealthTech platforms connecting Fund Houses and Distributors. It operates a world-class open-architecture platform which provides a marketplace matching fragmented demand for asset management products from Distributors with fragmented supply of those products from Fund Houses. Allfunds has built an ecosystem that covers the entire fund distribution value chain and investment cycle, including via Allfunds Connect, a full suite of SaaS-enabled digital, data and analytics tools. As of December 31, 2020, Allfunds had over €1.2 trillion of AuA (including AuA acquired but still to be transferred).

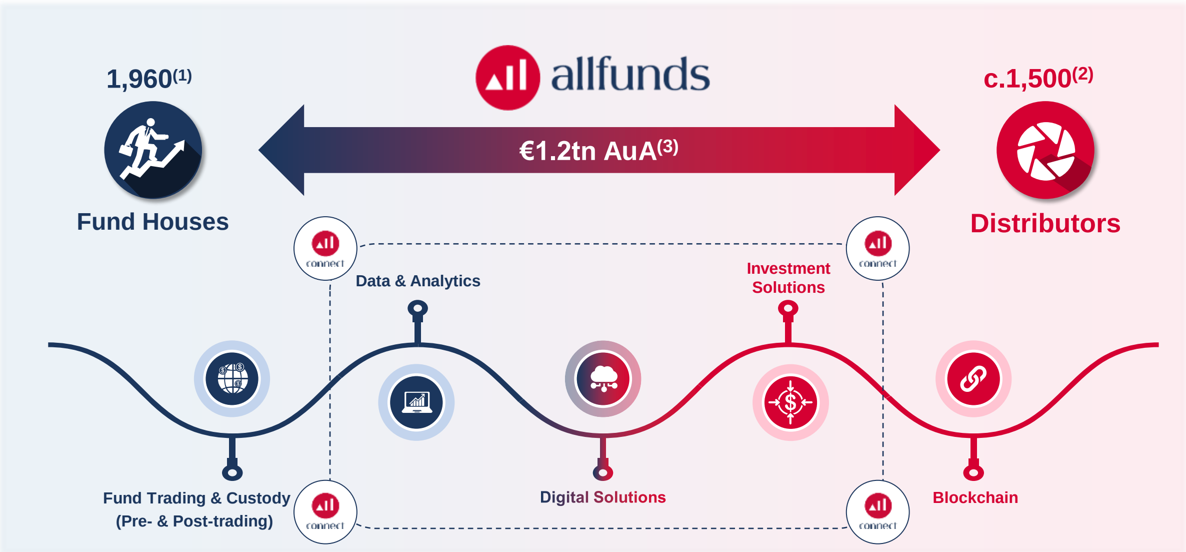
Allfunds has a twenty-year history of connecting financial institutions that buy shares of UCIs (which includes ETFs) either for their own account, for products they manage (such as funds of funds or pension funds) or on behalf of their clients to which they provide investment services (***end investors***) acting as distributors (all such financial institutions referred to as ***Distributors***) with financial institutions that create, manage or distribute such UCIs (such financial institutions, ***Fund Houses***). The Allfunds Platform provides distribution, dealing, custody and administration services, enabling automated access to a wide range of funds, thereby maximising transactional efficiency, minimising the risk of operational errors and reducing costs.

A key driver of Allfunds' competitive differentiation and growth is the compelling value proposition it delivers to both sides of its marketplace business model. Allfunds provides Fund Houses with a single point of access to the largest global distribution network, providing geographical and customer diversification and a secure and low-risk operational set-up. Fund Houses also benefit from Allfunds' broad product and service portfolio, reducing internal costs and operational and KYC/AML complexities. In turn, Distributors benefit from a one-stop-shop access to what Allfunds believes is the largest open-architecture fund offering with global distribution agreements. Allfunds reduces operational costs and risks for Distributors through maintenance of these fully compliant distribution agreements and outsourcing of administrative, reporting and regulatory compliance tasks, while supporting Distributors with local service on a global scale. Distributors gain access to Allfunds' core services via a "buy-free" pricing model (in which core services for most of the UCIs are provided to Distributors free of charge), which creates strong loyalty and has resulted in negligible client churn in recent years. In addition, Fund Houses and Distributors have access to data and analytic tools and other digital wealth solutions to increase their sales efficiency and expand their wealth advisory capabilities.

Allfunds has developed a one-stop-shop ecosystem with the aim of eliminating the inefficiencies inherent to Distributors' captive and in-house models that have led to a patchwork of multiple providers and legacy systems. The Group has built proprietary technology designed to provide seamless integration of its solutions into the Allfunds Platform to offer the best possible client experience. Allfunds believes that its scale, together with its more comprehensive and global proposition, has enabled it to capture market share from legacy providers and in-house propositions in a fragmented market, with significant runway for future growth. Underpinning the value proposition of the Allfunds Platform is Allfunds Connect, a subscription-based SaaS-enabled offering of data-centric services to Distributors and Fund Houses. Allfunds Connect provides data and analytics solutions, model and client portfolio tools and reporting, fund research-related and regulatory solutions. Through Allfunds Connect, the Group is able to offer integration with the systems of Distributors and Fund Houses, providing them with tailor-made solutions to enhance their proposition to end investors. Allfunds Connect allows the Company to monetise its long-standing relationships with Distributors and Fund Houses.

The Group offers a wide variety of funds through the Allfunds Platform across active and passive strategies, including equity funds, fixed income funds, multi-asset funds, alternative funds and ETFs. There are approximately 100,000 funds from 1,960 different Fund Houses available for distribution/trading on the Allfunds Platform as of December 31, 2020 (of which more than 1,000 Fund Houses are covered by global distribution agreements). The Group also has access to a network of approximately 1,500 Distributors as of December 31, 2020 (including more than 700 Distributor agreements on a standalone basis as well as Distributors to which Allfunds has access as a result of the BNPP Acquisition). These Distributors are domiciled in 59 countries (as at December 31, 2020) and include retail banks, private banks, investment banks, life insurance companies, pension funds, stockbroking houses, custodians and independent financial advisers. As of December 31, 2020, the Group had over €1.2 trillion AuA on the Allfunds Platform (including AuA acquired but still to be transferred), compared with €554 billion (including AuA which was acquired but had not been transferred) as of December 31, 2019 and €349 billion as of December 31, 2018.

The Company believes that it administers the largest distribution network globally. The significant increase in scale was driven by the continuous increase of new Distributors, inflows from existing Distributors, market performance, and a series of highly strategic M&A transactions, including the CS InvestLab Acquisition and the BNPP Acquisition, which Allfunds believes positions it as a leading consolidator and a driver of innovation in the open-architecture fund platform space. See "—*History of the Group*."



Notes:

(1) Total number of Fund Houses included on the platform as of December 31, 2020, of which approximately 1,000 have global distribution agreements.

(2) Distributor figures includes Distributors to which the Group has access as a result of the BNPP Acquisition as of December 31, 2020 (Allfunds has approximately 770 agreements with Distributors on a standalone basis).

(3) AuA as at December 31, 2020 includes €79 billion of AuA acquired but not yet transferred.

Allfunds' large global network and comprehensive offering create a powerful network effect that enables Allfunds to generate value for its clients at both sides of the Allfunds Platform. Allfunds' believes that its unique suite of services and ability to achieve better terms negotiating distribution agreements attracts new Distributors to join the Allfunds Platform, providing incremental flows to Fund Houses, thus incentivising more Fund Houses to join Allfunds to capture increased sales from a growing base of Distributors. This "flywheel" effect drives client growth on both sides of the Allfunds Platform and reinforces its role in the ecosystem each year. The number of agreements with Distributors to which the Group has access has grown from 365 in 2012 to approximately 1,500 in 2020, while the number of Fund Houses on the Allfunds Platform has grown from 297 in 2012 to 1,960 in 2020 (of which more than 1,000 Fund Houses have global distribution agreements). Allfunds is committed to continuous investment in new digital services and new technologies to attract new clients and solidify its relationship with existing ones.

The success of Allfunds' business characteristics is reflected in its operating and financial track record to date. The Group had €309.3 million, €228.2 million, €220.2 million €189.2 million and €154.5 million of net revenue for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, with €370.4 million of 2020 net revenue on a pro forma basis. This represented a 19% total CAGR and a 12% organic CAGR over that period (24% total CAGR based on 2020 Pro forma net revenues). Its platform revenues represented 95.5%, 94.8%, 96.5%, 97.8% and 98.5% of net revenue for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, whilst its subscription and other revenues represented the remaining 4.5%, 5.2%, 3.5%, 2.2% and 1.5% of net revenue for these periods, respectively. The Group generated €212.6 million, €143.5 million, €135.5 million €124.1 million and €99.8 million of Adjusted EBITDA for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, respectively, with a 21% CAGR over that period. The Group's Pro forma Adjusted EBITDA for the year ended December 31, 2020 was €262.7 million, which figure does not reflect the full benefits that the Group expects to realise as a result of the BNPP Acquisition because some aspects of the transaction (including some AuA to be transferred to the Group's platform) will only fully migrate to the Group and generate revenue starting in 2021). For further detail, see Section 9 (*Operating and Financial Review*).

11.2 Competitive Strengths

11.2.1 *Leading global scaled open-architecture WealthTech transforming the ecosystem*

As described in Section 10 (*Industry Overview*), the traditional wealth management landscape is characterised by a fragmented patchwork of providers and legacy systems, which Allfunds believes leads to sub-optimal outcomes for both Distributors and Fund Houses. In this context, Allfunds has set out to fundamentally change the industry by building a single, fully-integrated global platform.

Allfunds believes it is one of the largest B2B WealthTech platforms globally, with over €1.2 trillion AuA (including AuA acquired but yet to be transferred) as of December 31, 2020, compared with €554 billion (including AuA which was acquired but had not been transferred) and €349 billion as of December 31, 2019 and 2018, respectively. Allfunds believes that it administers these assets under the largest distribution network of any Fund Platform, with access to approximately 1,500 Distributors (including more than 700 Distributors' agreements on a standalone basis as well as Distributors to which Allfunds has access as a result of the BNPP Acquisition) in 59 countries and a selection of approximately 100,000 funds from 1,960 Fund Houses as of December 31, 2020 (of which more than 1,000 Fund Houses were covered by global distribution agreements). Allfunds believes that its scale, together with its more comprehensive and global proposition, allows it to capture market share from legacy providers and in-house propositions in a fragmented market. Allfunds' believes that its scale provides a competitive advantage compared to smaller market participants, as asset migrations between fund platforms tend to favour larger, market-leading players, which offer a wider selection of UCIs at more favourable pricing terms and a wider array of services.

11.2.2 *Global Platform with Local Presence*

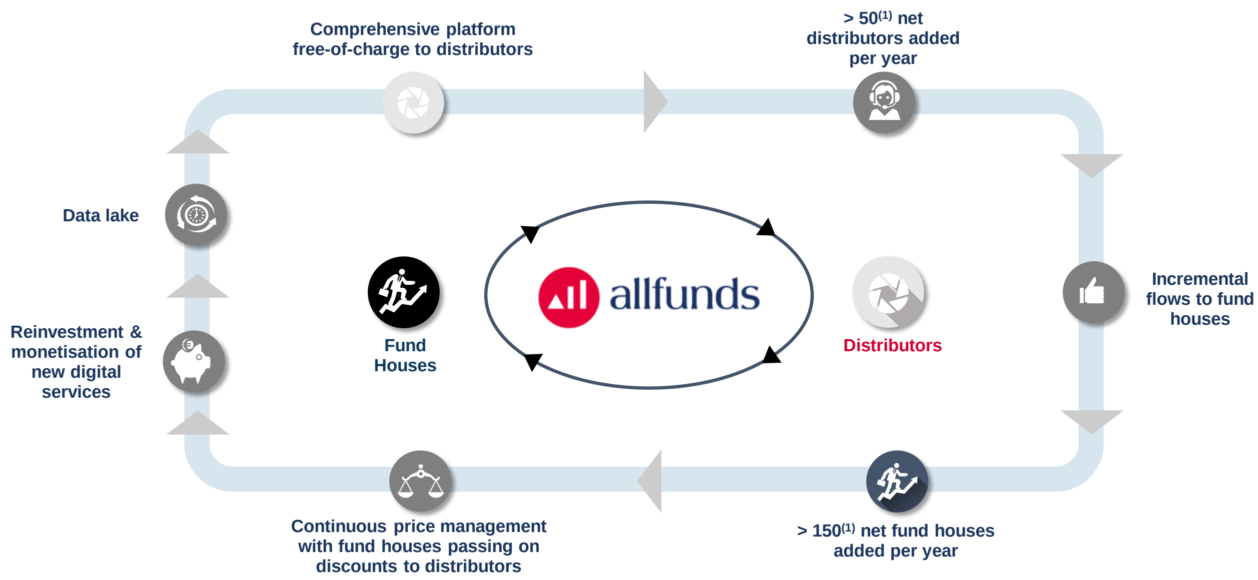
Allfunds combines what it believes is the world's largest universe of mutual funds and ETFs with local service delivery to the largest fund distribution network. Allfunds believes in the importance of being close to its clients to understand their needs. Thanks to its granular and capillary network of global services supported through 15 local offices (in Madrid, Paris, Milan, London, Zurich, Luxembourg, Warsaw, Stockholm, Dubai, Hong Kong, Singapore, Miami, Bogota, Sao Paulo and Santiago de Chile), Allfunds has built long-lasting relationships with its platform clients. This has contributed to the Group's success in capturing market share across the geographies in which it operates, and the Company believes it holds leading market share positions in Europe, the Middle East and Singapore, based on AuA in 2020 and has experienced strong AuA growth in recent years across all its geographies.

11.2.3 *One-stop-shop platform providing end-to-end solutions to clients on both sides of the platform*

The Allfunds Platform is designed to replace several blocks of the wealth management value chain with a single, integrated, end-to-end platform. Where traditional platforms provide separate solutions, Allfunds combines distribution, dealing, custody and administration services, as well as digital solutions (including data and analytics tools) into one single platform. Underpinning the value proposition of the Allfunds Platform is Allfunds Connect, a SaaS-enabled, subscription-based portal through which Distributors and Fund Houses have access to a variety of modular digital tools. This integrated, one-stop-shop ecosystem provides Allfunds with a competitive advantage over other market participants, who typically only provide a sub-set of services available on the Allfunds Platform.

11.2.4 *Powerful "flywheel" effect*

The Allfunds Platform creates powerful network effects that benefit both Fund Houses and Distributors, which the Group refers to as the "flywheel" effect. Allfunds' comprehensive suite of services and ability to achieve better terms negotiating distribution agreements attracts new Distributors to join the Allfunds Platform, providing incremental flows to Fund Houses, thus incentivising more Fund Houses to join Allfunds to capture increased sales from a growing base of Distributors. The following illustrates Allfunds' flywheel effect:



Notes:
(1) As at December 31, 2020. Figure refers to Fund Houses with global distribution agreements.

This flywheel effect is powered by the Group's relentless focus on increasing the breadth of its platform offering to Distributors and continuous price management with Fund Houses. It is accelerated by platform innovations such as Allfunds Connect, Allfunds Blockchain and the upcoming sub-advisory services that make it easier for Allfunds to monetise new digital services and increase the rate at which Distributors join the Allfunds Platform. As Fund Houses and Distributors join the Allfunds Platform and make increasing use of the Group's digital services, more data is available to Allfunds, which in turn enables the Group to continue to improve its service offerings. Leveraging this network effect provides Allfunds with a clear competitive advantage.

Allfunds' flywheel effect is supported by a large and loyal network of Fund Houses and Distributors, which Allfunds believes will enable the flywheel effect to continue to generate positive momentum. Allfunds' low average Distributor churn of less than 1% over the last ten years is testament to the Group's strong relationships with its Distributors and its attractive offering. Similarly, Allfunds has succeeded in attracting and retaining a large and diverse collection of Fund Houses, with an average churn rate of less than 1% from 2018 to 2020.

11.2.5 *Simple and attractive pricing model*

Allfunds believes that it has a simple and attractive business model. Distributors benefit from a buy-free model of core services related to trading, dealing, settlement and administration while paying a subscription fee for value-added services. Fund Houses benefit from an attractive value-for-money proposition in which they pay basis points for AuA intermediated in addition to a subscription fee for value-added services.

11.2.6 *Continuous innovation and game-changing digital tools*

As part of its vision to create a truly holistic platform proposition, Allfunds provides a comprehensive set of value-added services to its clients. Fund Houses and Distributors gain access to innovative functionality through Allfunds Connect, a subscription-based SaaS-enabled offering of data-centric services. Through different application programming interfaces, Allfunds Connect has the ability to develop bespoke solutions that are fully integrated into Fund Houses' and Distributors' IT systems, providing them with an end-to-end solution to suit their needs. This level of integration provides Allfunds with a competitive advantage over other market participants who do not offer integrated data-centric services and is yet another way for the Group to monetise its long-standing client relationships. Moreover, Allfunds believes that its Allfunds Connect offering accelerates the flywheel effect by creating additional incentives for Distributors and Fund Houses to continue using and increasing their use of the Group's services and solutions.

11.2.7 *Proprietary technology assets built for growth*

Connectivity

Allfunds' state-of-the-art platform was built in-house and is designed to replace several blocks of the wealth management value chain with a single, integrated platform. Direct connectivity to major Fund Houses and Distributors is a departure from traditional fund distribution platforms that rely on the technology infrastructure of legacy captive providers. Allfunds provides a *plug-and-play* platform that enables clients to be operational within days, not weeks, ensuring that neither Allfunds nor its clients are reliant on third-party fund infrastructure providers. Allfunds operates using connectivity models, in both *machine-to-machine* and *machine-to-human* communication paradigms. The Allfunds' Platform itself comprises several sub-platforms including the Dealing Platform, the Banking Platform, the Open Platform, the Windows Platform and the Flash Platform. These different Platforms are fully integrated and work together to provide a consistent service offering to the Group's clients. Importantly, they are also agnostic to the core technology used by clients.

Efficient, Scalable and Resilient

The Allfunds Platform is highly efficient, scalable and resilient, with an average 99.96% core platform availability as of February 2021, processing volumes in excess of €2.3 billion[3] orders traded on a daily basis in 2020. The Allfunds Platform executes approximately 6.9 million[4] trading processes per year and exchanges in excess of 34 million[5] SWIFT messages per year. The Allfunds Platform has been designed to be highly scalable, with ample headroom for growth (tested at 2.5 times current volumes of processed transactions), despite 1.5 times growth in volumes from 2018 to 2020. The Allfunds Platform could therefore handle much greater volumes and can be scaled almost instantaneously with minimal cost to Allfunds or its clients. As of December 31, 2020, Allfunds employed 81 full-time employees that work across Allfunds' Digital, Innovation Lab and Blockchain teams.

11.2.8 *Proven M&A track record consolidating and integrating strategic assets*

Allfunds has materially increased its scale, capabilities and geographical footprint through a number of value-accretive acquisitions in recent years, pursuing a strategy focused on both opportunistic bolt-on acquisitions and transformative M&A. Allfunds completed several opportunistic bolt-on acquisitions to enhance its offering with innovative technology, including the acquisitions of Finametrix in 2018 (which was subsequently renamed Allfunds Digital), Fundinfo's Zurich-based fund research business in 2019, and Nordic Fund Market also in 2019. The Group also entered into two transformative M&A transactions with the CS InvestLab Acquisition and the BNPP Acquisition, which significantly increased the AuA on its platform and expanded Allfunds' presence in key markets such as Germany, Switzerland and France. As a result of those acquisitions and continued organic growth, the AuA on the Group's platform increased from €359 billion as of December 31, 2017 to over €1.2 trillion as of December 31, 2020 (including AuA acquired but not yet transferred). Historic M&A activities have been integrated at accretive incremental Adjusted EBITDA margins, demonstrating the value generated for the Group as well as the scalability of the Allfunds Platform. Allfunds is well positioned to continue to act as a disciplined consolidator in the industry, given its track record of successful integrations and synergies realisation.

11.2.9 *Superior financial profile underpinned by best-in-class growth and significant operating leverage*

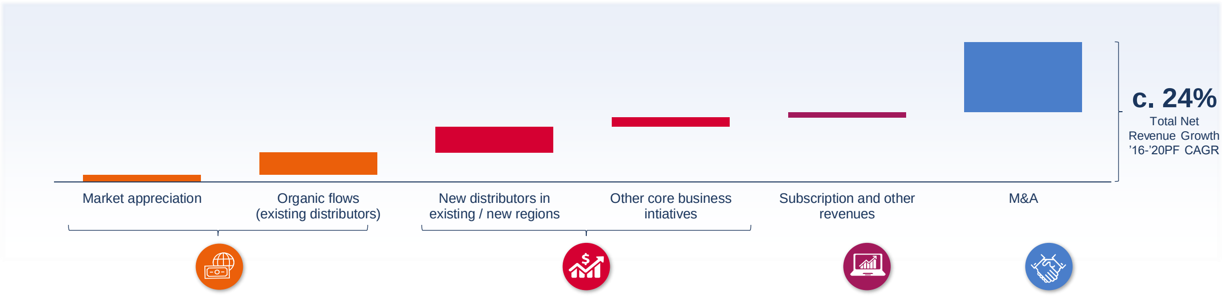
The Group has an attractive financial profile supported by a combination of strong top-line growth, profitability and high cash conversion at scale. The Group's business model has proven its resilience to economic cycles, including during the recent COVID-19 pandemic.

Track record of double-digit growth

The Group has several compelling building blocks of growth, which have supported its track record of double digit AuA growth, net revenue growth and Adjusted EBITDA growth. In addition to several secular market growth trends, the Group has benefitted from various business and growth initiatives as well as its ability to execute strategic, value-

[3] Annualised, based on January – September 2020.
[4] Annualised, based on January – September 2020.
[5] Annualised, based on January – September 2020.

accretive M&A transactions. Since 2012, Allfunds' AuA increased organically by a CAGR of 26% to 2020 (on the basis of pro forma 2020 AuA), compared to a total AuA CAGR of 41% over the same period. Allfunds was able to translate this strong growth in AuA into high top-line growth, with net revenue growing at a total CAGR of 19% and organically at a CAGR of 12% between 2016 and 2020 (24% total CAGR and 12% organic CAGR based on 2020 Pro forma net revenues), as illustrated in the following chart.



From 2016 to 2020, approximately 80% of Allfunds' organic AuA growth was attributable to net flows from existing and new Distributors, as opposed to market performance. Moreover, Allfunds has completed several opportunistic acquisitions since 2017, adding, in aggregate €717 billion to the Group's AuA, including in particular €581 billion as a result of the BNPP Acquisition. Allfunds' focus on growing the AuA on its platform is further accelerating the flywheel. For the year ended December 31, 2020, AuA on the Allfunds Platform more than doubled compared to 2019 (including AuA acquired but not yet transferred in connection with the BNPP Acquisition), while net revenue increased by 35.6% compared to 2019 (62.3% based on 2020 Pro forma net revenue). This growth was achieved despite the challenging conditions of the COVID-19 pandemic, which Allfunds believes is a testament to its resilience throughout challenging economic cycles.

The Group generates the majority of its net revenue in the form of fees that are calculated and accrued daily as a margin on the outstanding AuA on the Allfunds Platform. Thanks to the Group's low churn rates, recurring revenue streams therefore constituted approximately 99% of total net revenue for the year ended December 31, 2020 (including 100% of platform revenues and 84% of subscription and other revenues).

Significant Operating Leverage

The Group has also achieved high profitability and cash conversion levels, driven by its capital-lite business model. Thanks to its platform business model, Allfunds is able to on-board new clients at very low and diminishing marginal costs given it benefits from significant scale effects. This allows the Group to offer highly competitive rates for its services while still maintaining best-in-class profitability levels. From 2012 to 2020, the Group's Adjusted EBITDA grew at a CAGR of 30% (based on 2020 Pro forma Adjusted EBITDA). From 2016 to 2020, the Group maintained an Adjusted EBITDA Margin consistently above 60%, with a Pro forma Adjusted EBITDA margin of 70.9% in 2020, demonstrating the scalability of the Group's platform and its efficient operations. The Group generated Adjusted EBITDA for the 12 months ended December 31, 2020 of €212.6 million (€262.7 million Pro forma Adjusted EBITDA).

Due to the Group's limited capital expenditure needs as a result of its well-invested and asset-lite business model, with capital expenditures representing an average of 4% - 5% of the Group's net revenue from 2016 to 2020, the Group has also benefited from high cash flow generation. In the year ended December 31, 2020, the Group's Pro forma normalised free cash flow was €171.0 million.

11.2.10 *Founder-led visionary management team fostering an entrepreneurial culture*

Since Allfunds' inception, its management team has focused on fostering an entrepreneurial culture, at the heart of which rests a commitment to superior service for its clients and to creating benefits for all stakeholders. The Group is led by a highly experienced and entrepreneurial management team with complementary skill sets and proven track records of driving innovation. The Founder and CEO, Juan Alcaraz, has been at the heart of Allfunds since inception, together with many of the same team that built the platform since its early stages. The Chief Fund Groups Officer, Borja Largo, has been at Allfunds since its inception, and the Deputy General Manager, Gianluca Renzini, has been with the Company since 2003. The Chief Financial Officer, Amaury Dauge, who joined Allfunds in 2020, has over 20 years of experience in the industry, including the re-IPO of Euronext in 2014. He previously served as President and CFO of Axioma and CFO of Deutsche Boerse's Qontigo (2016 to 2020), and as CFO of Euronext (2014 to 2016). Combining global expertise and local knowledge has enabled the team to build what the Group is today – a leading global B2B WealthTech platform.

11.2.11 *Banking licence as a competitive advantage*

Allfunds' banking licence is a key pillar of its one-stop-shop business model and Allfunds believes that it is a competitive advantage compared to its peers. As a regulated business, Allfunds provides a stronger value proposition to its clients from both a commercial and operational point of view because, as a licensed bank, the Group is able to offer services such as custody and safekeeping. Moreover, the Group's clients view Allfunds as a trusted partner in topics such as AML and KYC procedures. The banking licence also allows Allfunds to render certain services that it would not otherwise be able to provide, such as its local paying agent activities in Italy. Operationally, the banking license allows Distributors to open accounts directly with Allfunds, easing settlement and avoiding the need for third parties.

11.3 Strategies

Allfunds believes that its competitive strengths described above, such as scale, local presence, one-stop-shop and attractive pricing models for Distributors and Fund Houses have enabled it to become a true leading player and that will allow Allfunds to continue growing and expanding. Allfunds has the following strategies to continue growing:

11.3.1 *Continue gaining market share*

Sustainable growth through powerful flywheel effects

The Allfunds flywheel is at the core of the Group's strategy: as the number of Fund Houses increases, so does the value of the Allfunds Platform proposition to Distributors, and vice versa. Therefore, Allfunds is focused on supporting and perpetuating the flywheel effect through a number of strategies:

- **Maintain strong client relationships and develop and expand product offerings to current clients**: The Group intends to maintain and strengthen the deep relationships it has built with Distributors and Fund Houses over the years. Allfunds believes that its ambition to achieve excellence with its existing services and its entrepreneurial spirit will continue to enable it to provide a differentiated offering to its clients and to expand its service offering with current clients to capture significant cross-selling opportunities.

- **Expansion of client base in existing geographies:** Allfunds believes there continues to be significant runway for further market share gains in its existing markets and therefore intends to consolidate and expand its leading position.

- **Geographic expansion:** The Group intends to build on Allfunds' track record and experience in developing business activities outside of its core markets and successfully growing its international market share, and the Group plans to continue pursuing additional growth opportunities in regions where it has a smaller presence. In particular, the Group plans to focus on regions with high growth potential, such as the US offshore market and Asia. Allfunds considers Asia in particular as a significant opportunity given the size of the market and based on Allfunds' success in increasing its AuA from €0.4 billion in 2018 to €15.0 billion in 2020, and its client base from 14 clients in 2018 to 42 clients in 2020. Besides the benefits from attracting new Fund Houses and Distributors, geographic expansion is also expected to allow the Group to attract additional flows from existing Distributors operating in these markets.

- **Launch Sub-Advisory:** The Group has recently developed a full-fledged Sub-Advisory proposition to capitalise on its global reach and scale, independence, price negotiation power, proven negotiation skills and access to key players. With the market in Europe growing at a 26% CAGR between 2017-2020, Allfunds is well-placed to capture AuA growth and deliver incremental revenue upside.

11.3.2 *Further expansion and monetisation of digital value-added proposition*

Allfunds' digital value-added proposition is a key pillar of its strategy to build a fully-integrated, one-stop-shop B2B wealth management marketplace. The Group believes that Allfunds Connect provides it with the opportunity to solidify and further differentiate its position as an industry leader. Allfunds therefore intends to increase the net revenue share of its digital value proposition Allfunds Connect through a number of initiatives. For example, Allfunds plans to intensify its cross-selling efforts by selling the Allfunds Connect offering to its existing Distributors and Fund Houses. Moreover, the Group intends to sell additional solutions to its existing Allfunds Connect client base.

11.3.3 *Realise operating efficiencies through scale effects*

Leverage fully invested scalable platform

Allfunds' focus on operating efficiency and associated cost optimisation will remain an integral part of its strategy. Allfunds expects to leverage the operating expertise and experience of its management team to continue to improve operating efficiencies, and leverage technology and operations driven scale effects as the business grows. Thanks to its fully-invested, scalable platform, Allfunds is able to onboard new clients at very low marginal costs. To maintain its operational efficiency and high-quality service, Allfunds will continue to invest in its platform to maintain best-in-class capabilities and standards.

Delivery of cost synergies from recent M&A

In connection with the recent BNPP Acquisition, Allfunds has developed a detailed separation and integration plan that sets out the key milestones the Group aims to deliver to achieve the target operating model. The Group expects to realise meaningful scale economies as part of this process. Examples of the key initiatives include:

- **Dual operational hubs**: Following the migration of clients to the Allfunds Platform, Allfunds expects operational activities to be shared across Madrid and Warsaw in order to establish dual operational hubs using a single system. This dual setup is expected to power the future dealing factory of the Group by further improving quality and productivity and decreasing costs;

- **Integration of Flash Platform**: Allfunds expects to migrate the Flash Platform, which was acquired in connection with the BNPP Acquisition, to the Group's systems in order to provide local paying agent services as a single business from the Group's offices in Milan, with operational support from Poland; and

- **Replacement of TSA services**: To achieve operational independence, the Group expects to in-house some services provided as part of the BNPP TSA, including local paying agent, mailing and payment services. Allfunds expects the incremental recurring costs assumed at the expiry of the BNPP TSA will be largely offset by cost synergies generated from the integration over the next two years.

11.3.4 *Pursue strategic, value-accretive acquisitions*

Allfunds has proven M&A capabilities with a demonstrable track record of successful acquisitions that have helped accelerate its growth and enhance its platform, as described above in " – *Proven track record consolidating and integrating strategic assets*". Allfunds' M&A strategy has been focused on enhancing scale, expanding its geographical footprint and accessing technologies, products and expertise that enhance its solutions. Allfunds is highly disciplined and has a well-defined set of evaluation criteria that it follows in order to maximise value from any acquisition.

The Group expects that there will be further consolidation in the wealth management market and intends to continue to focus on selected M&A opportunities that its management believes have potential to enhance, complement or expand its product and service offerings and strengthen its value proposition to customers. Moreover, Allfunds will evaluate opportunities that would expand its global footprint in order to gain access to new markets. The Group believes that Allfunds' M&A strategy complements its organic growth ambitions.

11.3.5 *Allfunds 3.0*

Allfunds believes that its competitive strengths have allowed it to be at the forefront of innovation and to take full advantage of favourable market trends, evolving from "Allfunds 1.0", a European platform with limited service offering to, "Allfunds 2.0", a digitally-enabled one-stop-shop. The Group believes it is well positioned to enhance its business and increase scale over the coming years, with opportunities mostly centred on the following strategic pillars supporting the "Allfunds 3.0" vision for the future as a fully digital client service provider:

- **Fully digital interaction with clients:** One of the main objectives of Allfunds 3.0 is to become a fully digital platform where clients, both Fund Houses and Distributors, directly interact digitally through the Connect Integrated Dashboard.

- **Big data science on customer behaviour**: The Group is willing to combine the large quantity of data regarding trading and execution (which it has been collecting for the last 20 years and continues to collect) with the data available on Allfunds Connect in order to generate real-time insights on behaviours, investors and clients appetite. The combination of historical data and Connect decision-making data results in high-value information that enables to create an advanced predictive investment behaviour model.

- **B2B marketplace:** Currently Allfunds Connect comprises services that are proprietary to Allfunds. The Group may enter into strategic partnerships with third-party providers in order to add new services and solutions to Allfunds Connect as part of a marketplace offering that combines both in-house proprietary applications and best-of-breed third-party tools.

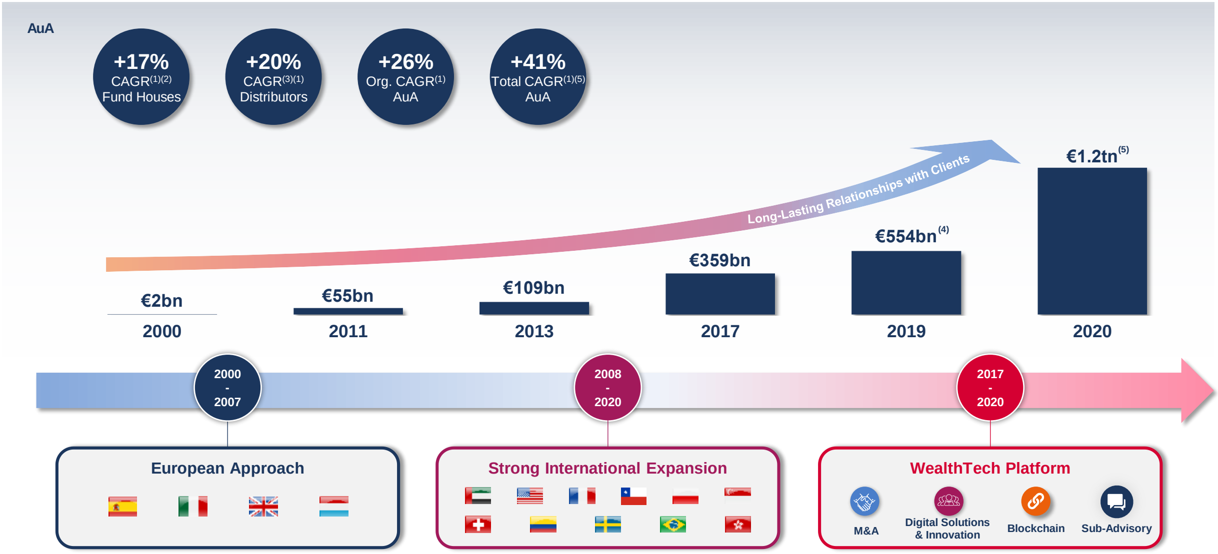
- **Full blockchain implementation:** The Group has long recognised that blockchain innovations have the potential to disrupt the global asset management value chain by, among other things, de-risking, streamlining and speeding up processes while potentially dis-intermediating some actors within the industry. In order to capitalise on the opportunities presented by blockchain technologies, in 2018 the Group commenced the development of its Allfunds Blockchain offering. As of December 2020, the Group is not generating any revenues from Allfunds Blockchain, although it has recently announced a partnership with a leading software engineering company and has launched a Fund House lab to test solutions with Fund Houses.

11.4 History and Development

Allfunds was founded by its current CEO, Juan Alcaraz within Banco Santander's wealth management division in 2000, responding to the needs of financial institutions seeking to access the open-architecture mutual fund market: automated and efficient fund dealing, reliable information, fulfilment of distribution requirements and investment insight to facilitate investment decisions. Allfunds' ambition was to become a fully B2B-dedicated and independent platform, helping the world's principal financial institutions gain more efficient and secure access to the open-architecture investment funds market. Supporting and facilitating the distribution of mutual funds through this holistic value proposition was very innovative in the market.

In 2003, as part of the Group's strategy to develop a pan-European project in the wholesale distribution of third party mutual funds, Intesa Sanpaolo S.p.A. (at that time, Sanpaolo IMI S.p.A.) acquired a 50% stake in the capital of AFB, aiming to establish and develop the B2B fund platform business in Italy, a market that remains the largest component of the Group's business and one of the main drivers of the Group's business growth over the years.

In 2005, the Allfunds Platform commenced operations in the UK market, offering the same innovative value proposition while adapting services and fund offerings to the specific needs of a highly competitive and disintermediated UK market. Allfunds considers that its arrival in the UK market was the starting point of an internationalisation process, throughout which the challenges that local requirements and demands presented led to the Allfunds Platform becoming more efficient and able to provide additional capabilities. Following its establishment in the UK market, the Group strategically expanded into new markets, prioritising those with attractive adoption and use of third-party mutual funds, including: Luxembourg (2007), Chile (2009), Dubai (2011), Switzerland (2013), Colombia (2015), Brazil (2018), Spain (2018), Singapore (2018), Sweden (2019), as well as Hong Kong, France, Poland and the United States (all 2020).



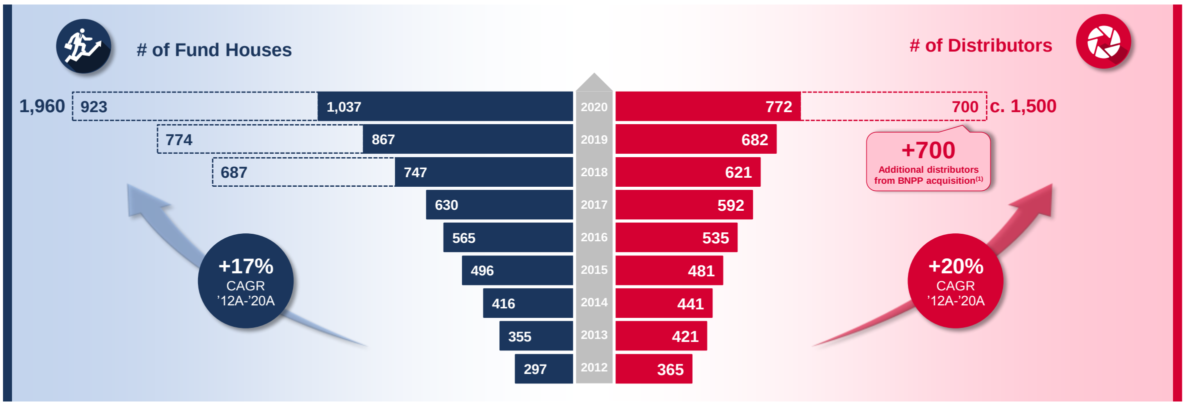
Notes:
2012-2017 figures relate to AFB, whereas figures starting 2018 relate to the Group.
(1) CAGR figures refer to Refers to 2012A-2020PF period.
(2) Fund houses CAGR includes BNPP.
(3) Includes access to BNPP sub-distributor agreements pursuant to BNPP strategic transaction (approximately 772 agreements with Distributors on Allfunds standalone basis).
(4) AuA as at December 31, 2019 includes €435 billion of AuA on the Allfunds Platform (of which €425 billion of intermediated AuA), with the remaining amount relating to acquired AuA (€110 billion from the CS InvestLab Acquisition and €9 billion from the NFM Acquisition). AuA acquired from CS InvestLab amounted to €108 billion at the time of the acquisition (approximately €2bn of net flows and market performance related to CS InvestLab included in 2019 net flows and market performance).
(5) AuA as at December 31, 2020 includes approximately €79 billion of AuA acquired but not yet transferred in connection with the BNPP Acquisition.

From its founding in 2000 until 2017, Allfunds increased its AuA from €2 billion to €359 billion. In 2017, H&F and Eiffel completed the acquisition of Allfunds from Banco Santander and IMI – Intesa Sanpaolo and the Group embarked on the next phase of its growth while maintaining deep relationships with its former shareholders as Distributors. Since 2017, Allfunds has sought to enhance its service and product offerings through investment in digital solutions, leading to the launch of Allfunds Connect in 2018 and its current development of the Sub-Advisory Platform and Allfunds Blockchain. During this time, Allfunds has also pursued an opportunistic acquisition strategy to complement its organic growth, including the acquisitions of Finametrix in 2018 (which was subsequently renamed Allfunds Digital), Fundinfo's Zurich-based fund research business in 2019 and Nordic Fund Market, also in 2019.

In 2019, Allfunds entered into an agreement to combine CS AG's open-architecture fund distribution platform activities, Credit Suisse InvestLab, with Allfunds. Following the finalisation of the combination in early 2020, CS AG increased its minority shareholding in Allfunds and agreed to use exclusively the Allfunds Platform for distribution of mutual funds and ETFs across its wealth management business units globally.

Finally, Allfunds entered into a strategic partnership with BP2S and BNPP AM in 2019, pursuant to which BP2S and BNPP AM agreed to use Allfunds as preferred access to the fund market for all of its third party custody clients, transferred the BNPP LPA Business and certain transfer agency services in Italy to Allfunds, and agreed to entrust Allfunds with the management of distribution contracts of third-party investment funds for several BNP PARIBAS group entities in its retail, wealth management, insurance and asset management businesses. On finalisation of the transaction in late 2020, BP2S and BNP Paribas Asset Management together became minority shareholders in Allfunds.

As a result of those acquisitions and continued organic growth, the AuA on the Group's platform increased from €359 billion as of December 31, 2017 to over €1.2 trillion as of December 31, 2020 (including AuA acquired but still to be transferred). For a discussion of the evolution of the Group's AuA, see Section 9 (*Operating and Financial Review*) – "*Key Factors Affecting the Group's Results of Operations – AuA*".



Notes:
Total Fund House numbers include 687, 774 and 923 Fund Houses who use the Allfunds Platform without global distribution agreements in 2018, 2019 and 2020.
(1) More than 700 additional Distributors from the BNPP Acquisition.

As of December 31, 2020, the Group had more than 1,000 global distribution agreements with Fund Houses, having added approximately 130 net Fund Houses each year to the Allfunds Platform for the last three years, and the Group has access to a network of approximately 1,500 Distributors (including Distributors to which Allfunds has access as a result of the BNPP Acquisition), having added approximately 50 each year for the last five years (excluding the Distributor agreements to which Allfunds has access as a result of the BNPP Acquisition). The chart above shows the growth of Allfunds' network of Distributors and Fund Houses since 2012.

11.5 Solutions

Allfunds' "one-stop-shop solution" service model has evolved and developed over time by incorporating new or enhanced services and solutions which fulfil specific client needs, accommodate new industry and regulatory requirements and anticipate changing market dynamics. Allfunds believes that its ambition to achieve excellence with its existing services and its entrepreneurial spirit has enabled Allfunds to develop deep relationships with Distributors and Fund Houses who trust Allfunds to be a first mover within the industry, for example through the development of the new Allfunds Blockchain initiative or through the Group's regular contributions as stakeholders in regulatory consultations and industry working groups with the aim to help shape the fund distribution framework.

The Group's aim is to be at the forefront of technology and to help drive the market to an increased digital delivery of services through Allfunds Connect. The Group's shift to digital is consistent with its goal to meet current client needs, while also leading to multiple operational efficiencies that digitalisation can bring to the Allfunds Platform.

The Group's service and solution offerings are described in more detail below.

11.5.1 *Existing platform solutions*

The Group's platform solutions comprise the distribution and platform services of the Allfunds Platform. These services, which are primarily asset-driven and generate platform revenue, will be complemented by the Sub-Advisory Platform once operational.

(1) Allfunds Platform

Allfunds operates one of the world's leading B2B WealthTech platforms, based on its AuA of more than €1.2 trillion as of December 31, 2020 (including AuA acquired but still to be transferred). Allfunds believes that it provides a differentiated approach to the fund platform market through a single point of access for a wide range of shares of UCIs across various asset classes, which are distributed and subscribed between Fund Houses and Distributors. Fund Houses and Distributors benefit from automated access to a large array of UCIs via a system that enables the entire UCI trading process to be conducted electronically and without manual intervention (the so-called "Straight Through Processing (***STP***) environment"), which maximises transactional efficiency, minimises the risk of operational errors and reduces costs.

The Group builds upon its own expertise to provide Distributors with the most appropriate and up-to-date services, tailored to their specific needs. Allfunds' services include providing: (i) access to a wide range of funds and to the distribution of such funds; (ii) multiple daily confirmation flows and reporting services; (iii) daily cash statement of accounts and foreign currency exchange services; (iv) daily rebate calculations; and (v) the transmission status of an order in real time. Allfunds also provides segregated and client referenced custody accounts directly with transfer agents and fund administrators.

Allfunds also provides corporate action services through the Allfunds Platform, including dissemination of official corporate action documentation (such as annual general meetings and general changes notices) as well as valuable summaries that extract and highlight the key elements of each event. This service is provided by Allfunds' specialised corporate actions team and can be distributed to clients through the Allfunds Workstation, email or SWIFT. Allfunds provides additional value to its Distributors by detailing each of the events and emphasising key dates and required actions.

Distribution services are also provided to Fund Houses on the Allfunds Platform and include (i) sales and global distribution services such as: networking, sales support, global distribution capabilities, rebate calculation and payment services; (ii) collection and dissemination of documents and marketing materials relating to UCIs; (iii) due diligence of Distributors, including relevant screenings (anti-money laundering, combatting the financing of terrorism (***CFT***) and KYC), share class suitability checks, collection and dissemination of regulatory data, daily assets reporting and (iv) access to the Allfunds Connect Integrated Dashboard. The Allfunds Platform also offers segregated nominee and client referenced custody accounts directly with transfer agents and fund administrators which provide Fund Houses with additional direct insight on the Distributor investing in their funds. Services offered to Fund Houses include providing multiple daily confirmation flows and reporting services, daily cash statement of accounts, daily rebate calculations and real-time order transmission status.

Allfunds also provides foreign currency exchange services linked to subscriptions and redemptions of UCIs when the monies received from or delivered to a Distributor are of a different currency than the currency of the relevant UCIs. For example, when a Distributor subscribes for or redeems UCIs which are not denominated in euros, the Group will exchange the relevant currency for euros at a quoted price on behalf of the Distributor. The Group generates income from this service based on the spread in the prices of the relevant currencies and the value of the assets subject to the currency exchange.

In addition, Allfunds provides local paying agent services in the Italian market, through the Allfunds Platform. Historically, in Italy, the relationship between a foreign investment fund and Italian-based investors (including due diligence of such funds) had to be performed by a local paying agent. Such entities are referred to as "local investor relationship managers." In this context, a paying agent is the entity that intermediates the payments arising from the subscription and redemption of UCIs.

Through its local paying agent services, Allfunds acts as a local investor relationship manager and, taking advantage of its banking licence, acts as local paying agent in order to provide services to Fund Houses selling their UCIs in Italy while also servicing Italy-based Distributors who distribute/place the UCIs to their clients in Italy. These services also include order invoices (such as confirmations, entry fees, and foreign exchange) and withholding tax calculations and impositions. Allfunds believes that it is well-positioned in this market due to the fact that it acts as both a Distributor and paying agent for its Fund Houses and Distributors. In addition, since October 2020, the Group acts as local transfer agent for a reduced number of Italian Fund Houses. Allfunds considers that its ability to bundle local paying agent services with its fund platform services and its Allfunds Connect solutions results in a valuable and differentiated service proposition to Fund Houses and Distributors.

The Allfunds Platform is highly resilient, with an average 99.96% core platform availability as of February 2021, while processing volumes of in excess of €2.3 billion[6] orders traded on a daily basis in 2020. The Allfunds Platform executes an average of 19 million transactions per month and exchanges in excess of 34 million[7] SWIFT messages per year. The volume of transactions processed on the Allfunds Platform has increased 1.5 times from 2018 to 2020 and the tested headroom is 2.5 times the current volume, providing significant headroom for scalability.

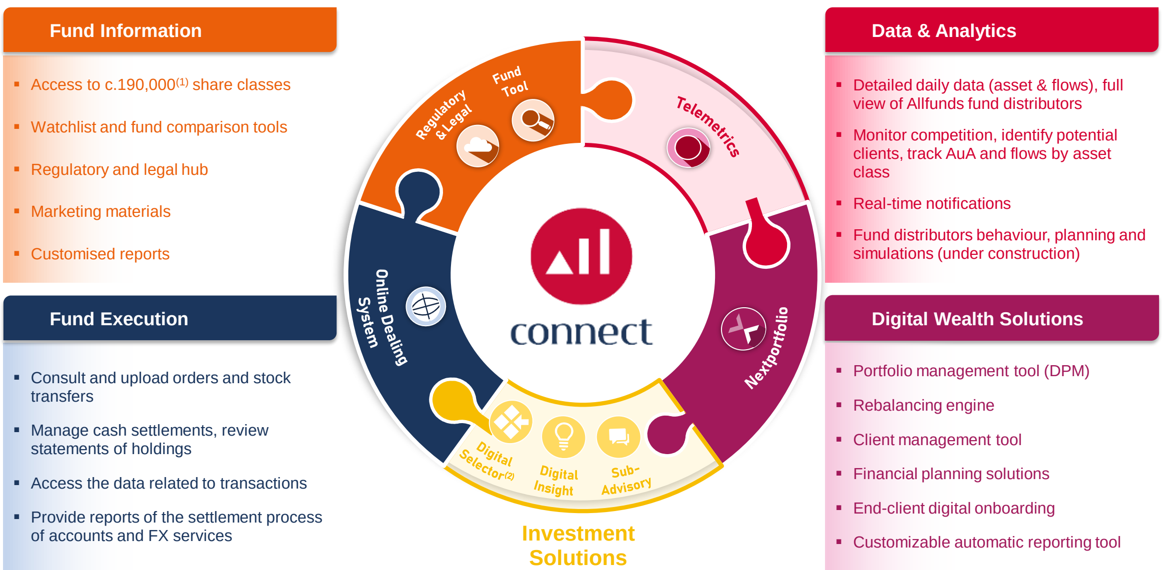
11.5.2 *New platform solutions - subscription and other solutions*

The Group's subscription and other solutions comprise those solutions which are not linked to AuA and generate subscription and other revenue, including Allfunds Connect, Fund Research and Investment Services and Legal and Compliance solutions.

[6] Annualised, based on January – September 2020.
[7] Annualised, based on January – September 2020.

(1) *Allfunds Connect – Digital Solutions*

Launched in its existing form in June 2020, Allfunds Connect is a SaaS-enabled, subscription-based portal through which Distributors and Fund Houses have access to a variety of modular digital tools to further broaden the offering of value-added services and customise the user experience of the Allfunds Platform, as illustrated in the following diagram.



Notes:
(1) As at December 31, 2020.
(2) Only available for Distributors while rest of products are available to both Fund Houses and Distributors.

Allfunds currently offers three levels of subscriptions to Allfunds Connect:

- Connect (offering unlimited access to market data, analytics, robust portfolio and reporting tools, which is available to all Distributors and Fund Houses as part of their membership fees).

- Connect Premium (offering access to more sophisticated analysis, enhanced portfolio tools and customised reporting on top of what is available to Connect subscribers), subject to an additional fee.

- Connect Enterprise (offering bespoke solutions fully integrated with clients' systems), subject to an additional fee.

Allfunds Connect provides several tools and solutions to Fund Houses and Distributors, including, among others, the following tools which are available at all subscription levels:

- "Fund Tools" provide Distributors and Fund Houses with screening tools to search from approximately 190,000 share classes. It enables a quick fund search with more than 20 criteria to filter. Users are able to generate fund factsheets (either original, standard or customised) with full benchmarking of up to four funds/ETFs that can be distributed directly to end investors for reporting purposes. Screener, watchlist and fund comparison tools are available on both Connect and Connect Premium, with customisation options available on Connect Premium.

- "Regulatory & Legal" aims to relieve Distributors' compliance burden (such as with the requirements of MiFID II, and PRIIPs, Solvency 2 or Italian Covip) with support from its dedicated central hub of regulatory value-added data. It allows user access to EMT, EPT and TPT regulatory template information and legal documentation (such as prospectuses, annual reports, factsheets, articles of association and management regulations). It also provides Fund Houses with a KYC library on Distributors and due diligence questionnaires for monitoring/oversight purposes, helping them to do the proper distribution oversight in an efficient manner. This tool is available on both Connect and Connect Premium.

- "Telemetrics", enables Distributors to analyse daily sales and market flows any time, from anywhere, based on the Group's trading information, while enabling Fund Houses to analyse daily flows, market shares and Distributors' behaviour. The tool is available on all PC and portable platforms and allows users to monitor flows and market performance by country, asset class and distribution channel with interactive charts and graphics. Allfunds is working towards providing additional services with real-time alerts and a predictive engine, which is targeted to launch in 2021 and is expected to provide significate information value, especially to Distributors, by allowing them to target end investors in a highly specific way.

- "Nextportfolio" is a portfolio management tool available only to Distributors and their end investors to create, manage and monitor investment portfolios. Customisation of model portfolio, client portfolio or portfolio optimisation and alerts are available only on Connect Premium.

- "Online Dealing System" is available to Distributors to consult and upload orders and stock transfer, manage cash settlements, review statements of holdings, access data related to transactions and provide reports of settlement process of accounts and FX services.

- "Digital Selector" is available only for Distributors and provides Distributors with shortlists of suitable funds within seconds, based on selected criteria and with ESG capabilities. It enables selection comparison with easy visualisation of key elements.

All tools can be complemented with a wide variety of add-ons, functionalities, customisations and additional legal and investment services (as described below) and Allfunds Connect is fully integrated with the distribution and platform services offered through the Allfunds Platform and digital onboarding in 24 hours is available to Fund Houses. Allfunds Connect, through different application programming interfaces, has the ability to develop bespoke solutions that are fully integrated into Fund Houses' and Distributors' IT systems, providing them with an end-to-end solution to suit their needs.

Allfunds believes that the journey of Allfunds Connect has just started and intends to develop new digital services and solutions for its global client base that can be delivered via Allfunds Connect in order to stay at the forefront of wealth management innovation and remain a trusted technology partner to Distributors and Fund Houses. These new services and solutions include real-time push notifications about flows across Distributors (pro-actions) and predictive engine capabilities, each expected to be available by the end of 2021, as well as cognitive telemetrics with machine learning and a smart fund selector tool expected to be available in 2022.

Since its launch in its existing form, Allfunds now has 700 entity users, reflecting 26% growth since June 2020, and as at December 31, 2020 Allfunds Connect had signed recurring revenue of €6 million. This recurring revenue figure represents a 68% CAGR from 2018, when Allfunds Connect was initially launched, to 2020.

As of December 31, 2020, approximately 19% of the Group's Fund Houses with global distribution agreements were using Allfunds Connect (2018: 4%; 2019: 10%), providing the Group with significant runway to further monetise Allfunds Connect with existing Fund Houses. Allfunds has also seen success in up-selling Allfunds Connect to new Fund Houses, with 49% of the 170 Fund Houses onboarded with global distribution agreements in 2020 on Allfunds Connect. In addition, approximately 85% of Allfunds' Distributors are using Allfunds Connect with approximately 130 of those Distributors paying for add-ons, membership services and/or the Premium licence. Allfunds considers that there is significant opportunity to increase the usage of Allfunds Connect by Distributors and Fund Houses, including by upgrading existing users to the Premium and Enterprise subscription levels. Allfunds believes that cross-selling through Allfunds Connect products creates additional incentives for Distributors and Fund Houses to continue with the Group as a truly all-round service provider catering for all their complex and constantly evolving needs.

(2) ***Investment Services***

The Group's fund research and investment services provide independent fund analysis, ESG research and fund selection tailored to each Distributor. The Group's services combine rigorous information and analysis with innovative ideas, expertise and experience in specific strategies. The Group's team of dedicated investment professionals is highly experienced and offers independent and detailed analyses of funds to generate recommended/insight lists. The investment research team provides broad, international coverage, producing proprietary qualitative and quantitative research for Distributors, supporting their fund selection and analytical needs. The investment research team has expertise across all major asset classes including equity, fixed income, alternatives and multi-asset funds, helping investors to navigate and select across the large universe of funds offered by the Allfunds Platform.

Whilst the fund research and investment services are currently available independently of Allfunds Connect, these are being increasingly redirected by the Group to Allfunds Connect as an add-on so that Distributors using these services can access fund research and other investment services as a digital solution. For example, the Digital Selector tool is the investment ecosystem within Allfunds Connect where Distributors can find different solutions and modules to complement or externalise their funds selection and/or research needs. In 2021, Allfunds expects to add several new digital investment solutions modules to Allfunds Connect, including funds look-through analyses, funds due diligence, asset allocation and delegated model portfolio modules.

(3) Sub-Advisory Platform Solutions

The Group's Sub-Advisory Platform, which it expects to launch in 2021 under the "Allfunds Investments Solutions" brand, is a centralised investment outsourcing and sub-advisory B2B solutions platform aimed at banks, wealth managers and institutional investors. The initial offering is expected to be launched through an externally managed Luxembourg SICAV (*société d'investissement à capital variable*) with twelve long-only strategies managed by selected Fund Houses as investment managers, with an average size of approximately €300 million over one year, and an attractive pipeline of thirty funds of mandates covering all main asset classes available in the second half of 2021. In the short-term, Allfunds is engaging in advanced discussions with approximately 10 potential clients from the Europe, Middle East and Africa region and has a near-term pipeline of approximately €50 billion AuA.

Allfunds is targeting in excess of fifty funds of mandates with an average size of approximately €800 million over three years by 2023, supporting its medium-term ambition to become a leading European sub-advisory player. Over the medium-term, Allfunds expects that the majority of sub-advisory clients will be new clients to the Allfunds Platform.

Distributors and other types of investors will be able to invest, at higher margins than available under the standard fund distribution model, through the Sub-Advisory Platform as a broad solution for their investment outsourcing needs – from portfolio construction to full strategy implementation. Meanwhile, Fund Houses will benefit from the additional sales/distribution channel to attract inflows of contracted AuA from existing and new end investors. The Sub-Advisory Platform is designed to complement Allfunds' open-architecture offering and digital capabilities by increasing transparency and flexibility in the selection of funds for Distributors and showcasing the digital tools available through Allfunds Connect, in particular Nextportfolio and Digital Selector (as described below).

While the sub-advised funds of mandates will initially be launched through a third-party management company in Luxembourg, Allfunds intends to launch its own management company in Luxembourg by the end of 2021. The Group management company will offer the sub-advised funds of mandates in combination with other research and portfolio management related services to Distributors, becoming the Group's subsidiary for all investment research, advice and portfolio management services. It is expected that alternative and illiquid asset class offerings will be made available through the Sub-Advisory Platform in 2022. Once operational, the Sub-Advisory Platform is expected to generate additional platform revenue at relatively high margins as a result of the alternative asset classes available through the Sub-Advisory Platform, which typically attract higher margins than traditional or passive asset classes.

In addition, the Group is working towards offering a new set of services under which Distributors could delegate to Allfunds the implementation (partial or total) of their portfolio management programs along the investment value chain, while keeping the responsibility of the customer adequacy and the control over the execution. Allfunds would put in place a full-service solution including: asset allocation, fund and manager selection, risk management and monitoring, portfolio construction and implementation and reporting, with ESG aspects considered through the whole process.

Allfunds' Sub-Advisory Platform and investment solutions is supported by a team of 25 members focusing solely on mutual funds, with a combined investment experience of more than 250 years.

(4) Allfunds Blockchain

The Group has long recognised that blockchain innovations have the potential to disrupt the global asset management value chain by, among other things, de-risking, streamlining and speeding up processes while potentially dis-intermediating some actors within the industry. In order to capitalise on the opportunities presented by blockchain technology, in 2018 the Group commenced the development of its Allfunds Blockchain offering.

Allfunds Blockchain is a separate entity within the Allfunds Group reporting to the CEO. Allfunds Blockchain comprises a fund industry solution and a blockchain technology solution.

The blockchain fund industry solution is a blockchain dealing platform which leverages distributed ledger technology to provide streamlined solutions across the wealth management value chain. Allfunds has initiatives in progress with industry participants to support its blockchain fund industry solution, include thirteen financial institutions in Spain, transfer agency support from two international fund industry players and a digital custodian. In addition, Allfunds is launching a testing lab with approximately 10 Fund Houses.

Allfunds' blockchain technology solution is a private network based on Ethereum, a unique technology, with patent applications pending in 48 countries, with capabilities not yet seen in the ecosystem of blockchain technology. It is a private blockchain network with scalable technology allowing for anonymous trade execution and strong technical capabilities across the wealth management value chain, which the Group believes will gain traction and engagement with different counterparties in the asset management ecosystem. In February 2021, Allfunds entered into a development partnership with a leading Ethereum software company, with the intention of combining Allfunds' blockchain privacy plugin, which includes capabilities designed to solve concerns about data governance in blockchain ecosystems, with the blockchain solution for enterprise. Allfunds' solution includes advanced privacy features that enable participants in a blockchain network to control, at a granular level, who is allowed to see information, and what nodes participate in the consensus validation of data containing confidential information. The solution can be leveraged globally across many industry sectors, particularly the highly regulated funds industry as blockchain systems ease regulatory compliance burdens by providing real-time audit trails.

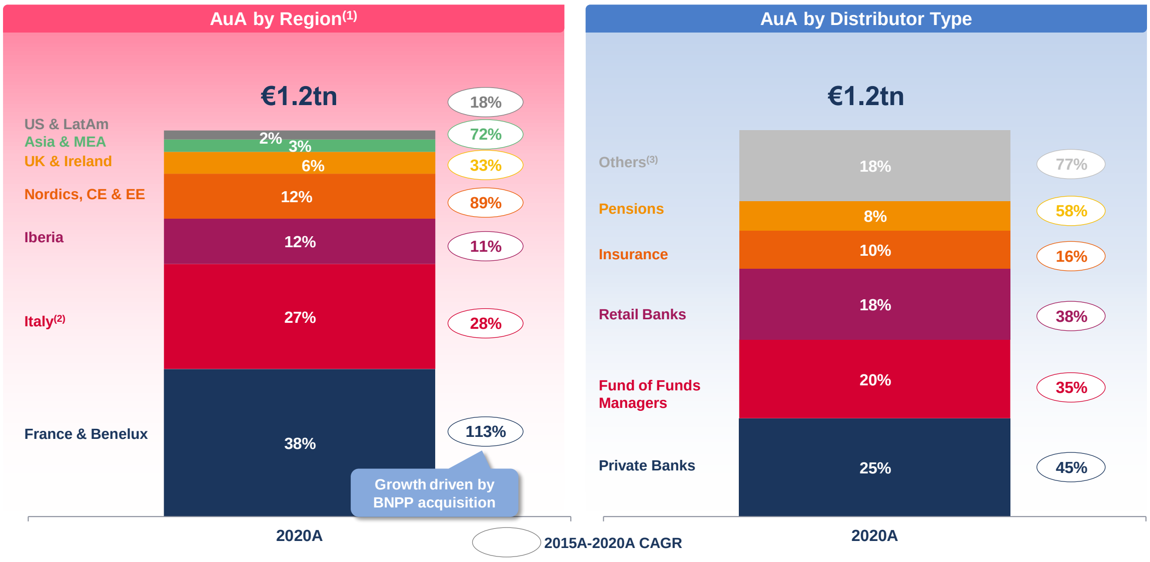
The Group believes that it is well positioned, relative to other blockchain technology providers, to appeal to asset management professionals due to its geographic footprint and expansive Distributor base, as well as a trusted track record of navigating changes in applicable regulatory regimes. Allfunds Blockchain has not yet generated any net revenue as of December 31, 2020. Allfunds is in the process of commercialising some of its dealing modules which are ready to be tested and subsequently integrated, with several business labs already launched. Allfunds anticipates that Allfunds Blockchain will begin to generate net revenue in 2021 as a complement to the Group's existing services and solutions. Within the fund industry, the Group aims to monetise Allfunds Blockchain through membership fees and incremental charges for bolt-on modules. Outside of the fund industry, the Group has closed an agreement with ConsenSys to act as a commercialisator, collecting royalties and licensing fees.

11.6 Clients

11.6.1 *Distributors*

The Group believes it has a well-diversified Distributor base across its business. As of December 31, 2020, the Group had access to a network of approximately 1,500 Distributors (including Distributors to which Allfunds has access as a result of the BNPP Acquisition). Allfunds' Distributors include (i) financial institutions, such as banks and broker-dealers, who access the shares of UCIs on the Allfunds Platform with the intention of distributing such shares and (ii) financial institutions, such as fund of funds managers and pension funds, who buy and sell shares of UCIs either for their own account or for the management of other financial instruments or products they manage and not with a view to distributing such shares. Distributors benefit from the scale of the Allfunds Platform to access the best possible terms and lowest-cost share classes available of each UCI, as set forth under the relevant UCI prospectus.

The following chart summarises the breakdown of the Group's Distributors by region and by Distributor type, weighted for AuA, as of December 31, 2020.



Notes:
AuA as at December 31, 2020 includes approximately €79 billion of AuA acquired but not yet transferred in connection with the BNPP Acquisition.
(1) Excluding approximately €3 billion of AuA for which asset geography data is not available.
(2) Including approximately €3 billion of AuA in Southern European countries other than Italy and Spain.
(3) Includes stock broker / broker dealers, custodian, IFA platform, endowments / foundations, test, investment bank and others

Allfunds follows a rigorous process to onboard new Distributors, with the process from initially signing an NDA through due diligence and onboarding taking approximately 3-6 months. The Group continues to grow its Distributor base both in terms of net number of Distributors and migrations of AuA onto the Allfunds Platform, with an average of 50 net new Distributor agreements each year for the last five years (excluding Distributors to which the Group has access as a result of the BNPP Acquisition) and a medium-term migration pipeline of more than €100 billion AuA. Allfunds also benefits from a loyal Distributor base, with an average retention rate of 99.1% over the last 10 years, calculated based on the average AuA lost in each period as a result of Distributors leaving the Allfunds Platform.

In connection with the CS InvestLab Acquisition and the BNPP Acquisition, the CS AG and BNP PARIBAS groups have contributed certain Distributors to the Group's platform helping the Group to increase its footprint in Switzerland and to enter into the French and German markets with significant assets and relevant local Distributors' support. See "—*Recent Acquisitions*" and "—*Related Party Transactions*." The proportion of the Group's AuA attributable to M&A activity was 58% as of December 31, 2020, with the BNPP Acquisition contributing €581 billion of AuA. In particular, the BNPP Acquisition has provided the Group with access to more than 700 Distributors who are not currently taking advantage of Allfunds' core distribution services, providing significant opportunity for upselling distribution services and increased penetration of Allfunds Connect.

Further, the Group continues to diversify the rest of its client base. As of December 31, 2020, no Distributor (excluding the Group's current and former shareholders) accounted for more than 2% of its AuA, the Group's top five Distributor groups (excluding the Group's current and former shareholders) provided for 9% of AuA on its platform, and the Group's top ten Distributor groups (excluding the Group's current and former shareholders) provided 17% of AuA on its platform.

The Group's relationship with each of its Distributors is governed by an agreement which is largely based on form agreements which the Group has in place in each market in which it operates, although each agreement is negotiated individually with the relevant Distributor. Under the terms of these agreements, the Group agrees to provide the relevant Distributor with access to the UCIs on the Allfunds Platform, enabling the client to buy and sell shares in the UCIs. Where the Distributor intends to carry out distribution activities, the relevant agreement also appoints the client as sub-distributor. Further, the Group agrees to provide the Distributor with certain services with regards to the acquisition, redemption, switch of the shares, payment of distributions and other actions relating to the shares that are acquired by the Distributor under the agreement, including the capacity to receive, calculate and collect rebates with regards to its distribution activity when applicable. The specific level and types of ancillary services are determined on a client-by-client basis.

Whilst the Group's form agreements with Distributors do not contain exclusivity provisions, the Group may negotiate such provisions on an individual basis. As at the date of this Prospectus, four of the Group's ten largest Distributor groups have entered into exclusivity arrangements with the Group:

- following the Acquisition, the Group entered into cooperation agreements with its former shareholders whereby entities within the former shareholder groups agreed, subject to certain conditions and exceptions, to use the Group's platform on an exclusive basis to access certain third-party fund products until November 2023. In connection with and pursuant to the original economic terms of the Acquisition, it was agreed that such cooperation agreements may be extended for a further two years at Allfunds' option and upon the Group making a one-off payment to the two Distributor groups of €30 million each. As a consequence of making such one-off payments, the exclusivity arrangements with the former shareholders would extend until November 2025. The Group does not have any similar arrangements in place with its other Distributor groups.

- in connection with the CS InvestLab Acquisition, CS AG agreed, subject to certain conditions and exceptions, to use the Group's platform on an exclusive basis for an initial period of seven years, which may be extended by Allfunds for a further three year period, following which both parties may mutually agree to a further two-year extension.

- in connection with the BNPP Acquisition, each Relevant BNPP Distributor entered into a new BNPP Sub-Distribution Agreement with AFB which, amongst other things and except where agreed otherwise, include exclusivity terms with a duration of five years, with the right of AFB to extend for an additional five years.

If a Distributor is also an Allfunds Connect Premium or Enterprise subscriber or wishes to subscribe to any Connect add-ons, its subscription is governed by separate, standard terms and conditions for the relevant Allfunds Connect subscription level.

11.6.2 *Fund Houses*

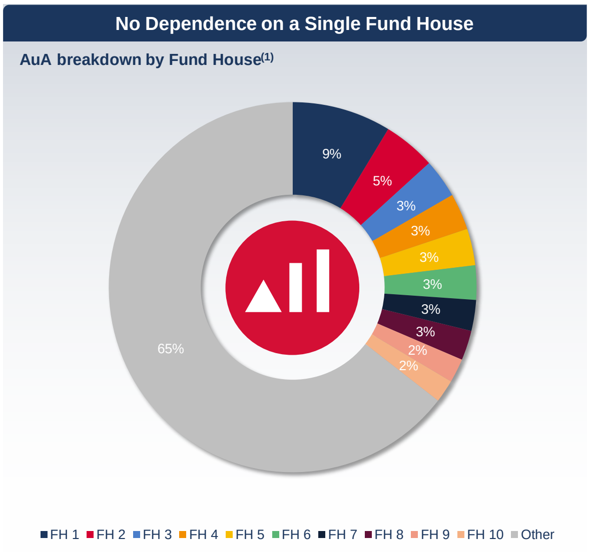
Fund Houses are a vital part of the Group's business because they provide the UCIs which are subscribed and redeemed through the Allfunds Platform. Fund Houses also pay the Group's Platform Service Fees in order to access the distribution services. Fund Houses leverage the scope of the Allfunds Platform's distribution network to expand the distribution scope of their UCIs. The significant majority of the Group's net revenue is derived from these fees.

The Allfunds Platform includes 1,960 Fund Houses, including some of the world's leading Fund Houses, and offered approximately 100,000 ISINs through these Fund Houses, as of December 31, 2020. The Group's Fund Houses offer a diverse range of assets, ranging from equity funds to fixed income funds to multi-asset funds. These funds also vary in geographic focus and complexity. The number of Fund Houses on the Allfunds Platform has increased at a CAGR of 17% over the last three years, from 1,434 in 2018, to 1,641 in 2019 and 1,960 in 2020.

The Group's relationship with each of approximately 1,000 of its Fund House clients is governed by a global agreement which regulates the economic relationship between Allfunds and the relevant Fund Houses, the operational set-up of the services to be provided by Allfunds and the level of data interaction between the parties. While each agreement is negotiated individually with each Fund House, they are largely based on the form agreement that the Group has in place in each market in which it operates. These agreements are open-ended in nature and do not have a termination date. Under the terms of these agreements, the Group agrees to act as a global non-exclusive Distributor and/or intermediary in the subscription and redemption of the shares of the relevant Fund House's UCIs, providing the relevant Fund House with a single point of access to approximately 1,500 Distributors (including Distributors to which Allfunds has access as a result of the BNPP Acquisition). As of December 31, 2020, approximately €849 billion of the Group's AuA were covered by global distribution agreements, which is nearly four times the amount of AuA covered by global distribution agreement of Allfunds' nearest competitor, according to public company filings.

The Group believes it is not dependent on any single Fund House for its platform, based on the concentration levels and market dynamics, where Fund Houses seek to have as many distribution channels available as possible. As of December 31, 2020, no single Fund House accounted for more than approximately 9% of total AuA on the Group's platform and the top ten Fund Houses accounted for approximately 36% of such AuA. In addition, the Group has experienced a consistently high rate of retention of Fund Houses with global distribution agreements, with 99.7% retention in 2018, 99.8% retention in 2019 and 99.9% retention in 2020. Allfunds believes that it is a highly effective sales channel for its Fund Houses, with Allfunds' AuA growing at a CAGR of 26.7% from 2015 to 2019, compared to global AuA CAGR of 7.7% over the same period, according to the Market Data. Average annual management charges for the Group's 10 largest Fund Houses is 92 bps in 2020 (2017: 91 bps), compared to an industry average of 69 bps.

The following chart shows the breakdown of AuA as at December 31, 2020 by Allfunds top 10 Fund Houses, excluding recent M&A transactions.



Notes:

(1) As of December 31, 2020. Excludes the BNPP Acquisition and the CS InvestLab Acquisition.

If a Fund House is also an Allfunds Connect Enterprise subscriber, its subscription is governed by separate, standard terms and conditions for the relevant Allfunds Connect subscription level.

11.7 Sales and Marketing

The Group aims to have very close relationships with its Distributors. The Group applies a multilocal approach where its local offices undertake the commercial and client relationship management roles. Local sales teams are primarily responsible for creating and maintaining business relationships with existing and prospective Distributors. Local teams operate out of 15 offices worldwide and have deep local roots as well as a knowledge of neighbouring regions. The Group leverages this local presence and its global Allfunds Platform, Allfunds Connect, Allfunds Investment Solutions and Allfunds Blockchain solutions to present a customised service offering to each potential Distributor. The Group utilises a direct sales model to market its services to banks, life insurance companies, stockbroking houses and other types of financial entities throughout its geographic footprint. The Group's marketing model is very selective due to the restricted universe of potential Distributors, which consists only of regulated financial entities in its target markets. The Allfunds Platform, based on economic and business principles, applies selective criteria that seek to only approach financial entities with a meaningful size and relevance in the market. When selling its services, the Group aims to build deep, mutually beneficial long-term partnerships and takes steps to avoid potential conflicts of interest.

The Group also has a dedicated Fund Groups Department which deals directly with its existing and prospective Fund Houses. The Fund Groups Department is primarily responsible for creating and maintaining business relationships with the Group's existing and prospective Fund Houses and to promote the different services to them. This Fund Groups Department also has a multilocal approach, which helps when managing these relationships.

As of December 31, 2020, the Group had 44 employees in its global sales and marketing team, with capabilities in 10 languages including, English, Spanish, Italian, French, German, Portuguese, Swedish, Norwegian, Mandarin Chinese and Polish. The Group also had 95 dedicated client service managers, servicing clients in 59 countries as of December 31, 2020.

11.8 Information Technology

Information technology (***IT***) is a critical part of the Group's business. As a result, the Group utilises a broad portfolio of software applications and technical infrastructures both for internal purposes and to provide services to Fund Houses and Distributors. Management decides which IT systems the Group outsources and which ones it develops in-house based on cost and internal capabilities. The IT strategy is defined internally, and all major software developments are monitored and supervised by the Group's IT team. The Group's IT infrastructure is centralised in Spain, including backups and datacentres. Allfunds' overall technology team is comprised of more than 110 full time employees as of December 31, 2020, ranging from digital specialists to platform back-end specialists and independent data scientists.

11.8.1 *Platform Technology*

The Group has different IT platforms which make up the Allfunds Platform, including: the Dealing Platform, Banking Platform, Open Platform, the Windows Platform and the Flash Platform. The Group has 100% ownership of these software platforms, which were developed in-house or acquired in connection with the Group's recent acquisitions (such as the Flash Platform, which was acquired in connection with the BNPP Acquisition). These technological platforms work together, providing what Allfunds believes are world-class and highly transparent services to its clients.

The Dealing Platform covers dealing, custody and administrative services, including order routing, assets reconciliation, and rebates calculation and reconciliation. The Banking Platform covers banking services to clients, as well as the internal accounting system. The main services offered through the Core Banking Platform include client cash accounts, cash reconciliation, payments and foreign currency exchange services. The Open Platform covers the internet and reporting services, which include integrated client asset and rebate positions, rebate information, daily calculation fund factsheets, customised reporting, search engines and legal documents. The Windows Platform covers internal and integration functionalities, managing different protocols including ISO 15022 and 20022 SWIFT protocols. Finally, the Flash Platform covers local paying agent services in Italy.

The Allfunds Platform uses File Transfer Protocol, SWIFT messages and online tools to send and process electronic file orders. The Allfunds Platform offers a secure transactional process and reduces complexity for both Distributors and Fund Houses due to the Group's centralised, integrated and automated platform. The Group provides a certified service to the fund investment dealing process through its Allfunds Platform, which is ISAE 3402 (former SAS 70) Type II certified.

11.8.2 *Applications*

A major component of the Group's IT is applications, which have been developed in-house or acquired as part of the Group's recent acquisitions. The Group generally divides applications into three major sub-categories: trading applications, information and reporting applications and internal applications.

The most important applications are trading applications which allow Distributors and Fund Houses to connect and access the dealing system through the Allfunds Platform. The primary trading applications provided to Distributors are the core dealing application and the Online Dealing System application (which is part of Allfunds Connect). The core dealing application provides automatic trading for Distributors, and the Online Dealing System application is used by Distributors to operate with UCIs online through the Allfunds Workstation. For Fund Houses, the major trading applications are the Fund Houses Platform and Fund Houses Web, which offer automatic trading and online trading, respectively.

Information and reporting applications are provided to Distributors. These applications include the Allfunds Workstation website, fund reporting services, feeds and legal documents repository (which delivers legal documentation that applies under regulators in each jurisdiction). The Group's internal applications allow it to manage back office functions including banking services, financial information and other business administrative tasks.

11.9 Suppliers

The Group believes it is not dependent on any single supplier for any material part of its business. Allfunds maintains key relationships with IBM, Finastra and NTT for IT infrastructure and communications support, including the Group's data centres and some software licences to its devices. See "—*The Group's IT processing infrastructure is outsourced, which raises the risk that such third party could be affected by disruptions, not perform as expected, increase prices, fail or otherwise not act in the Group's interests*" in Section 1 (*Risk Factors*). Other key suppliers include Excelia, Accenture and Ricoh, which provide IT software maintenance and development; GFI, which provides software quality assurance; Dion Global Solutions, which provides EAI's application; and Smartstream which provides cash management and transaction software. In addition, prior to completion of the integration of the BNPP LPA Business acquired as part of the BNPP Acquisition, Allfunds will rely on certain services provided by BP2S pursuant to the Transitional Services Agreement for that portion of the business.

11.10 Intellectual Property

The Group's intellectual property is protected through a multi-layered approach spanning from physical network protection and monitoring, to end-point securitisation via data loss prevention tools, strong patching policy, and software installation monitoring and control, to internet traffic scanning and interception over email and web traffic. The Group has also implemented internal procedures to monitor licensing uses and to guarantee any proprietary software is used under licence. These measures are designed not only to protect the Group's intellectual property, but also to protect customer and transaction data.

All software developed by the Group directly, or on behalf of the Group by any of its subsidiaries or third parties, is part of the Group's intellectual property. As of December 31, 2020, the Group held 110 trademark registrations in Spain, Italy, Europe, Brazil, Chile, Colombia, the United Arab Emirates, the United States, Mexico, Peru, Puerto Rico, Singapore, Switzerland, United Arab Emirates, Uruguay and Venezuela, including Allfunds Bank, Allfunds Bank International, Allfunds International, Allfunds Alternative and others. The Group holds 166 registered domain names globally relating to its business, and believes it holds all internet domains that are material to such business. The Group does not hold any patents that are material to its businesses, although it does have pending patents in 48 countries in relation to its Allfunds Blockchain technology.

11.11 Recent Acquisitions

11.11.1 *Finametrix Acquisition*

On January 17, 2018, AFB entered into an agreement to acquire Fintech Partners, S.L., the holding company of a number of group companies, which included Finametrix (the ***Finametrix Acquisition***), from its shareholders SIMPLE ADVISOR, S.L., FRAMIBE, S.L., Mr. Luis Hoyos Cuesta and Mr. Ignacio Saez Mansilla.

<u>*Structure of the Finametrix Acquisition*</u>

The Finametrix Acquisition was completed on January 17, 2018, by AFB acquiring all of the shares in Fintech Partners, S.L., for a total consideration of €20 million, of which €12.5 million was paid at the time of transfer of the shares in Fintech Partners S.L. The payment of the remaining amount of €7.5 million was conditional on the achievement of certain business objectives and certain members of the executive team of continuing service within the Group and was paid in February 2021.

<u>*Rationale for Finametrix Acquisition*</u>

The Finametrix Acquisition was completed to enhance the Group's offering through digital services addressing Distributor and Fund House needs in respect of servicing their own clients in a digital way. Finametrix offers fully customised solutions to banks, financial advisors and end investors, with technology that makes processes such as customer onboarding, reporting, advisory and portfolio management more transparent and efficient.

11.11.2 *Fundinfo Acquisition*

On July 17, 2019, Allfunds AG entered into an asset purchase agreement with Fundinfo AG, to acquire its Swiss fund research business including certain client agreements and a team of three research analysts with ESG expertise (the ***Fundinfo Acquisition***).

<u>*Structure of the Fundinfo Acquisition*</u>

The Fundinfo Acquisition involved the transfer of Fundinfo AG's fund research activity in Switzerland, including its team of analysts (including ESG specialists) and relevant contracts with clients. The Fundinfo Acquisition was completed on July 17, 2019. The purchase price payable by Allfunds AG as part of the Fundinfo Acquisition was CHF1,434,860.

<u>*Rationale for Fundinfo Acquisition*</u>

The Acquisition of Fundinfo's Zurich-based fund research business was pursued as part of the Group's strategic plan to consolidate its position as a leading fund research provider for institutional investors and to reinforce its value proposition. The experienced investment team joined Allfunds' Zurich hub.

11.11.3 *NFM Acquisition*

On March 24, 2019, AFB entered into an agreement to acquire Nordic Fund Market (***NFM***) from its shareholder, Nasdaq Technology AB (the ***NFM Acquisition***). The NFM Acquisition was completed on October 31, 2019.

<u>*Structure of the NFM Acquisition*</u>

The NFM Acquisition was implemented through the purchase of all of the shares in Nasdaq Brokers AB (which changed its name to Allfunds Sweden AB after the closing of the NFM Acquisition (***Allfunds Sweden***)). The purchase price paid by AFB for the NFM Acquisition was €29.4 million.

Rationale for NFM Acquisition

Allfunds Sweden is authorised to operate in Sweden, Finland and Norway. The acquisition of NFM, one of the main providers of fund services in Sweden, strengthened the Group's global position in the investment fund sector and WealthTech industry by boosting the Group's presence in the Nordics, while at the same time benefiting existing NFM distributors and fund houses with added value solutions, increased efficiency and advanced technology.

11.11.4 *CS InvestLab Acquisition*

On June 25, 2019, Allfunds International Schweiz AG (***Allfunds AG***) entered into a share purchase agreement (the ***InvestLab SPA***) with, amongst others, CS AG, in terms of which Allfunds AG acquired CS AG's open-architecture B2B investment fund platform (the ***CS InvestLab Acquisition***).

Structure of the CS InvestLab Acquisition

Under the terms of the InvestLab SPA, Allfunds AG agreed to acquire:

(i) 100% of the shares in Credit Suisse InvestLab AG (which has, subsequent to the closing of the InvestLab SPA been re-named "*Allfunds InvestLab AG*" (***InvestLab***)), including its equipment, technology, team and fund platform agreements with Fund Houses. In addition, on the same date, an exclusivity and cooperation agreement was agreed, pursuant to which CS AG undertakes to use Allfunds in respect of the distribution activities undertaken by CS AG of in-scope funds in in-scope jurisdictions on an exclusive basis for seven years, with the right of AFB to extend for an additional three years and the ability of the parties to agree to a further extension of two years, and the corresponding services agreements with fund management companies.

To give effect to this agreement, CS AG, Allfunds Bank International SA and Allfunds AG entered into a Sub-Distribution Agreement on September 6, 2019 appointing the same (and indirectly the CS group sub-distributors) as distributor under the Allfunds Platform, providing them with the relevant distribution services (including access to the UCIs, information on the UCIs, rebate negotiation, calculation and payment). See " – *Related Party Transactions – InvestLab Cooperation Agreement.*".

The completion of this phase of the InvestLab Acquisition took place on September 6, 2019 (***InvestLab Closing 1***); and

(ii) 100% of the shares in the newly established Credit Suisse InvestLab 2 AG (which has, subsequent to signing of the InvestLab SPA, been renamed Allfunds InvestLab 2 AG (***InvestLab 2***). After InvestLab 2 was incorporated, but before it was acquired by the Group, CS AG transferred the distribution and sub-distribution agreements entered into by CS AG, as distributor, with third parties or CS AG group fund houses and sub-distributors within the funds distribution network (the ***InvestLab Distribution Agreements***) to InvestLab 2.

The completion of this phase of the CS InvestLab Acquisition took place on March 26, 2020 (the ***InvestLab Closing 2***).

Following the InvestLab Closing 2, CS AG held approximately 18% of the Shares in the Company (now 13.95% after the BNPP Acquisition, described below).

CS AG was also provided with limited governance rights pursuant to the CS InvestLab Acquisition under and in accordance with a joint venture deed, which shall be terminated with effect from the date of Admission.

Rationale for CS InvestLab Acquisition

Having completed a thorough diligence process that considered the impact on the Group's business plan and costs of integration, the Group executed the CS InvestLab Acquisition to expand its presence in newer territories through the distribution network of the CS group, while consolidating business ambitions in Asia and Central Europe. Additionally, the Group increased its capabilities and presence in Switzerland, including via the existing third-party distributor clients of CS InvestLab, and enhanced its platform services to Fund Houses.

Subsequent absorption of InvestLab and InvestLab 2

Following the InvestLab Closing 2, Allfunds AG merged with InvestLab and InvestLab 2 by absorbing each of those entities (the ***InvestLab Merger***), with the consequent dissolution without liquidation of InvestLab and InvestLab 2. Pursuant to the InvestLab Merger, all of the rights and obligations of InvestLab and InvestLab 2 were subrogated to Allfunds AG. Accordingly, following the InvestLab Merger, the InvestLab Business has been conducted by Allfunds AG and integration activities are complete. Allfunds AG has been merged with Allfunds Bank International, S.A. in Luxembourg with effect from October 20, 2020, with its assets and liabilities allocated to the Zurich Branch of Allfunds Bank International, S.A..

11.11.5 *BNPP Acquisition*

On October 20, 2019, AFB entered into an investment agreement, as amended (the ***BNPP Investment Agreement***) with, amongst others, BNP Paribas Securities Services (***BP2S***) and BNP Paribas Asset Management France S.A.S. (***BNPP AM***) pursuant to the terms of which AFB acquired and/or entered into, accordingly: (i) the BNPP LPA Business (as defined below) from BP2S; (ii) the BNPP Platform Services Right (as defined below) from BNPP AM; and (iii) the fund dealing services outsourcing activities of BP2S (as described in more detail below) (together, the ***BNPP Acquisition***). Consideration for the BNPP Acquisition was satisfied by the issuance to BP2S and BNPP AM of shares in AFB, which were ultimately rolled up into shareholdings in the Company of 25,491,756 and 9,913,476 Shares, respectively, such that BP2S and BNPP AM held 16.2% and 6.3%, respectively, of the issued Shares in the Company following the BNPP Acquisition Closing (as defined below). The Shares held by BNPP AM have since been transferred to BNPP AM Holding, as a permitted transferee.

The BNPP Acquisition was completed on October 2, 2020 (the ***BNPP Acquisition Closing***). As a result of the BNPP Acquisition, the Group opened new offices in Paris and Warsaw and doubled its operations in Italy, reinforcing its local paying agent business. Additionally, the former FDS and local paying agent back office teams transferred from BP2S to the Group, mainly in Poland and Italy, contributing to the Group's geographic expansion. Pursuant to the BNPP Investment Agreement, the Group is required to maintain the Paris branch for a period of at least three years from the date of the BNPP Acquisition Closing, including engaging and maintaining a certain number of employees and other commitments in relation to the operation of the Paris branch.

Structure of the BNPP Acquisition

The key elements of the BNPP Acquisition were:

- BP2S contributed to AFB its entire local paying agent business division engaged in, amongst others, transfer agency, paying agency, investor relations management and tax and foreign exchange agency activities, which activities were conducted by BP2S through its Italian, Polish, French and Spanish branches (collectively, the ***BNPP LPA Business***);

- BNPP AM contributed to AFB the right for Allfunds to offer fund distribution services and certain other products or services to certain entities within the BNPP group (the ***Relevant BNPP Distributors***) and the right to present itself and act vis-à-vis UCITS and Fund Houses as the distributor of funds to the Relevant BNPP Distributors (the ***BNPP Platform Services Right***); and

- AFB and BP2S agreed to enter into an outsourcing agreement in respect of FDS activities of BP2S to be outsourced to AFB, which is described in more detail below, see "—*Related Party Transactions—BNPP Agreements – BP2S Outsourcing Agreement*."

BP2S and BNPP AM were provided with limited governance rights pursuant to the BNPP Acquisition under and in accordance with a joint venture deed, which shall be terminated with effect from the date of Admission.

Rationale for the BNPP Acquisition

Having completed a thorough diligence process that considered the impact on the Group's business plan and costs of integration, the Group pursued the BNPP Acquisition to enable it to combine the expertise of the Italian local paying agent business, methods of working and client relationships to provide more efficient support services regarding the distribution of mutual funds and related services provided by Allfunds to its clients. The BNPP Acquisition further aimed to allow Allfunds to reinforce its expertise and capabilities, offering more efficient solutions to distributors and final investors both for international and Italian domestic funds. With this addition to the Group's business, the Group acquired €96 billion of additional AuA on the Allfunds Platform, further expanding its leadership position in the Italian market and complementing its existing range of local fund distribution services, providing additional upselling opportunities and new sales channels.

As part of its partnership with BNPP AM, the Group has been entrusted by the BNP PARIBAS group with the management of its distribution contracts with third-party investment funds, on behalf of the retail, wealth management, insurance and asset management businesses of the BNP PARIBAS group (comprising the Relevant BNPP Distributors).

This is key for the Group's geographic expansion and has provided a strong entry point to the French and German markets with a reference partner and a key market stakeholder, as well as contributed €103 billion of AuA to the Allfunds Platform.

In addition, the BNPP Acquisition has provided the Group with opportunity to create additional operational synergies through greater scale, while increasing the Group's access to a larger universe of 700 additional Distributors through the services provided to them via BP2S pursuant to the BP2S Outsourcing Agreement, which provides opportunities for cross-selling additional platform and services, as well as providing a new sales channel for the Group via BP2S as custodian and adding €406 billion of AuA to the Allfunds Platform.

For a description of the illustrative impact of the BNPP Acquisition on the results of operations of the Group for the year ended December 31, 2020 had the BNPP Acquisition completed on January 1, 2020, please see Section 8 (*Unaudited Pro Forma Financial Information*).

11.12 Related Party Transactions

In the ordinary course of its business, from time to time, members of the Group enter into agreements with other companies within the Group relating to the rendering of intra-group services. These agreements are negotiated and executed on an arm's length basis and on the basis that the terms of these transactions are comparable to those contracted with unrelated third-party suppliers and service providers. Details of related party transactions entered into by members of the Group during the period covered by the financial information included in this Prospectus and up to the date of this Prospectus include those described in Note 34 to the Audited 2018-2020 Financial Statements; the Underwriting Agreement described in paragraph 17.1 of Section 17 (*Plan of Distribution*) and the Relationship Agreement described in paragraph 14.15 of Section 14 (*Board and Employees*).

In addition, the Group has participated in transactions with other related parties, including its shareholders, as described below:

11.12.1 *InvestLab Cooperation Agreement*

In connection with the CS InvestLab Acquisition, AFB, Allfunds Bank International and CS AG entered into the InvestLab Cooperation Agreement on June 25, 2019 pursuant to which CS AG undertook, subject to certain conditions and exceptions, to use Allfunds on an exclusive basis in respect of: (i) specified distribution activities undertaken by CS AG in specified jurisdictions; and (ii) specified services procured by CS AG from Allfunds, in each case in relation to UCIs specified in the InvestLab SPA. The initial term of the exclusivity undertaking set out in the InvestLab Cooperation Agreement is a period of seven years, which term Allfunds has the option to extend for a further three years, after which both parties may extend for a further two years by mutual agreement. CS AG is able to terminate the exclusivity rights in certain limited circumstances, including but not limited to certain of CS AG's competitors taking a controlling interest in AFB or any of its material affiliates (such controlling interest being defined as holding shares which carry shares representing 35% or more of the voting rights of the Company). The Company does not anticipate the exclusivity rights becoming terminable as a result of the Offering.

11.12.2 *BNPP Agreements*

(1) ***BP2S Outsourcing Agreement***

As part of the BNPP Acquisition, AFB and BP2S entered into the BP2S Outsourcing Agreement dated October 2, 2020 (the ***BP2S Outsourcing Agreement***), pursuant to which AFB shall provide to BP2S certain outsourced dealing and custody services, comprising support to the regulated activities of (i) dealing in investment as agent and (ii) safeguarding and administering of assets, previously carried out by the Funds Dealing Services division of BP2S without limitation in Poland, Luxembourg and Spain. Under the BP2S Outsourcing Agreement, AFB is the exclusive provider of such services to BP2S (and, via BP2S, to the current and future custody clients of BP2S who make use of such services), except where agreed otherwise. The BP2S Outsourcing Agreement started on 2 October 2020 and continues for an initial term of five years. AFB shall be entitled, at its sole discretion to extend the term for a further five years by giving BP2S at least two years prior written notice. BP2S is able to terminate the exclusivity rights in certain limited circumstances, including but not limited to certain of BP2S's competitors taking a controlling interest in the Company (such controlling interest being defined as 35% of the voting rights of the Company). The Company does not anticipate the exclusivity rights becoming terminable as a result of the Offering.

(2) ***BNPP Sub-Distribution Framework Agreement and BNPP Sub-Distribution Agreements***

As part of the BNPP Acquisition and in connection with the BNPP Platform Services Right, on October 20, 2019, AFB, BNPP AM and BP2S entered into a framework agreement, as amended on October 2, 2020 (the ***BNPP Sub-Distribution Framework Agreement***), pursuant to which BNPP AM agreed to procure that each Relevant BNPP Distributor shall enter into a new sub-distribution agreement with AFB acting through BNPP AM as its agent (each, a

BNPP Sub-Distribution Agreement), which, amongst other things, would include exclusivity terms with a duration of five years, with the right of AFB to extend for an additional five years. Each such BNPP Sub-Distribution Agreement was signed on or immediately prior to the BNPP Acquisition Closing. Each Relevant BNPP Distributor is able to terminate the exclusivity rights in certain limited circumstances, including but not limited to certain of BP2S's competitors taking a controlling interest in the Company (such controlling interest being defined as 35% of the voting rights of the Company). The Company does not anticipate the exclusivity rights becoming terminable as a result of the Offering.

(3) ***The Transitional Services Agreement***

In connection with the BNPP Acquisition, AFB and BP2S entered into a transitional services agreement on 20 October 2019 (as amended and restated on 2 October 2020) (the ***BNPP TSA***) to govern the transition phase including:

- a separation plan setting out the steps to be performed within the agreed timetable set out in the Transitional Services Agreement and implemented before the second anniversary of the BNPP Acquisition Closing, to separate the activities to be outsourced pursuant to the BP2S Outsourcing Agreement and the BNPP LPA Business from the businesses retained by BP2S; and

- the provision of certain services, including inter alia transitional IT services and other services from BP2S to AFB, as well as reverse services from AFB to BP2S.

The term of the BNPP TSA commenced on 2 October 2020 and continues until the later date of either: (i) 36 months from BNPP Acquisition Closing; or (ii) the last day of the relevant service term specified in the BNPP TSA or the target separation date (18 Months after the BNPP Acquisition Closing), whichever is later.

11.12.3 ***LHC3 Loan Agreement***

Pursuant to a loan agreement entered into between LHC3 as borrower and AFB as lender, dated July 30, 2020, AFB loaned an amount equal to €17 million (the ***Loan Amount***) to LHC3 (the ***LHC3 Loan Agreement***). As at Admission, the Loan Amount shall be outstanding in full and shall be repaid by LHC3 shortly following Admission using the proceeds of LHC3 received in connection with the sale of its shares in the Company at Admission.

12. Risk Management

12.1 Risk management approach

Risk management consists of identifying and measuring direct and indirect risks, as well as potential and emerging risks, determining the Group's appetite for the identified risks and deciding whether to accept, avoid, mitigate or transfer them. Risk management further entails the ability to gain resilience, gain competitive advantage and identify new business opportunities, as well as to create a *modus operandi* when it comes to assessing and preventing the risks identified within the Group.

12.2 Risk management framework

The Group's risk management framework is based on three lines of defence: the business, risk management and internal audit. This framework is designed to ensure effective and independent oversight of the Group's activities in line with the overall risk strategy which is established by the board of directors of AFB (the ***AFB Board***) and updated at least on an annual basis.

The first line of defence provides day-to-day risk management and control for the Group and is formed by the business and support departments in charge of the relationships with Distributors and Fund Houses and support functions. The first line of defence implements and manages the risk indicators or first level controls in order to identify potential risks and ensure an effective answer to mitigate them.

The second line of defence is responsible for providing independent oversight of and challenges to the risk management of the business and is formed by the Group's compliance and risk management teams. The compliance and risk management teams act autonomously and independently of each other and with respect to the first line of defence. This second line of defence supports the first line of defence by defining and monitoring compliance with rules and limits needed for the business to stay within the overall risk appetite defined by the AFB Board.

Finally, the third line of defence is represented by the internal audit function, which has the maximum level of independence and objectivity within the Group and ensures the effectiveness of the Group's control systems. The third line of defence carries out independent reviews of the first two lines of defence and in order to verify compliance with the Group's risk management framework, providing assurance to the risk and audit committee of AFB on the effectiveness of the Group's risk management.

12.3 Risk management strategy and objective

The prudence applied by the Group in risk management is a basic pillar in its activity and in the services it provides to Distributors and Fund Houses. In turn, the Group's organisational structure represents a system of clearly defined delegations for such risk management. The general principles that guide the definition, monitoring and management of the risks are the following:

(a) the risks assumed must be compatible with the assets of the Group and in accordance with the objective solvency level.

(b) willingness to maintain a "low risk" profile through:

   i. maintaining the distribution activity, avoiding incorporating property positions into the balance sheet that generate risks that the Group does not wish to assume;

   ii. the search for a high degree of diversification of structural risks, establishing limits to concentrations by customers, sectors, markets and/or geographies that may pose a threat to the solvency objectives, liquidity and recurrence of results; and

   iii. continuous attention to the tasks of identification and monitoring of risks, so that all areas are provided with adequate and dynamic systems that result in optimal management and control of the risks assumed;

(c) existence of control and monitoring procedures for all the risks incurred by the Group in the performance of its activity;

(d) existence of solid management mechanisms and mitigation of operational and reputational risks;

(e) independence of the risk function with respect to the business areas; and

(f) involvement of the organisation in the philosophy of risk management.

12.4 Risk Appetite Framework

The Group's risk appetite is established and defined by the AFB Board. The Group's risk appetite framework, which was last revised by the AFB Board in the first quarter of 2020 (the ***Risk Appetite Framework***), sets forth the amount of risk (probability of an event and related financial losses) that the Group is willing to assume. The Risk Appetite Framework determines the actions and methodologies that guide management principles throughout the Group and are critical for the decision-making process.

The AFB Board has established that the Group's risk appetite is low. This risk appetite level provides the foundation for the development of calculation and control methodologies for the risks incurred by the Group and which are implemented through its risk unit.

The AFB Board reviews and discusses potential corrective measures should any of the risk tolerance levels be exceeded. The Group has identified and implemented a set of key risk indicators in order to monitor its performance relative to its risk appetite. The key risk indicators report, across all risk areas, is provided to the Board of Directors of the Company on a quarterly basis where deviations and potential breaches of the set risk tolerance levels are disclosed and, if required, mitigating actions are discussed.

12.5 Risk management structure

12.5.1 *The AFB Board*

The AFB Board supervises the policy pursued by the Executive Management Team (as defined in paragraph 14.6 of Section 14 (*Board and Employees*)) and the general course of affairs of the Group. The Company expects that the AFB Board will consist of fourteen members from the date of Admission. It is intended that, so far as possible and subject to the requirements of the Bank of Spain, the boards of the Company and AFB will be aligned. The AFB Board meets at least four times a year to review and discuss, among other matters, financial and commercial results, developments in the market and developments relating to the Group's treasury and risk management. The risk strategy, risk appetite and risk policy for the medium- and long-term are discussed once per year, and the AFB Board approves any material changes to the risk strategy, risk appetite and risk policy.

The AFB Board' risk management responsibilities include creating the internal risk management framework, approving and validating the Group's risk procedures, encouraging compliance with risk management policies and approving, where appropriate, the necessary investments, in both technological and human resources, to better monitor, control and manage its risks.

12.5.2 *Executive Management*

The Executive Management Team is responsible for the Group's risk strategy and its risk management systems and controls. It is also responsible for defining the Group's risk appetite and approving the overall corporate risk management framework. The specific responsibilities of the Executive Management Team include approving the Group's ratings structure and related limits, authorising temporary extensions of limits when breached and defining responsibilities and roles for individuals directly or indirectly involved with risk management. The Executive Management is also responsible for creating and monitoring the Group's risk committee and monitoring results from the Group's risk unit.

12.5.3 *Risk and audit management committee*

The risk committee meets on a regular basis (with a minimum frequency of once per quarter). Its specific responsibilities include requesting and monitoring new limits, requesting and monitoring internal credit ratings, validating credit ratings proposed by the risk unit, reviewing and approving the effective limit structure, defining the investments necessary for better monitoring, controlling and managing the Group's risks, monitoring and controlling risk management activities and procedures and coordinating its areas for risk management. This committee also supervises the risk unit and is responsible for, as proposed by the risk unit, approving and defining risk report content, approving communication channels, approving operating procedures for risk monitoring, control, calculation and follow-up.

12.5.4 *Risk unit*

The risk unit performs much of the daily work in managing the Group's risk and is specifically responsible for:

- defining procedures and methodologies to measure, control, and follow up risks incurred by the Group;
- proposing the limit structure and ratings to be assigned for each counterparty;
- monitoring risk limits usage;

- preparing periodic risk-related information for governmental agencies;
- defining and preparing the minimum necessary reports to monitor risk management;
- preparing and updating the risk management policy as well as calibrating internal procedures; and
- defining investments necessary for better monitoring, controlling, and managing the Group's risks.

12.6 Risk reporting

Risk control and monitoring reports assist in the efficient and ongoing monitoring of the risks the Group incurs in its daily activities. The format and nature of the information included in these types of reports aid the Group's control of the operating limits defined for each counterparty and of other operating aspects related to the Group's intermediation activity.

The main reports necessary for the risk unit to fulfil its duties include, but are not limited to, progress reports regarding execution settlement risk exposure limits, progress reports for overdraft limits, progress reports about liquidity and market risk, statistical reports and stress test results.

Progress reports about liquidity and market risk display limits for liquidity risks (accumulated liquidity gap) and market risks (set in terms of a percentage of own funds). These reports are produced daily.

Risk stress reports are produced as required and simulate the impact of risk scenarios that help complement and improve the planning of risk decision making. This type of analysis is mainly applied to liquidity risk.

12.7 Risk management areas

The Group's financial risk management areas are credit/counterparty risk (including execution settlement risk and overdraft settlement risk), market risk, interest rate risk, exchange rate risk, liquidity risk and concentration risk. The Group's non-financial risk management areas are operational risk information and communication technology (***ICT***) risk, third-party risk (outsourcing), regulatory compliance risk, reputational risk, behavioural risk, legal risk, environmental risk and money laundering and financing of terrorism risk. Of all the Group's risk management areas, it considers solvency, credit risk, counterparty risk, liquidity risk, settlement risk, market risk, interest rate risk and operational risk (core, ICT, reputational) to be its primary risks.

12.7.1 *Primary risk management areas*

Operational risk

The Group defines operational risk as the risk of loss resulting from deficiencies or failures of internal processes, human resources or systems, or derived from external circumstances. Operational risk is, therefore, inherent to all activities, processes and systems and is generated by all business and support areas. For that reason, all employees are responsible for the management and control of the operational risk generated in their own area.

The Group's overall objective in terms of management of operational risk comprises a number of specific objectives that form the methodology applicable to operational risk management. This objective is focused on the identification, measurement, assessment, management, monitoring, control and mitigation and reporting of this risk, maintaining a medium-low appetite. Furthermore, after implementing new procedures or projects, operational processes are analysed by all relevant departments in order to prepare a report identifying potential inconsistencies and promote improvement actions aimed at mitigating and reducing operational failure risks. The Group also has in place relevant insurance policies to further mitigate operational risks. This coverage includes computer crime, a banker blanket bond and professional liability insurance.

The Group has set limits for operational risk based on two indicators: (i) operational risk net losses divided by gross margin and (ii) operational risk net losses divided by regulatory own funds. The limits for these indicators have been set at 1% for the alert level and 2% for non-compliance level. The target level for both metrics is set at 0.50%.

The operational risk requirement of the AFB Banking Group was €38.5 million as of December 31, 2020, up from €28.5 million as of December 31, 2019 (at the Group level, the operational requirement was €38.2 million as of December 31, 2020 and €28.5 million as of December 31, 2019). The Group computes its capital requirements for operational risk according to CRD IV, using the basic indicator approach. According to this approach, the capital requirement is equal to 15% of the average for the previous three accounting years of the "relevant indicator", an income statement aggregate which is computed as indicated in EU Regulation No 575/2013, Article 316. This figure is updated just once per year at the end of the first quarter, when the end-of-year financial statements are produced. The Group's relevant indicator is obtained according to Article 316 of the 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. The calculation includes its net revenue, net interest income and other operating income, adjusted for gains (losses) on de-recognition of financial assets and liabilities not measured at fair value through profit or loss and exchange differences in its IFRS financial statements.

The AFB Banking Group's RWAs for operational risk increased by €125.4 million, or 35.2%, from €356.2 million as of December 31, 2019 to €481.6 million as of December 31, 2020 (at the Group level, RWAs for operational risk increased from €356.2 as of December 31, 2019 to €477.8 million as of December 31, 2020). This increase was mainly driven by higher net revenues in the previous three accounting years used for the relevant indicator.

Operational risk management

Operational risk management is decentralised within the different process managers that cover the entire organisation. The Group has a global unit specialised in operational risk management within the Risk Management area, whose main functions are coordinating, supervising and promoting both the identification and the assessment and management of risks carried out by the process managers according to the Operational Risk Framework (last updated and approved by the Board in March 2019) and the internal control model adopted by the Group based on three lines of defence. More specifically, the operational risk function is based on two axes of action:

The first axis of action is based on the processes analysis, the identification of the risks linked to them that could cause losses (potential or real), the qualitative assessment of these risks and its associated controls, all in a joint way among the process managers (first line of defence) and the specialised unit of operational risk (second line of defence). The result is a valuation that allows process managers to know the risk exposure as well as to anticipate trends and plan mitigating actions. It is complemented with the detection, monitoring and active management of this exposure through the use of operational key indicators, encouraging the establishment of alerts to identify the exposure increase and its causes, measuring the effectiveness of controls and the improvements made. At the same time, it is verified that those processes identified as critical to the lack of service have defined and implemented specific business continuity plans.

The second axis of action is based on experience. It consists in collecting in a database all the events that take place in the Group, which provides operational risk information to which each business line has been exposed and the root causes that have originated it, in order to act on them with the aim of minimising them. This information also allows to contrast the coherence between the estimates of potential losses and the reality, improving the estimates on risk exposure levels. There is a historical database of losses, which is continuously improved and updated as information on the events is received.

ICT risk

ICT risk is risk associated with insufficient or faulty hardware and software of technical infrastructures that may compromise the availability, integrity, accessibility and security of infrastructures and data. To manage ICT risk, the Group has established an internal control framework based on the ISO standard. The Group's internal control structure is highly important for achievement of proper operational goals, generation of reliable and relevant information and compliance with laws and regulation. The Group's information security policy is continuously assessed for effectiveness considering existing and evolving information security threats and business strategy. The Group's security framework controls are organised in processes and sub-processes considering the risks associated.

The Group also conducts both internal and external ICT audits to analyse and improve its ICT control framework. The scope of internal audits is focused on key controls mitigating risk and assessing the effectiveness of risk management. External audits are conducted to review the Group's ISAE 3402 procedures.

The Group's main ICT security controls are its business continuity plan (***BCP***) and its disaster recovery plan (***DRP***). The Group has developed its BCP in order to mitigate the impact caused by an adverse event that could affect any critical process or assets. The Group's BCP is tested and reviewed annually. The Group's DRP was developed by its ICT department in collaboration with IBM, (the Group's primary ICT infrastructure provider). The objective of the DRP is to ensure the proper operation of hardware and software necessary to perform critical operations after a natural disaster or a disaster induced by human activity. The recovery time to normal activity is four hours. The Group's DRP is reviewed and tested internally and externally on a periodic basis. The Group's most recent testing exercises of the BCP and DRP produced satisfactory results.

The Group's other ICT security controls include data protection, ICT security and monitoring and response. The Group's data protection policy applies security measures in compliance with the requirements established by law and in terms of data protection, including the encryption of confidential information in the Group's databases. The Group's ICT security policy conveys the current state of practices and processes within the Group. These policies are reviewed annually by internal and external audits. The Group's monitoring and response controls are performed by IBM, who monitor and respond to any incident or possible attacks that the Group may suffer. The Group also has a fully duplicated infrastructure in compliance with SWIFT guidelines.

Reputational risk

Reputational risk is understood as the risk of losses derived from the negative opinion of the stakeholders with to regards the Group. It affects the Group's ability to establish new business relationships and to continue building on its current relationships. Reputational risk is often, but not exclusively, a side effect of other primary risk events such as execution settlement risk, operational settlement risk, liquidity risk, market risk, operational risk and IT risk.

In the current financial market, reputational risk for a financial entity such as the Group may constitute one of the main threats to its net worth and market value and will negatively affect its capability to develop a healthy commercial network and retain sources of income. Therefore, all of the Group's risk control decisions are made contingent to reputational risk. This principle is the foundation on which all of the Group's risk management policies are based.

The Board has determined that whenever potential reputational risk is perceived on any distributed asset or counterparty, the Group must hedge this risk by excluding such an asset or counterparty from the custody process.

12.7.2 *Other risk management areas*

Credit risk (including execution settlement risk and overdraft settlement risk)

Credit risk quantifies the losses derived from the potential breach of financial obligations by the borrowers. Said quantification is performed based on the expected and unexpected loss. Credit risk arises from the possibility of losses stemming from the failure of customers or counterparties to meet their financial obligations. The Group experiences credit risk through execution settlement risk and overdraft settlement risk. The most relevant risk the Group incurs during its intermediation activities is execution settlement risk. The Group assumes execution settlement risk from the clearing process (operation settlement without payment) throughout the subscription process (with a Distributor) and during the redemption procedure (with the Fund House). For the subscription process, the risk arises from potential default by the Distributor that placed the order. The risk is generated (and thus is quantified and monitored) at the exact moment in which the order is accepted and confirmed by the Fund House or the Fund House's transfer agent and lasts until the settlement date. For the redemption process, the execution settlement risk arises from a default of the Fund House for the UCIs on which the redemption order has been processed (a default on the redeemed shares). The Group's policies stipulate that this type of risk must be limited and monitored on an ongoing basis.

The Group considers overdraft settlement risk a subcategory of credit risk. The Group may allow Distributors to open cash accounts for settlement purposes. These accounts can be assigned a specific overnight overdraft limit under specific circumstances that allow to keep overnight overdraft balances up to the limit. Negative balances in these accounts are handled and managed through the Group's credit exposure and are claimed immediately after identification.

The credit and counterparty risk requirement of the AFB Banking Group was €66.2 million as of December 31, 2020 (€45.6 million as of December 31, 2019 and €39.5 million as of December 31, 2018) (at the Group level, the credit and counterparty risk requirement was €65.7 million, €45.6 million and €40.0 million of December 31, 2020, 2019 and 2018, respectively). The Group computes its capital requirements for credit and counterparty risk according to CRD IV, using the standardised method. According to this method, on- and off-balance sheet assets carrying credit and counterparty risk are weighted using percentage weights which depend on different factors such as the type of asset and its rating. The capital requirement is then computed by multiplying its Risk-Weighted Assets (***RWA***) by 8%. The Group's credit and counterparty risk depends on the size and riskiness of the on- and off-balance sheet assets and tends to grow in line with the growth of their notional amounts.

The AFB Banking Group's RWAs for credit and counterparty risk increased by €257.9 million, or 45.3%, from €569.5 million as of December 31, 2019 to €827.4 million as of December 31, 2020 (at the Group level, RWAs for credit and counterparty risk were €821.6 million and €570.1 million as of December 31, 2020 and 2019, respectively). This increase at Group level was mainly driven by higher exposures to Fund Houses related to the collection of commissions.

Credit risk policy

The Group's credit risk management policies are based on sorting counterparties by their probability of default on obligations towards the Group. This probability is reflected in an internal rating provided by the risk unit, which is approved by the Group's risk committee. The risk unit applies these ratings in procedures for controlling risk limits. These procedures aim to limit and reduce the likelihood of losses and optimise the relationship between the assumed exposure level and expected benefits deriving from UCIs intermediation and distribution activities.

The limits are not intended to reduce or restrict the operations of the Group's counterparties. Nonetheless, when appropriate, Senior Management may ultimately decide to limit operations from a certain counterparty. This decision is made according to a suggestion by the risk unit and is documented.

Credit risk measurement

The Group implements an internal rating system for quantifying the probability of default for each of the Group's counterparties. The rating system allows for the use of a single master scale for each counterparty, unifying risk valuation and perception, with a global scope and including all default events from the counterparty.

The internal rating defines the probability of the counterparty's default on its financial obligations in any currency and always assuming the local legal context where the contracts between the Group and the counterparty were executed. The main purpose of the rating system is to quantify the probability of default for each counterparty, with a direct relationship between the rating and the probability of default. When reviewing its general rating methodology, the Group's effort is focused on ensuring that the rating assigned to each counterparty faithfully reflects their repayment ability and, thus, their probability of default.

Rating allocation priority, which is understood as the depth of the analysis to be performed, is determined by previous knowledge about the entity and the risk level and/or potential risk perceived. Previous knowledge about the counterparty can include external ratings agency assessments, credit and operating history of the counterparty and whether the counterparty belongs to the Group or the group of an Existing Shareholder. Perceived risk for the counterparty includes considerations of the counterparty's activity sector and perceived reputational risk.

A counterparty's rating is prepared by the risk unit. The rating is then used to determine the maximum limit for a risk position assigned to that counterparty is established. After the risk committee confirms the rating, the risk unit proposes a limit according to a supplementary analysis of the risk history (if any) and/or financial structure of the counterparty.

Alerts and Alarms

In order to prevent risk limit breaches (for net exposure as well as account limit overdrafts), the Group utilises alarms. Alarms are triggered when risk levels rise above the maximum level prescribed for a counterparty. This can occur once a risk position is detected to surpass the limit or once an account balance is detected to be lower than the maximum authorised overdraft limit. Alarms regarding a breach of a credit risk limit are submitted to the risk unit. The risk unit then reports the limit exceeded to the risk committee and Senior Management.

Credit risk mitigation

In order to mitigate credit risk, a limit is defined for each client. The definition of the limit is based on the internal rating assigned to the counterparty. The overdraft settlement risk limit is used to control the maximum allowed overdraft in a cash account. This limit applies to all clients that have an open account with the Group. For those clients that do not have open accounts with the bank, the maximum overdraft limit is zero. The overdraft procedures to be applied are analogous to those applied to cash accounts.

An overdraft exceeding the limit set for the account triggers a procedure that aims to promptly recover the over-limit amount. Nonetheless, and as a measure to mitigate additional risk, supplementary procedures for overdraft settlement risk control are set forth. The Group may restrict its customers' operations so they cannot place additional orders. This process is manually applied and must be authorised by the risk committee or Senior Management. As an additional measure, there is a procedure to manually block transactions contingent on end-of-day closing processes. This over-limit may be exceeded by means of a provisional authorisation by Senior Management.

The Group has also developed a delivery versus payment (***DVP***) framework for any Distributor perceived as high risk. According to this procedure, transactions related to all counterparties that are considered high risk are notified, through the business and risk units, of the implementation of a DVP framework resulting from an increase in the perceived risk. The DVP framework requires that orders from a Distributor should not be processed if the Distributor has not previously anticipated the funds (cash collateral), in order to prevent the Group from assuming any counterparty risk with the Distributor and/or Fund House.

Procedures to restrict intermediation transactions may be requested by the Group's risk committee at its discretion if the Group identifies a potential risk from the counterparty that may result in default. A DVP framework may be implemented at the underlying fund level when the risk unit requires it. To this extent, the Group may decide to protect itself from potential liquidity and/or settlement gaps for Fund Houses whose most recent track record displays potentially risky situations, such as a dramatic decrease in settlement values.

Finally, the Group may take collateral in the underlying UCIs for defaulting Distributors. After a certain amount of time determined by the underlying Distributor contract, the Group is free to redeem the underlying UCIs and offset any loss caused by the Distributor's default.

Limit breach authorisation

Any breach of the defined limits may be exceptionally authorised by Senior Management. If the limit exceeded is authorised, the procedures to block counterparty's transactions are voided and a temporary over-limit is allowed. This authorisation must be supported by a document stored and kept by the risk unit.

By default, an authorisation to exceed a limit is valid for up to three days. Nonetheless, and given the particular characteristics of the Group's operations, it may be extended for a longer period as indicated in the authorisation document.

Development and Calculation Requirements

Credit exposure, alarm and limit consumption calculations are automated according to the specifications notified by the risk unit to the IT department. The risk exposure limit usage and the account overdraft limit usage are calculated in real time. Additionally, a storage system allows for storage of historical data for both calculations and parameters used for such calculations, as well as use of limits and risk parameters assigned to each counterparty.

Liquidity risk

Liquidity risk can be defined as the possibility of incurring losses when there are not sufficient cash or liquid resources to comply with the obligations assumed. The Group holds liquidity risk in two different contexts: operational liquidity and settlement liquidity. Operational liquidity is related to the Group's ability to pay the cash necessary to settle transactions and afford liability obligations at reasonable costs. Operational liquidity comprises both permanent long-term and short-term sources and uses of funds. This includes positions without contractual maturity and positions whose sources and uses are not time-fixed, such as sight accounts, credit facilities, or guarantees. Settlement liquidity risk is considered a subcategory of execution settlement risk. This type of liquidity risk arises when an event of default occurs during settlement (either during subscription or redemption of UCIs).

Operational liquidity, such as operating or short-term liquidity, is managed by the Group's operations department through the settlements division and is subject to monitoring by the financial department and by the risk unit. The Group monitors operational liquidity risk by monitoring daily net cash flows and have specific procedures in place for calculating cash flows subject to fluctuation. Settlement liquidity risk is managed by establishing execution settlement risk limits, whose additional purpose is to support the Group's liquidity level by reducing the likelihood of liquidity losses related to breaches of responsibilities or defaults by the Group's counterparties. Further, the Group monitors and analyses settlement liquidity risk by running risk simulation scenarios such as events of default by Distributors and by Fund Houses. The Group has specific procedures for this analysis and consider variables such as the valuation of the Distributor's underlying shares and the Distributor's balances of cash and receivables. To supplement the monitoring performed by the Group's risk unit, the Group's settlement department performs ongoing follow-up of order settlement processes in each of the currencies in which the Group operates, thus providing twofold control of the Group's liquidity.

The liquidity risk management procedure aims at ensuring compliance with the liquidity risk limits approved by Senior Management. Monitoring of liquidity control measures is conducted by the risk unit in accordance with the principles specified in the Group's risk management procedures. Specifically, calculation of the liquidity gap is made on an ongoing basis and serves as a predictive model. The model maps future cash flows depending on the value date of each asset and liability cash flows. Upon detection of potential liquidity events by the risk unit, notice must be given to the members of the risk committee and Senior Management, so that corrective measures, as outlined in the Group's risk management procedures, can be taken. The Group also has corrective measures in place for managing potential over-limits.

Legal and compliance risk

Legal risk covers the financial and other losses the Group may suffer as a result of negligence in respect of, and/or failure to comply with, applicable laws and regulations. Compliance risk is defined as the risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of the nonconformance with the integrity, expertise and professionalism requirements of applicable laws, regulations, codes of conduct, good management practices and internal policies.

The compliance department is divided into two units, the regulatory compliance unit and the anti-money laundering unit. These two units are independent of each other and are both under the management of the Global Head of Compliance. The regulatory compliance unit ensures the proper and independent implementation of regulatory compliance, fostering a culture of compliance within the Group, drafting policies or preparing procedural manuals for the various business areas as well as communications and training necessary for an adequate knowledge and awareness among employees. Using a risk-based approach, the regulatory compliance unit periodically identifies and measures the regulatory compliance risks in the various business units and contributes to the efficient management through a risk assessment and monitoring plan.

The anti-money laundering unit has developed anti-money laundering and countering the financing of terrorism policies, procedures and controls which are applicable to the entire Group regardless of geographic location. The goals of these policies are to protect the reputation of the Group by preventing it from being used for the illicit laundering of assets or movement of funds to support and finance terrorism and to help preserve the integrity of the financial system by preventing money laundering and to combat the financing of terrorism

Market risk

Market risk can be defined as the risk of losses arising from adverse movements in market prices, foreign exchange rates, and interest rates.

Market price risk

While generally the Group's exposure to market price risk is low, the Group is exposed to two different types of market price risk: operational market price risk and settlement market price risk. Operational market price risk is associated to the Group's ownership in financial assets. According to the policies set forth by the Board, on- or off-balance positions on financial assets are not authorised, expect the strictly necessary assets to comply with regulatory requirements on liquidity matters. Thus, the position of losses derived from market price risk in the Group's investment and trading portfolios is very low. In addition to the risk derived from investment and trading portfolios, the Group's general strategy does not entail taking advantage of market fluctuations (volatility) to obtain a benefit for the Group. The Group's operational market price risk exposure may also be determined by its own structure of balance sheet assets and liabilities. This risk is monitored by the risk unit. The risk unit prevents and controls any potential event that may mean exposure to market price risk. Should such events arise, the risk unit immediately reports them to Senior Management so the Group can apply relevant measures to hedge them.

Settlement market price risk is assumed for the asset allocation portfolio for UCIs intermediation on behalf of the Group's Distributors. This type of risk is related to execution settlement risk and occurs as a result of a default in the UCIs share subscription process. If a Distributor defaults during the settlement process, the UCIs shares are transferred to the Group's portfolio, subjecting the Group to the market risk of the shares. If the UCIs shares increase the Group's portfolios, the risk unit must report this immediately to the CEO and Senior Management. The legal department is also informed so that it can make the relevant legal decisions according to the provisions of the underlying contract. Once authorisation is received from the legal department, the Group's operations department immediately redeems the shares.

The AFB Banking Group's RWAs for market risk showed an increase from €8.7 million as of December 31, 2019 to €9.4 million as of December 31, 2020 (at the Group level RWAs for market risk were €10.0 million and €8.6 million as of December 31, 2020 and 2019, respectively). This risk depends primarily on the size and volatility of the Group's overall net foreign-exchange position. The capital requirement to cover structural exchange rate risk at the AFB Banking Group showed a slight variation, increasing from €0.69 million as of December 31, 2019 to €0.75 million as of December 31, 2020 (at the Group level the capital requirement to cover structural exchange rate risk increased from €0.69 million as of December 31, 2019 to €0.80 million as of December 31, 2020).

Foreign exchange risk

The Group is exposed to two types of foreign exchange risk: translational foreign exchange risk and transactional foreign exchange risk. Translational foreign exchange risk arises when a company's operations are conducted in different currencies than its reporting currency. The Group's reporting currency for purposes of its consolidated financial statements is the euro. However, a significant portion of the Group's business is conducted in currencies other than the euro, including the British pound sterling, the US dollar and the Swiss franc. Accordingly, the Group's results of operations are subject to currency effects, primarily currency translation exposure. For the purposes of its consolidated financial statements, the Group's profits and losses with a functional currency other than the euro are translated into euro at average exchange rates for the period, while assets and liabilities are translated into euro at the closing exchange rate as of the date of the applicable balance sheet.

Transactional foreign exchange risk in the Group is relatively limited because its revenues and expenses are, in general, generated and incurred in their respective operating or functional currencies. However, as a direct consequence of its business activity, the Group keeps asset and liabilities in different currencies.

To monitor the Group's foreign exchange risk, a periodic report is provided to Senior Management showing the exposure and impact on the income statement due to the foreign currency movements and the measures (if applicable) to mitigate the open risk. In order to strengthen the mitigation mechanisms for this transactional foreign exchange risk, Senior

Management with the support of the finance department has established a maximum of foreign currency net global position. The Group also seeks to hedge transactional foreign exchange risks by offsetting opposing cash flows (natural hedging).

Interest rate risk

Interest rate risk is the possibility of losses due to the potential impact of changes in interest rates on the entity's profits or on the net value of its assets. The vast majority of the Group's assets are deposited in either current accounts at sight, "overnight" deposits, as well as short term deposits (with no penalty for early cancellation). The Group's liabilities are credited to deposits from credit institutions at sight with no interest charged or paid for these deposits. Therefore, there is currently no material exposure to interest rate fluctuations. Because of this low sensitivity to movements in interest rates, no limits have been defined for this risk. However, in order to comply with the standards issued by CRR and CRD IV, the impact of the yield curve on net interest income and the equity for the Group is calculated and reported every six months.

13. **Regulatory**

13.1 Introduction

The Company is the sole shareholder of Liberty, which is the EU parent financial holding company of the AFB Banking Group, a group with subsidiaries, branches and representative offices across several jurisdictions that is authorised to carry on several regulated activities, comprising banking and investment services activities which include, among others, dealing (reception and transmission of orders), custody/safekeeping and administration services and research/analysis services. As from 1 January 2021, and as a consequence of Brexit, the Company is no longer part of the AFB Banking Group for regulatory and prudential supervision purposes.

In connection with certain aspects of its business, statutory rules require the AFB Banking Group (among other things) to hold certain banking and other licences, establish specific internal control systems and adopt sound corporate governance practices. Additional rules regulate the AFB Banking Group's capital adequacy and liquidity requirements, as well as limit the extent to which distributions can be made or its shares can be freely acquired and transferred. The AFB Banking Group is also affected by data protection legislation, anti-money laundering and counter-terrorism financing rules.

Set out below is an overview of the main regulatory environment applicable to the AFB Banking Group's business in Spain and other jurisdictions where it has a presence or provides regulated services, followed by a summary description of the regulation that significantly impacts the AFB Banking Group.

13.2 Spanish Regulatory Environment—Overview of Statutes, Regulations and Supervisory Authorities

In addition to the provisions set out in AFB's constitutional documents and internal policies, which regulate the form, manner and procedures pursuant to which it operates, the primary regulations governing the conduct of AFB's activities are contained in several pieces of Spanish and EU legislation mentioned throughout this section.

The following entities supervise and regulate at least part of AFB's business:

- the Bank of Spain and the ECB. The Bank of Spain and the ECB, apart from their functions national and EU central banks, respectively, are entrusted with supervisory and regulatory powers over credit institutions such as AFB. For further information about the ECB's supervisory powers, see 13.2.2 "*Single Supervisory Mechanism—Supervision by the ECB and the Bank of Spain*" below;
- the Securities and Markets Exchange Commission (*Comisión Nacional del Mercado de Valores*), which is the Spanish Securities and Exchange regulator and has supervisory and regulatory authority over the investment services which banks provide; and
- the Commission for the Prevention of Money Laundering and Monetary Infringements (*Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias*) and its executive service, the Spanish Financial Intelligence Unit and AML/CFT Supervisory Authority (the *Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias*), which has supervisory authority to monitor and enforce compliance by credit institutions (among others) in relation to Spanish AML/CFT laws.

13.2.1 *AFB's licences*

AFB is registered as a credit institution with the Bank of Spain's Official Register of Financial Institutions under code 0011, being authorised to carry out banking services (including, among other services, facilitating trade settlement by offering bank accounts to both Distributors and Fund Houses, as needed). AFB is also authorised to carry out certain regulated investment services in Spain and activities under Article 145 of the Spanish Securities Markets Act including the following:

- reception and transmission of orders;
- execution of orders on behalf of clients;
- dealing on own account;
- investment advice;
- placing of units of securities without a firm commitment basis;
- custody and administration of transferable securities for the account of clients, including custodianship and related services such as cash/collateral management;
- foreign exchange services where these are connected to the provision of investment services; and
- investment research and financial analysis or other forms of general recommendation relating to transactions in units in UCIs.

By virtue of mutual recognition principle throughout the European Union, the AFB Banking Group provides services on a cross-border basis without a permanent establishment in a number of jurisdictions, including Ireland, Portugal, The Netherlands and through branches in Italy, France and Poland.

13.2.2 *Single Supervisory Mechanism — Supervision by the Bank of Spain and the ECB*

In accordance with Article 50 *et seq.* of Law 10/2014, the Bank of Spain supervises AFB in its condition as a Spanish credit institution and Liberty as AFB's EU parent financial holding company.

Additionally, within the Single Supervisory Mechanism framework, since 2014, supervisory and regulatory tasks in participant Member States are shared among national competent authorities and the ECB. The specific distribution of tasks and responsibilities varies depending on the nature of each banking group as "significant" or "less significant". As of the date of this Prospectus, AFB is not considered to be a significant credit institution.

Under this framework, the ECB directly supervises significant credit institutions in participating countries. For these purposes, the relevant national competent authorities are also involved as part of the joint supervisory teams lead by the ECB. Likewise, the ECB, in cooperation with the relevant national supervisors, is responsible for the effective and consistent functioning of the SSM, with the aim of contributing to the safety and soundness of the financial system.

Furthermore, the ECB is responsible for specific tasks concerning the prudential supervision of all credit institutions established in participating Member States (significant or not), such as the granting or withdrawal of licenses, the authorisation of acquisitions of significant shareholdings, and the application of fit and proper tests to members of the board and senior management. For these specific tasks, national competent authorities (such as the Bank of Spain) also play a role in assisting in the analysis and preparation of the proposals for the ECB's final decision.

On the other hand, banking groups that are not considered significant (also known as "less significant") are directly supervised by their national supervisors (in the case of the AFB Banking Group, by the Bank of Spain), in close cooperation with the ECB. For these banking groups, such as the AFB Banking Group, the ECB will also set and monitor the relevant supervisory standards.

Likewise, the Bank of Spain holds several other supervisory competences over all banking entities, for example money laundering and terrorism financing, customer protection and certain aspects of the monitoring of the financial markets that are out of the scope of the SSM and remain under the purview of the Bank of Spain.

The criteria for determining whether a banking group is considered significant (and therefore whether it falls under the ECB's direct supervision) are set out in the SSM Regulation and SSM Framework Regulation. To qualify as significant, a credit institution must fulfil at least one of these criteria on a consolidated basis, at the highest level of consolidation within the participating Member States of the SSM:

- **size**: the total value of its assets exceeds €30 billion;
- **economic importance**: for the specific country or the EU economy as a whole;
- **cross border activities**: the total value of its assets exceeds €5 billion and the ratio of its crossborder assets/liabilities in more than one other participating Member State to its total assets/liabilities is above 20%; or
- **direct public financial assistance**: it has requested or received funding from the ESM or the European Financial Stability Facility.

Additionally, the ECB can decide at any time to classify a bank as significant to ensure that high supervisory standards are applied consistently.

Therefore, the role of the Bank of Spain continues to be relevant for financial entities located in Spain. In particular, the Bank of Spain supervises directly the less significant Spanish banks such as AFB; while the ECB's indirect supervision of these entities is focused on the homogenisation of supervisory criteria and reception of information.

13.2.3 *Capital and solvency requirements*

As a Spanish credit institution, AFB is subject to CRD IV through which the European Union began to implement the capital reforms agreed in the Basel III framework, effective from January 1, 2014, establishing a period of gradual implementation of certain requirements until January 1, 2019. Certain provisions of CRD IV also apply to Liberty as AFB's EU parent financial holding company.

The key regulation with regard to the solvency of credit institutions is CRR (CRR together with the CRD IV and any measures implementing the CRD IV or CRR at any given time in Spain, the ***CRD IV Package***). The CRD IV Package is complemented by various binding regulatory technical standards drafted by the EBA and approved by the European Commission as delegated regulations, directly applicable in all EU Member States, without the need for national implementation measures.

CRD IV was transposed into Spanish law by means of Royal Decree-Law 14/2013 of November 29, Law 10/2014, RD 84/2015, Bank of Spain Circular 2/2014 of January 31 and Bank of Spain Circular 2/2016.

On June 7, 2019, the following amendments to EU legislation were published:

- Directive (EU) 2019/878 of the European Parliament and of the Council of May 20, 2019 amending the CRD IV (as amended, superseded or supplemented, from time to time, ***CRD V***);
- Directive (EU) 2019/879 of the European Parliament and of the Council of May 20, 2019 (as amended, superseded or supplemented, from time to time, ***BRRD II***) amending, inter alia, BRRD as regards the loss-absorbing capacity and recapitalisation of credit institutions and investment firms;
- Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 (as amended, superseded or supplemented, from time to time, ***CRR II***) which amends, inter alia, CRR with regard to the leverage ratio, the net stable funding ratio, the MREL, counterparty credit risk, market risk, exposures to counterparty clearing houses, exposures to collective investment undertakings, exposures and reporting and disclosure requirements; and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of May 20, 2019 (as amended, superseded or supplemented, from time to time, the ***SRM II***) amending Regulation (EU) 806/2014 of the European Parliament and of the Council of July 15, 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (***SRM Regulation***), as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms,

  (together, the ***EU Banking Reforms***).

The EU Banking Reforms (except CRR II) were intended to apply since December 29, 2020, except for certain provisions of the CRD V, which established a two-year deadline for their entry into force on June 27, 2019 and, consequently, would apply as from June 28, 2021. However, as of the date of this Prospectus neither CRD V nor BRRD II have been implemented into Spanish law and implementing legal measures therefore need to be passed before any requirements thereunder are enforceable *vis-à-vis* Spanish credit entities. CRR II will apply 24 months and one day after its entry into force on June 27, 2019 (i.e., by June 28, 2021), although some of its provisions are staggered and are expected to enter into force before or after that date, as described therein.

CRD IV established, inter alia, a minimum “Pillar 1” capital requirement and increased the level of capital required through the “combined capital buffer requirement” with which institutions must comply since 2016. The “combined capital buffer requirement” introduced five new capital buffers: (i) the capital conservation buffer, (ii) the G-SII buffer, (iii) the institution-specific countercyclical buffer, (iv) the O-SII buffer and (v) the systemic risk buffer (a buffer to prevent systemic or macro-prudential risks). The “combined capital buffer requirement” must be satisfied with additional CET1 to that required to meet the “Pillar 1” minimum capital requirement.

AFB has not been classified as G-SII by the Financial Stability Board or by the Bank of Spain so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, AFB will not be required to maintain this G-SII buffer. The AFB Banking Group has not been designated a systemically important institution and no capital buffer was established for 2020. Likewise, the AFB Banking Group has not been considered as other systemically important institution during 2021 and, therefore, it is not be required to maintain an O-SII buffer during this period.

The Bank of Spain has broad discretion in relation to the determination of each institution's specific capital buffers and, with the entry into force on November 4, 2014 of the SSM, the ECB also has the power to issue recommendations in this respect and potentially to increase such buffers.

In addition, CRD IV and the SSM Regulation provide for the possibility that supervisory authorities may require credit institutions to maintain capital requirements above the minimum “Pillar 1” capital requirements and the “combined capital buffer requirement”, by setting “Pillar 2” capital requirements (which are, with respect to other requirements, above “Pillar 1” and below the “combined capital buffer requirement”), to cover additional risks to those already covered by the “Pillar 1” minimum requirements in accordance with CRD IV or to address macro-prudential issues (although the EU Banking Reforms propose for the new “Pillar 2” capital requirements to be used only to address micro-prudential considerations).

Additionally, the ECB is required under the SSM Regulation to carry out the SREP at least on an annual basis, which is a set of procedures carried by the supervisory authorities to ensure each credit institution has in place the strategies, processes, capital and liquidity that are appropriate to the risks to which it is or might be exposed to.

On December 18, 2020, following the results of the SREP, the Bank of Spain notified AFB of its decision regarding minimum prudential capital requirements applicable as from January 1, 2021. This decision requires the AFB Banking Group to maintain a minimum CET1 capital ratio -at the level of AFB and on a consolidated basis- of at least

17.5% along with any countercyclical capital buffer that is applicable to the AFB Banking Group from time to time. The current requirement comprises the minimum CET1 requirement (4.5%), T1 Capital requirement (6%), the total capital ratio requirement (8%), an additional ordinary CET1 capital requirement pursuant to Article 69.1 of Law 10/2014 amounting to 7.0% for Pillar II requirements, the capital conservation buffer of 2.5% and a countercyclical capital buffer (subject to periodical adjustment) which, based on the AFB Banking Group's geographic exposures at December 31, 2020, amounted to 0.1148%.

As of December 31, 2020, based on unaudited management accounts as of that date, the AFB Banking Group's total capital ratio was 24.32% on a consolidated basis and the AFB Banking Group's CET1 capital ratio was 24.32% on a consolidated basis, based on total own funds of €320.7[8] million and total RWAs of €1,318.4 million.

In connection with the Acquisition, Liberty and the Company, as well as its indirect shareholders (including LHC3), acknowledged the Bank of Spain's regulatory requirement for the AFB Banking Group to maintain a minimum CET1 capital ratio of 17.5% following the Acquisition, and gave certain undertakings to the Bank of Spain in connection with such minimum prudential capital requirement and LHC3's acquisition finance. After the Admission, the following undertakings given by the Company and Liberty will remain in effect until the seventh anniversary of the Acquisition (unless earlier terminated or waived by the Bank of Spain): (i) to exercise their voting and other shareholder rights in AFB to ensure that AFB takes such steps as are necessary to restore the CET1 capital ratio of the AFB Banking Group, held at the level of AFB on a consolidated basis, to 17.5% following a capital shortfall, and (ii) that any dividend payments by AFB and Liberty are subject always to AFB maintaining a minimum CET1 capital ratio of 17.5%.

Any credit institution that fails to meet the combined buffer requirements and, where applicable, the higher capital requirements imposed by the SREP are required to calculate the Maximum Distributable Amount and to inform the supervisor regarding such Maximum Distributable Amount. Until that moment, the credit institution will be prohibited from: (a) making a distribution in connection with CET1 capital, (b) creating an obligation to pay variable remuneration or discretionary pension benefits or to pay variable remuneration if the obligation to pay was created at a time when the AFB Banking Group failed to meet the combined buffer requirements, and (c) making payments on Additional Tier 1 Capital instruments (together, the ***Discretionary Payments***). Once the Maximum Distributable Amount has been determined and notified to the regulator, these types of payments will be subject to the limits provided in the Maximum Distributable Amount.

Additionally, the adoption by the Bank of Spain of the measures established in Articles 68.2.h) and 68.2.i) of Law 10/2014 (if the AFB Banking Group does not meet the requirements contained in the solvency regulations, including the liquidity requirement, or if there are, according to the data available to the Bank of Spain, well-founded grounds to believe that the AFB Banking Group will not comply with these solvency and liquidity requirements in the next twelve months), aimed at strengthening the own funds or restricting the payment of dividends, respectively, would also entail the requirement to determine the Maximum Distributable Amount and restrict the Discretionary Payments to that Maximum Distributable Amount. On the other hand, in accordance with the EU Banking Reforms, the calculation of the Maximum Distributable Amount and the restrictions described in the previous paragraph while awaiting such calculation, could also be triggered if the MREL or leverage ratio requirements are not met. Furthermore, any Discretionary Payments referred to above will be subject to the minimum CET1 capital ratio referred to above.

Moreover, CRR (as amended by CRR II) also includes the requirement that entities must have a capital requirement based on a leverage ratio (***LR***) amounting to 3% of Tier 1 capital, which is in addition to the own funds requirements in Article 92 of CRR and that entities must comply plus risk-based requirements. Any failure to meet the LR also could result in a requirement to determine the Maximum Distributable Amount and limit distributions in connection with CET1 capital, paying variable remuneration or making payments on Additional Tier 1 Capital instruments. The AFB Banking Group's LR at December 31, 2020 was 18.84%.

CRR II also introduces a new requirement for credit institutions to comply individually and on a consolidated basis with a Net Stable Funding Ratio. The Net Stable Funding Ratio is defined as the proportion between the available stable funding over required stable funding, both terms as defined in CRR II, and must stay above 100% at all times. Available stable funding is calculated by applying different weight factors to the entity's liabilities depending on their stability features. Similarly, required stable funding is calculated by applying different weight factors to the entity's assets. Supervisory authorities may allow for smaller and non-complex institutions to use a simplified calculation method.

Likewise, credit institutions shall have a minimum amount of own funds and eligible liabilities with respect to the total liabilities and own funds of the institution (the MREL as further detailed below).

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[8] For regulatory purposes, total own funds exclude unaudited profit for the year ended December 31, 2020 until completion of the audit process and approval of the accounts.

As of December 31, 2020, the total amount of the AFB Banking Group's liabilities and own funds amounted to €2.3 billion and the risk weighted assets amounted to €1.3 billion.

Finally, pursuant to CRR the AFB Banking Group is required to maintain a minimum LCR above 100%. The LCR measures the liquidity risk profile of the Group, ensuring that it has high-quality assets free of encumbrances which can be converted into cash easily and immediately in the financial markets without suffering significant losses in their value. As of December 31, 2020, the AFB Banking Group's LCR is approximately 624.43%.

13.2.4 ***Resolution and recovery framework***

BRRD establishes a framework for the recovery and resolution of credit institutions and investment firms and introduces a requirement for credit institutions to maintain, at all times, an adequate level of own funds and eligible liabilities (i.e. debt to assume losses or bail-in) known as the MREL. The amount of own funds and eligible liabilities required under the MREL will be established by the resolution authority for each credit institution (and/or group) on the basis of, inter alia, the criteria set out in Article 45.6 of the BRRD, including the systemic importance of the institution.

On June 2, 2020, AFB received the notification from the Bank of Spain setting out its mandatory MREL requirements on a consolidated basis as determined by the Single Resolution Board. The mandatory MREL requirements have been set at 11.5% of the Group's total liabilities and own funds on December 31, 2018. For the purposes of determining the MREL, the Single Resolution Board has considered the Group's total liabilities and own funds (€1,362,701,000) and the total risk exposure amount (€858,856,000) both as of December 31, 2018. These requirements apply as from June 2, 2020. The Single Resolution Board established no transitory period to comply with the minimum mandatory MREL requirements given that the Group was already complying with such requirements on that date.

The BRRD (which has been transposed into Spanish law by means of Law 11/2015 and Royal Decree 1012/2015) and the SRM Regulation are conceived to provide the authorities with a set of mechanisms and instruments to intervene sufficiently in advance in credit institutions or investment service companies with solvency problems or which are not viable, in order to guarantee the continuity of the institution's essential financial and economic functions, while minimising the impact of its non-viability on the economic and financial system. The BRRD further provides that a Member State may only use additional financial stabilisation instruments to provide extraordinary public financial support as a last resort, once the available resolution instruments have been assessed and deployed to the fullest extent possible while maintaining financial stability.

In this regard, if the relevant supervisory authority (ECB or the Bank of Spain), upon consulting with the Spanish Executive Resolution Authority considers that the relevant entity is or is likely to be in a failure situation pursuant to Article 20 of Law 11/2015, or there is no reasonable prospect that any alternative private sector measure would prevent its failure within a reasonable period of time, the resolution authority may decide to apply, individually or through any combination, the tools or powers at its disposal. These are:

(i) ***Sale of business***: enables the relevant authorities to direct the sale of the institution or its business (either in whole or in part) to a third party on commercial terms;

(ii) ***Bridge institution***: enables the relevant authorities to transfer the business of the institution (in whole or in part) to a "bridge institution" (i.e., an entity created for this purpose and that is publicly-owned (in whole or in part);

(iii) ***Asset separation***: enables the relevant authorities to transfer impaired or problematic assets to one or more publicly-owned asset management vehicles to allow them to be managed with a view to maximising their value through an eventual sale or orderly wind-down. This measure will only be available in combination with another resolution tool; and

(iv) ***Bail-in***: the relevant authorities may exercise the Spanish Bail-in Power (as defined below, enabling the relevant authorities to write down (including to zero) and/or to convert certain unsecured debt claims and subordinated obligations (including unsecured debt securities, subordinated obligations and shares issued by the failing institution) into equity or other securities or obligations. Such converted equity, securities or obligations could also be subject to any future application of the Spanish Bail-in Power.

The "Spanish Bail-in Power" is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD and any other instruments, rules or standards made in connection therewith, pursuant to which any obligations of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

The failure of a credit institution to meet the minimum requirements set out in the MREL is treated in a similar way to the failure to meet the minimum regulatory capital requirements, where resolution authorities must ensure that they intervene and put the credit institution into resolution sufficiently in advance if it is deemed to be insolvent or is expected to become insolvent and there is no reasonable prospect of recovery.

In the event the resolution authority considers that there may be obstacles to the possibility of resolution by AFB and/or the AFB Banking Group, a higher MREL requirement could be imposed.

The EU Banking Reforms provide that these situations should be addressed by the relevant authorities through their powers to address or remove obstacles to resolution, the exercise of their supervisory powers under the CRD IV, early action measures and administrative sanctions and other administrative measures. In addition, in relation to a credit institution's own funds (which would normally serve for combined capital buffer requirements), the EU Banking Reforms provide that if there is a deficit in the MREL, this will be treated as a breach of the combined capital buffer requirement, so that such own funds will automatically be used to meet that credit institution's MREL and no longer serve the purpose of meeting its combined capital buffer requirement. This could therefore result in a limit on Discretionary Payments.

13.2.5 *Deposit Guarantee Fund and Single Resolution Fund*

The Deposit Guarantee Fund of Credit Institutions (*Fondo de Garantía de Depósitos*) (the ***FGD***) is an independent legal entity which operates under the guidance of the Bank of Spain and was set up by virtue of Royal Decree-Law 16/2011, of October 14.

The FGD guarantees both (i) cash deposits, by means of the deposit guarantee division and (ii) securities deposits, by means of the securities guarantee division; in both cases up to €100,000 per customer and credit institution, which is the minimum insured amount for all EU member banks. It also has the authority to carry out any such actions necessary to reinforce the solvency and operation of credit institutions in difficulty, with the purpose of defending the interests of depositors and deposit guarantee funds.

The ordinary annual contribution to be made by the credit institutions to the FGD is determined by the FGD management commission pursuant to the Bank of Spain Circular 5/2016 of May 27 on the calculation method for the contributions of the institutions adhering to the Deposit Guarantee Fund for Credit Institutions to be proportional to their risk profile, as amended by Bank of Spain Circular 1/2018 of January 31.

In this regard, in 2020 and 2019, there was no obligation for AFB to contribute to the FGD in accordance with Article 4.4 of Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions given that AFB only receives deposits from other financial institutions such as banks, investment firms, asset managers, etc. all of them not eligible for the purposes of the FGD.

In addition, in March 2014, the European Parliament and the Council reached a political agreement on the creation of the second pillar of the banking union, the Single Resolution Mechanism (***SRM***). The main objective of the SRM is to ensure that all possible bankruptcies that occur in the future in the banking union are managed efficiently, at a minimum cost to taxpayers and the actual economy. The SRM covers institutions considered as significant under the SSM and has the SRB as its central authority.

The regulations governing the banking union are aimed at ensuring that credit institutions and their shareholders (primarily) and, if required, the credit institutions' creditors (partly), are those that finance resolutions. Nonetheless, an alternative source of finance must also be available, if the pooled contributions by shareholders and bank creditors are insufficient. This is the Single Resolution Fund, managed by the SRB, which is the ultimate entity responsible for deciding whether or not the resolution of a credit institution should be initiated, while the operating decisions are made jointly with the national resolution authorities. The regulations establish that credit institutions shall contribute to the Single Resolution Fund for a period of eight years.

The SRB calculates the contributions to be made by each entity to the Single Resolution Fund, in accordance with the provisions of Regulation (EU) 806/2014 of the European Parliament and of the Council of July 15, 2014. The calculation is based on:

(i) The annual base contribution, that is calculated in proportion to the individual entity’s liabilities, excluding net worth and guaranteed deposits, with respect to the aggregated liabilities minus net worth and guaranteed deposits of all the authorised entities in the participating Member States; and

(ii) The risk-adjusted contribution, that is calculated according to the entity's risk profile.

The expense incurred by the Group for its contribution to the Single Resolution Fund amounted to €661 thousand in 2019 and to €546 thousand in 2020.

13.2.6 *Deferred Tax Assets*

In accordance with the CRD IV Package the following net DTAs have to be deducted from CET1:

- 100% of DTAs arising from tax losses will be deducted from CET1.

- In the case of DTAs arising from temporary differences that rely on future profitability, only (i) amounts in excess of 10% of CET1, and (ii) those DTAs that, together with amounts corresponding to undertakings in insurance companies and other financial entities, exceed 15% of CET1, must be deducted.
- DTAs arising from temporary differences would not need to be deducted from CET1 so long as they do not rely on future profitability and the following requirements are met:
- they are automatically and mandatorily replaced without delay with a tax credit in the event that the institution reports a loss when the annual financial statements of the institution are formally approved, or in the event of liquidation or insolvency of the institution;
- an institution shall be able under the applicable national tax law to offset a tax credit referred to in point (i) against any tax liability of the institution or any other undertaking included in the same consolidation as the institution for tax purposes under that law or any other undertaking subject to supervision on a consolidated basis; and
- where the amount of tax credits referred to in point (ii) exceeds the tax liabilities referred to in that point, any such excess is replaced without delay with a direct claim on the central government of the Member State where the institution is incorporated.

13.2.7 *Corporate governance and outsourcing*

There are specific rules on the corporate governance of Spanish banks which apply to AFB.

Spanish legislation requires that the management of a credit institution is entrusted to a board of directors composed of at least five members. Pursuant to Article 30 of AFB's bylaws, its board of directors shall be composed by a minimum of five and a maximum of fifteen directors.

Additionally, the members of the management body, the senior management (*directores generales*) (or similar individuals), the individuals in charge of the internal control functions and other individuals holding other key positions for the daily development of the financial activity at credit institutions are required to meet specific eligibility requirements in terms of commercial and professional honourability, knowledge, skills, experience and the ability to exercise good governance at the credit institution (including the ability to devote sufficient time to perform their respective functions).

Additionally, pursuant to Article 29.1 of RD 84/2015, the same requirements will need to be met by the same persons of the parent company of AFB. When assessing these requirements, the nature, scale and complexity of the functions performed by these persons in relation to the credit institution will be taken into account.

Moreover, members of the board of directors of a credit institution are subject to incompatibility restrictions, such as the number of directorships they may hold at the same time in the event that the volume of assets held on an individual basis exceeds €10 billion at the closing date of the two immediately preceding years. The same requirements will need to be met by the same persons of the parent company of the bank.

Pursuant to applicable regulation, credits institutions must establish certain board committees, including (i) a nomination committee; (ii) a remuneration committee; (iii) a risk committee, to the extent that the volume of assets held on an individual basis equals or exceeds €10 billion at the closing date of the two immediately preceding years; and (iv) an audit committee. If the volume of assets is below €10 billion, banks are allowed to have a nomination and remuneration committee and a mixed audit and risk committee (undertaking the functions of the risk committee) instead of separate committees. This is the case for AFB which has a Remunerations and Appointments Committee and a Risk and Audit Committee. Credit institutions are also subject to rules on remuneration policies.

Credit institutions are required to have in place sound corporate governance procedures, which will include appropriate internal control procedures. In addition, the board of directors of the credit institution must establish corporate governance systems to ensure a sound and prudent management of the entity, which should give appropriate consideration to the distribution of functions and avoidance of conflicts of interest. The board of directors is also responsible for monitoring and overseeing the effectiveness of this corporate governance system and for amending any detected deficiency. The applicable legislation also sets out a number of responsibilities that the credit institution's board of directors may not delegate to other bodies or persons.

In addition to the aforementioned, credit institutions providing one or more investment services and/or performing investment activities, such as AFB, must comply with certain internal organisation requirements applicable to investment firms.

Generally, these rules are set both at national and EU level and are complemented by guidelines published by EBA and adopted by the Bank of Spain.

Banks may outsource the provision of services or the exercise of functions in accordance with Article 22 of RD 84/2015 and Rule 43 of Bank of Spain Circular 2/2016 so long as (i) the bank cannot be deemed as no longer performing any substantial activity and (ii) the outsourcing agreement neither reduces the bank's internal control capability nor hinders effective supervision of the bank by the Bank of Spain and the ECB.

In order to outsource functions or services, banks must comply with certain requirements. Among other things, (i) the bank must have established an outsourcing policy which should be approved by the bank's board of directors and updated at least every two years; (ii) the bank must duly assess the reliability, experience and stability of the party carrying out the outsourced functions and the degree of compliance with the main laws and regulations which apply to it, especially as regards anti-money laundering rules and client protection; and (iii) the outsourcing arrangement shall not affect the bank's responsibilities as regards compliance with applicable regulation.

In the event that the function or service which is to be outsourced is a "material" function or service (i.e. an activity of such importance that any weakness or failure in the provision of this activity could have a significant effect on the bank's ability to meet, on a lasting basis, its conditions and obligations deriving from its authorisation as a bank, its financial performance, its solvency or its continuity in business), the bank must comply with stricter rules, including, among others, that; (i) the bank must establish a specific outsourcing risk management policy; (ii) the bank must internally produce monitoring reports which shall be updated at least annually and which shall be reviewed by the internal audit function unit and received by the bank's board of directors; and (iii) the outsourcing arrangements shall be formalised by way of a written outsourcing agreement which must provide for certain conditions regarding the outsourcing relationship. Moreover, the bank may not use the outsourcing arrangement to (i) delegate its own responsibilities or the responsibilities of corporate bodies; (ii) modify or in any way affect its relationship with, and obligations toward, its own customers and its supervisory authority; nor (iii) affect the conditions which the bank must meet to obtain and maintain its authorisation.

In addition, the outsourcing credit institution must previously notify the relevant competent authority in writing of its intention to enter into an outsourcing agreement relating to essential functions or services at least one month prior to the effectiveness of such agreement.

The relevant competent authority may set limitations to the outsourcing arrangements.

These rules on outsourcing arrangements are complemented by the EBA Guidelines EBA/GL/2019/02 on outsourcing arrangements.

13.2.8 *MiFID II*

As a credit institution authorised to provide investment services, AFB is subject to certain provisions of the Securities Market Act, as amended from time to time, and supplemental rules enacted thereunder, which implement MiFID II in Spain. Supervisory authority over AFB in matters relating to its provision of investment services primarily lies with the CNMV. However, competent regulators of the host Member States in which AFB provides investment services also have supervisory authority (albeit more limited) in respect of conduct of business.

MiFID II requires AFB to comply with organisational and conduct of business rules, including (among others) rules on inducements, the provision of information to clients, reporting, product governance, transaction reporting and trade transparency.

13.2.9 *IFRS 9*

Bank of Spain Circular 4/2017, of November 27, to credit institutions on public and confidential financial reporting rules and standard financial statements (***Circular 4/2017***), repealing Bank of Spain Circular 4/2004, of 22 December, after successive amendments, adapts the accounting system of Spanish credit institutions to the changes resulting from the adoption of IFRS, in force as from January 1, 2018, in relation to the accounting criteria applicable to financial instruments and ordinary revenue.

Annex IX of Circular 4/2017 develops the general framework for credit risk management in accounting terms, essentially maintaining the changes introduced by Bank of Spain Circular 4/2016, of April 27, and mainly regulates the policies for the granting, modifying, evaluating, monitoring and controlling of transactions, which includes their accounting and the estimation of credit risk loss hedging.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and some contracts to buy or sell non-financial items. The full version of IFRS 9 was published in July 2014 and replaces guideline IAS 39 on classification, recognition and measurement of financial instruments. IFRS 9 is effective for annual periods that commence as of January 1, 2018.

IFRS 9 simplifies the mixed measurement model and establishes three main measurement categories for financial assets: (i) amortised cost; (ii) at fair value with changes in profit and (iii) loss and fair value with changes in other comprehensive income. The basis of classification depends on the entity's business model and the characteristics of the financial asset's contractual cash flows. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other non-recyclable comprehensive income, provided the instrument is not held for trading. Whereas the equity instrument is held for trading, changes in fair value are presented in profit or loss.

In relation to financial liabilities, there have been no changes with respect to classification and valuation, except for the recognition of changes in the entity's own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. Under IFRS 9, the expected credit loss model (a new model for losses resulting from impaired value), replaces the incurred loss model set out in IAS 39 and will result in recognition of losses at an earlier stage than under IAS 39.

In particular, amendments made to IFRS 9 establish that, under certain circumstances, early repayment of assets by the borrower involving the payment of compensation can be measured at amortised cost or at fair value with changes to other comprehensive income instead of at fair value through profit or loss. For this circumstance to occur, the financial asset must meet the requirements to be considered as having contractual cash flows being only principal and interest payments, with the exception of the option of early settlement.

With respect to the accounting of the contractual modifications for financial liabilities that do not imply their derecognition, it is established that these should be treated as a change in the estimate of cash flows for contractual liabilities, by maintaining the original effective interest rate and adjusting the carrying amount at the date of the change.

The entry into force of this standard on January 1, 2019 has not had a significant impact on the Group's consolidated financial statements.

13.2.10 *Other relevant regulations*

(1) ***Anti-Money Laundering and Anti-Terrorism Financing Regulation***

AFB is subject to Law 10/2010 and Royal Decree 304/2014, of May 5, developing Law 10/2010. On June 25, 2015, the 4th Anti-Money Laundering Directive entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. Likewise, the Commission was conferred powers to adopt the Delegated Regulation (EU) 2016/1675 in order to identify high risk third countries, based on strategic deficiencies.

Generally, the provisions of the 4th Anti-Money Laundering Directive were transposed into Spanish national law on September 4, 2018 by means of Royal Decree Law 11/2018 of August 31 amending Law 10/2010. This regulation included, among other, additional requirements for identification and verification of the ultimate beneficial owner, the extension of the definition of politically exposed persons (***PEPs***) to domestic PEPs, enhanced requirements with respect to internal compliance procedures and the supervision of correct application of the directive outside the EU.

Furthermore, Spain has yet to implement Directive (EU) 2018/843, known as the 5th Anti-Money Laundering Directive. On June 12, 2020, the Spanish Government approved a preliminary draft law for the amendment of Spanish AML Rules and the implementation of the 5th Anti-Money Laundering Directive, which has not yet been transposed into Spanish law. This preliminary draft law contains several amendments to Law 10/2010, including, but not limited to:

- the inclusion on the list of obliged entities of (i) providers of exchange services between virtual currencies and fiat currencies and custodian wallet providers; (ii) persons trading or acting as intermediaries in the trade of works of art, and persons storing, trading or acting as intermediaries in the trade of works of art when this is carried out by free ports; (iii) securitisation fund management companies and banking assets fund management companies; (iv) listed real estate investment trusts (SOCIMIS); and (v) simplified payment institutions, among others;
- the possibility for the establishment of a single ultimate beneficial ownership registry; and
- the possibility for obliged entities belonging to the same category to create a shared information, storage and access system in relation to information and documentation for the compliance with the due diligence obligations placed upon them.

(2) ***Data Protection***

Banks and companies in general are required to comply with privacy and data protection laws and regulations applicable in Spain, including the GDPR, the Spanish Law 3/2018, of December 5, 2018, regulating the protection of personal data and safeguard of digital rights (Spanish Data Protection Act), and the Law 34/2002 on information society services and electronic commerce transposing the E-Privacy Directive.

The GDPR applies, among others, to the processing of personal data in the context of the activities of an establishment of a controller or a processor in the European Union, regardless of whether the processing takes place in the European Union or not. The GDPR and the Spanish Data Protection Act protect the processing of "personal data", which is defined as any information relating to an identified or identifiable natural person.

The GDPR and the Spanish Data Protection Act have introduced significant requirements for data controllers in relation to processing activities, including, without limitation, the processing of special categories of data, profiling and automated decision making, and additional rights for data subjects.

Further regulations govern electronic communications and use of cookies, such as Law 34/2002 on information society services and electronic commerce.

Similar sets of privacy, data protection, and cybersecurity rules will also apply in most other jurisdictions in which the AFB Banking Group carries out business.

(3) Acquisition and Increases of Qualifying Holdings in Banks

Law 10/2014 and supplemental Spanish regulations implementing CRD IV, require that natural persons and entities, whether acting alone or in concert, obtain prior authorisation (non-opposition) from the ECB (based on the proposal made by the Bank of Spain) before acquiring direct or indirect equity interests in a Spanish bank (such as AFB) which would result in such person owning, directly or indirectly, 10% or more of such bank's share capital or voting rights or otherwise would make it possible to exercise a significant influence over such bank. Prior authorisation is also required when increasing, whether acting alone or in concert, directly or indirectly, the qualifying holding in a Spanish bank in a way such that the stake in the banks' share capital or voting rights equals or exceeds 20%, 30% or 50% of a bank's share capital or its voting rights or any other stake which would result in the acquisition of the control of the bank.

Pursuant to Article 25 of RD 84/2015, the Bank of Spain will assess among other things, the suitability of the potential acquirer and the financial soundness of the proposed acquisition in light of, inter alia: (i) the commercial and professional reputation of the potential acquirer; (ii) the reputation, knowledge, skills and experience of the members of the governing body, the general managers or similar individuals in charge of performing managerial and directive functions; (iii) the financial soundness of the potential acquirers, in particular in relation to the business activity of AFB or any commitments undertaken by the potential acquirer with the Bank of Spain in the context of the non-opposition procedure (if any); (iv) the ability of the target bank to comply on a lasting basis with the applicable legal and regulatory framework after the acquisition and, in particular, if the group of which it will become a part has a structure that does not hinder the effective supervision by the Bank of Spain and which enables an effective exchange of information between the competent supervisory authorities; and (v) the risk of money laundering and terrorism financing activities being conducted or attempted in connection with the acquisition or, if a result of it, the risk of such activities increases.

Acquiring a direct or indirect qualifying holding in a Spanish bank in breach of the regime for acquisition of qualifying shareholdings is as a very serious infringement of banking regulations. As such, the voting rights attaching to the shares (directly or indirectly) acquired in the bank will be suspended and, if required, the Bank of Spain may intervene the bank or remove the directors appointed by the acquirer. Also, the relevant acquirer, as well as its directors and/or senior officers responsible for the infringement, could be fined and disqualified to hold managing positions in financial institutions.

Transferring (directly or indirectly) a stake which results in the owner of a qualifying holding falling below 10%, 20%, 30% or 50% in a Spanish bank, or losing control of the bank, without having first notified the Bank of Spain of such proposed transfer, will also be considered as a very serious infringement of banking regulations.

Finally, pursuant to Article 17 of Law 10/2014, there is an ex-post notification requirement to the Bank of Spain upon the transfer of a direct or indirect 5% share capital or voting rights interest in a Spanish bank.

Where the influence exercised by holders of a qualifying shareholding in AFB is likely to operate to the detriment of the prudent and sound management of AFB, the Bank of Spain may take one or more of the following measures to put an end to that situation, in addition to imposing any other applicable sanctions: (i) suspension of voting rights over shares held in AFB; (ii) the AFB Banking Group's intervention or the replacement of its directors; and/or (iii) in exceptional cases, revocation of AFB's authorisation.

(4) ***Spanish Auditing Law***

Law 12/2010, of June 30, transposed Directive EU/2006/43 which regulated aspects, among others, related to authorisation and registry of auditors and auditing companies, confidentiality and professional secrecy which the auditors may observe, rules on independency and liability, as well as certain rules on the composition and functions of auditing committees. The Royal Decree 1/2011, of July 1, approved the consolidated text of the Accounts Audit Law 12/2010 and repealed Law 19/1988, of July 12.

On July 21, 2015, Law 22/2015 on Accounts Audit was published in the Spanish Official Gazette but did not entered fully into force until June 17, 2016. This law amended certain aspects of Law 12/2010, of June 30, including the requirements applicable to audit firms.

Since credit institutions and listed companies are considered "public-interest entities", in addition to the Spanish Auditing Law, AFB is also subject to Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities. These specific requirements or limitations include, but are not limited to, the following (references to articles are to those set forth in Regulation (EU) No 537/2014): (i) the obligation to publish an annual transparency report by the auditors of public-interest entities, which should include, among others, information relating to public interest entities that have been audited, in accordance with Article 13; (ii) a list of prohibited non-audit services that cannot be provided to those entities, its parent and subsidiaries as per Article 5; (iii) certain rules by which fees perceived by auditors other than those permitted for audit services in relation to a particular public interest entity can be limited also in accordance with Article 5; and (iv) the obligation of external rotation or maximum contract period as per Article 17.

13.3 Additional Regulatory Considerations Arising from the Group's Activities in other European Union jurisdictions

13.3.1 *Italy*

AFB is authorised to provide certain regulated activities in Italy through its Milan branch (AFB Milan Branch), which was registered, as of March 5, 2004, pursuant to art. 13 of the legislative decree No. 385 of September 1, 1993, as subsequently amended, in the relevant Bank of Italy's register (registration numbers: *numero di matricola* no. 5596 and *codice meccanografico no*. 3271.4).

AFB Milan Branch is authorised to provide the following banking and investment services (among others): (i) trading for own account or for account of customers in financial instruments; (ii) investment advice; (iii) portfolio management; (iv) reception and transmission of orders in relation to one or more financial instruments; (v) placing of financial instruments without a firm commitment basis; (vi) execution of orders on behalf of clients; (vii) investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments; (viii) lending; (ix) deposit taking and (x) payment services.

Financial institutions, including branches of EU banks (such as AFB Milan Branch), are subject to Italian rules on the prevention of money laundering and terrorism financing as provided by Legislative decree No. 231 of November 7, 2007 as last amended by Legislative decree No. 125 of October 4, 2019 (the ***Italian AML Decree***), and by the implementing provisions issued by the Ministry for Economy and Finance, the Financial Intelligence Unit for Italy and by the sector supervisory authorities. In particular, the Italian AML Decree must be read with certain secondary legislation issued by the Bank of Italy ("*Disposizioni in materia di adeguata verifica della clientela per il contrasto del riciclaggio e del finanziamento del terrorismo"* dated July 30, 2019 and *"Disposizioni in materia di organizzazione, procedure e controlli interni volti a prevenire l'utilizzo degli intermediari a fini di riciclaggio e di finanziamento del terrorismo"* dated March 26, 2019).

In general, the Italian AML Rules require financial institutions to fulfill several obligations and requirements including (for example): (i) customer due diligence obligations; (ii) recordkeeping obligations; (iii) reporting obligations; (iv) staff-training programmes; (v) the institution of an AML function (*funzione antiriciclaggio*) and (vi) the adoption of an AML policy.

The Italian AML Decree also imposes limits on the use of cash and other bearer instruments over €2,000 (this limit will be valid until December 31, 2021, following which it will become €1,000), which apply generally to the transfer of cash and other bearer instruments occurred in Italy.

Under the administrative liability regime provided by Legislative decree No. 231 of June 8, 2001, as subsequently amended, a company may be held liable for offences committed by (i) its directors or by other individuals having a managerial or supervisory role in the organisation of the company, or by (ii) other individuals who are subordinated or under the supervision of those referred to under point (i). The legal entity cannot be held liable if its representatives act solely in their own interest or in third party interest. Types of offences include, for example, crimes against public bodies, IT offences and unlawful management of IT data, organised crimes, bribery, undue induction, corruption, crimes against industry and trade, corporate and accounting crimes, market abuses, money-laundering related crimes, environmental crimes, employment of citizens of third countries without a valid residence permit.

In such cases, the company can be *inter alia* deemed liable for failing to supervise and to adopt an organisational structure ("*modello organizzativo*") able to prevent the commission of such offences. Once the liability of the company has been ascertained, administrative sanctions can be applied. Such sanctions include fines, confiscation of crime proceeds or profits, publication of the conviction sentence or judicial interdictions, including the interdiction from carrying out the business for a definite period of time or, in certain cases, for indefinite period of time.

13.3.2 *Luxembourg*

AFB's Luxembourg subsidiary, AFBI, is a Luxembourg bank authorised by the Minister responsible for the CSSF. AFBI is regulated directly by the CSSF and indirectly by the ECB. The CSSF is the authority competent to ensure compliance with all laws applicable to banks, including those aimed at protecting financial consumers and those on the professional obligations regarding the fight against money laundering and terrorist financing. Luxembourg banks must comply with the regulations, circulars and guidelines issued by the CSSF.

Under its banking licence, AFBI is authorised to conduct all activities falling under the scope of the Luxembourg law of April 5, 1993 on the financial sector, as amended (*Loi du 5 avril 1993 relative au secteur financier, telle que modifiée*) (the ***LFS***). AFBI was first authorised as a Luxembourg bank on April 25, 2014, and since then, is registered on the public register of supervised entities held with the CSSF under number B00000386. AFBI provides services on a cross-border basis into a number of jurisdictions, including France and Poland.

As a Luxembourg bank, AFBI is subject to applicable national and EU rules, including but not limited to those on capital requirements and corporate governance. The regulatory regime to which Luxembourg banks are submitted to is based on the European legislative framework. The general legislative approach of the Luxembourg legislature is, to the fullest extent possible, to perform a one-to-one implementation of EU rules. In addition to EU regulations which are directly applicable in Luxembourg, the main national legislation that banks have to comply with is the LFS, which contains provisions on (i) licencing requirements and acquisitions of qualifying holdings in Luxembourg banks (see below for more details), (ii) professional obligations, prudential rules and rules of conduct in the financial sector, (iii) the prudential supervision of Luxembourg banks, including capital requirements (on a stand-alone and/or on a consolidated basis), and (iv) the prudential rules and obligations in relation to recovery planning, intra-group financial support and early intervention.

The legal framework at the origin of the banking union – specifically, the legal framework comprising (i) a single banking supervision (by the means of the SSM Regulation), (ii) a common system for the management and resolution of banks' crises (the single resolution mechanism) and (iii) a uniform system in order to protect the savings of depositors (by the means of the Deposit Guarantee Schemes Directive) – is also applicable in Luxembourg. The CSSF is the national resolution authority and performs the tasks arising from the BRRD and the SRM Regulation.

AFBI is subject to the law of 18 December 2015 on the resolution, reorganisation and winding up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes, as amended (*Loi du 18 décembre 2015 relative aux mesures de résolution, d'assainissement et de liquidation des établissements de crédit et de certaines entreprises d'investissement ainsi qu'aux systèmes de garantie des dépôts et d'indemnisation des investisseurs, telle que modifiée*), transposing, among others, the Deposit Guarantee Schemes Directive and establishing the Luxembourg Deposit Guarantee Fund (*Fonds de Garantie des Depôts Luxembourg*) and the Luxembourg Investor Compensation Scheme (Système d'Indemnisation des Investisseurs Luxembourg).

As a Luxembourg bank, AFBI is also subject to the national and EU legislation on the fight against money laundering and terrorist financing and, in particular but not limited to, the Luxembourg law of November 12, 2004 on the fight against money laundering and terrorist financing, as amended (the "2004 AML/CFT Law" or Loi du 12 novembre 2004 relative à la lutte contre le blanchiment et contre le financement du terrorisme, telle que modifiée), as well as to the CSSF regulations circulars, and guidelines on AML/CFT. Under the 2004 AML/CFT Law, AFBI is under the obligation to cooperate with public authorities such as the CSSF and the Luxembourg Financial Intelligence Unit (*Cellule de Renseignement Financier*), to which suspicious activities or transactions must be reported.

Pursuant to a proposed reorganisation expected to be implemented during 2021, it is expected that AFBI will be merged into AFB and that, with effect from the date that this merger is completed, AFB will establish a Luxembourg branch.

As regards the acquisition and increase of qualifying holdings in Luxembourg banks, Article 6(5) of the LFS requires that any natural or legal person or such person(s) acting in concert, who has taken a decision to either acquire, directly or indirectly a qualifying holding in a Luxembourg bank (i.e. any direct or indirect holding in a Luxembourg bank which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that Luxembourg bank) must first notify in writing such decision to the CSSF and obtain the ECB's prior approval (based on a proposal made by the CSSF). Prior approval is also required when a natural or legal person who has a qualifying holding in a Luxembourg bank decides to increase, directly or indirectly, their holding either so that the proportion of the voting rights or of the capital held would reach or exceed 20%, 33 1/3% or 50%, or so that the Luxembourg bank would become their subsidiary.

Under Article 6(9) of the LFS, the CSSF shall, in order to ensure the sound and prudent management of the Luxembourg bank in which an acquisition is proposed, and having regard to the likely influence of the proposed acquirer of a qualifying holding, assess the suitability of the proposed acquirer and the financial soundness of the proposed acquisition against all of the following criteria: (i) the reputation of the proposed acquirer; (ii) the reputation, knowledge, skills and experience of any member of the management body who will direct the business of the Luxembourg bank as a result of the proposed acquisition; (iii) the financial soundness of the proposed acquirer, in particular in relation to the type of business pursued and envisaged in the Luxembourg bank in which the acquisition is proposed; (iv) whether the Luxembourg bank in which an acquisition is proposed will be able to comply and continue to comply with the prudential requirements based on Directive 2013/36/EU, Regulation (EU) No 575/2013, and where applicable, other provisions of EU law, in particular Directives 2002/87/EC and 2009/110/EC and, in particular, whether the group of which it will become a part following the acquisition has a structure that makes it possible to exercise effective supervision, to effectively exchange information among the competent authorities and determine the allocation of responsibilities among the competent authorities; and (v) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof.

Acquiring a direct or indirect qualifying holding in a Luxembourg bank in breach of the regime of acquisition of qualifying holdings (as detailed above) is a serious infringement of banking regulations. In the latter case, the CSSF may, in accordance with Articles 63 et seq. of the LFS, impose administrative and pecuniary sanctions on the proposed acquirer and the members of its management body (e.g. suspension of the voting rights attached to the shares acquired in the Luxembourg bank or removal of the directors appointed by the acquirer).

Pursuant to Article 6(15) of the LFS, any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in a Luxembourg bank shall first notify in writing the CSSF, indicating the size of its intended holding. Such a person shall likewise inform the CSSF if it has taken the decision to reduce its qualifying holding so that the proportion of the voting rights or of the capital held would fall below 20%, 33 1/3% or 50% or so that the Luxembourg bank would cease to be its subsidiary.

Finally, pursuant to Article 6(16) of the LFS, on becoming aware of any acquisitions or disposals of holdings in its share capital that cause holdings to exceed or fall below one of the aforementioned thresholds, the Luxembourg bank must inform the CSSF without delay.

13.3.3 *Sweden*

AFB's Swedish subsidiary, Allfunds Sweden AB, is a Swedish investment firm (Sw. *värdepappersbolag*) authorised by and under the supervision from the SFSA (SFSA institution no. 35326). The SFSA is the competent authority responsible for supervising regulated firms' compliance with all laws and supplementing regulations issued by the SFSA (and any other relevant public authority, if any) applicable to investment firms, including, but not limited to, those aimed at protecting financial consumers and other clients and those on the professional obligations regarding the fight against money laundering and terrorist financing.

Under its investment firm license, Allfunds Sweden AB is authorised to conduct certain regulated activities in Sweden under MiFID II, as implemented in Sweden via the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*). Allfunds Sweden AB, previously named Nasdaq Broker Services Aktiebolag, was acquired by AFB in 2019.

As a Swedish investment firm, Allfunds Sweden AB is subject to applicable national and EU rules.

The regulatory regime to which Swedish investment firms are subject is mainly based on the European legislative framework. The main national legislation that investment firms have to comply with is the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*), which contains provisions regarding (for example): (i) licencing requirements and acquisitions of qualifying holdings in Swedish investment firms; and (ii) professional obligations, prudential rules and rules of conduct in the financial sector. In addition, Allfunds Sweden AB is required to comply with legislation on the fight against money laundering and terrorist financing, implementing relevant EU directives.

AFB is also registered with the SFSA as a foreign bank with cross-border business in Sweden (SFSA institution no. 42113). Where AFB conducts its activities on a cross-border basis in Sweden under the EU mutual recognition principle, in general, the country of origin rules apply. AFB is therefore subject to limited supervision from the SFSA. However, certain Swedish rules would apply to AFB's cross-border operations, including rules regarding marketing and consumer protective rules (as relevant).

Due to Allfunds Sweden AB's status as an investment firm, any legal or natural person intending to acquire a qualifying holding must undergo an ownership suitability assessment (Sw. *ägarprövning*) with the SFSA and obtain prior approval for such acquisition. A 'qualifying holding' means 10% percent or more of the shares or voting rights in Allfunds Sweden AB or which enables the exercise of a significant influence over the management of Allfunds Sweden AB. When assessing the size of the holding, both direct and indirect holdings should be considered in a given ownership chain. As well as the 10% threshold, an increase in control which results in the thresholds of 20%, 30% and 50% of either capital or voting rights being crossed also triggers a requirement for an ownership suitability assessment and prior approval from the SFSA. As part of the ownership assessment, it should be noted that in addition to assessing the acquiring entity itself, the persons included in the management body of such entity (comprising, in principle but subject to a case-by-case assessment, the board members, alternate board members, managing director and deputy managing director) would need to undergo an ownership management suitability assessment (Sw. *ägarledningsprövning*). If an acquirer does not obtain approval from the SFSA prior to acquiring a qualifying holding the SFSA may issue certain sanctions including (i) enforcing a divestment of the qualifying ownership to the extent it no longer constitute a qualifying holding; (ii) prohibiting representation at any shareholders' meeting for such shares which SFSA approval has not been obtained; and (iii) to issue administrative fines.

Pursuant to a proposed reorganisation expected to be implemented during 2021, it is expected that Allfunds Sweden AB will be merged into AFB and that, with effect from this merger is completed, AFB will establish a Swedish branch.

13.3.4 *France*

AFB is authorised to provide certain services in France through its French branch (***AFB French Branch***), including safekeeping and administration of securities services and deposit-taking services. AFB French Branch was registered in France on April 17, 2020 with banking code (code banque) no. 26633. Its activities in France are regulated and supervised by the *Autorité de contrôle prudentiel et de résolution* (***ACPR***) and the *Autorité des marchés financiers* (***AMF***).

As per Article L. 621-1 of the French Monetary and Financial Code (*Code monétaire et financier* – ***FMFC***), the AMF's main responsibilities are: to ensure an appropriate protection of savings that are invested in financial instruments that give rise to a public offer or admission to trading in financial instruments and in all other investments offered to the public, to secure an appropriate level of information for investors, and ensure the efficient functioning of markets on which financial instruments are traded.

As per Article L. 612-1 FMFC, ACPR's statutory objectives are: to ensure the stability of the French financial system, and to secure an appropriate degree of protection for customers of the institutions which it supervises. Through exercising its supervisory duties, ACPR aims at protecting and enhancing the integrity of the French financial and insurance sectors.

When conducting its activities in France, the AFB French Branch is required to comply with principles of business and detailed conduct of business standards set out in the FMFC, French regulations and ACPR and AMF rules and guidance. It must also meet specific reporting requirements to ACPR and AMF and comply with certain other rules applicable to financial institutions, including the French legislation on the fight against money laundering and terrorist financing set out in Articles L. 561-2 et seq. FMFC.

AFB and AFBI are also registered with the ACPR as foreign banks doing business into France on a cross border basis (with registration no. 84095 and 73887 respectively). When conducting their activities on a cross-border basis into France, AFB and AFBI are primarily subject to the rules of Spain and Luxembourg (as their respective home member state), and are therefore subject to limited supervision by the ACPR and the AMF. However, certain French rules remain applicable to AFB and AFBI's cross-border activities, including rules regarding professional secrecy or marketing.

13.3.5 *Poland*

AFB has completed the procedure to notify the Polish Financial Supervisory Authority (***PFSA***) of its intention to operate in Poland through a branch, in accordance with article 35 of the Directive 2013/36/EU and article 48l of the Polish Banking Law Act of August 29, 1997 (as amended), and it received from the PFSA a decision of September 3, 2020 to determine the terms of operation of the AFB branch in Poland (i.e., the "general good" conditions) issued under article 48I of the Polish Banking Law Act of August 29, 1997. The Polish branch was also registered in the Polish register of entrepreneurs on August 18, 2020. The first phase of operations for the Polish branch includes back-office operations supporting AFB in the outsourcing to BP2S of fund-related services for customers from Europe and AFB's paying agent services to Fund Houses in Europe. The second phase includes the provision of regulated activities in Poland. AFB is authorised to provide regulated activities in Poland through the Polish branch but may only begin to provide such activities upon submitting a further notification to the PFSA of its intention to do so.

In accordance with the notification, the AFB branch is authorised to provide the following banking and investment services (among others): (i) taking deposits; (ii) operating payment accounts and execution of payment transactions; (iii) trading for own account or for account of customers in foreign exchange and financial instruments; (iv) safekeeping and administration of securities; (v) reception and transmission of orders in relation to one or more financial instruments; (vi) execution of orders on behalf of clients; and (vii) investment advice.

The branch must when conducting regulated activities comply with principles of business and detailed conduct of business standards that are described in the Polish law regulating banking and investment service and the relevant terms and conditions specified by the PFSA in relation to the operations of the branch, and the PFSA rules and guidance and is subject to supervision of the PFSA in this respect. It must also comply with specific reporting requirements to various administration authorities, in particular, the PFSA and the National Bank of Poland, and also comply with other rules applying to financial institutions which include Polish legislation on combatting money laundering and financing terrorism.

AFB and AFBI are also notified at the PFSA as foreign credit institutions doing banking and investment services business in Poland on a cross border basis. AFB and AFBI when doing that type of business are primarily subject to the rules of, respectively, Spain and Luxembourg (as their respective home member states) and are therefore subject to limited supervision by the PFSA. However, certain Polish rules still apply to the AFB and AFBI cross-border activities which mainly include professional secrecy and certain rules of marketing and conducting business.

13.4 Additional Regulatory Considerations Arising from the Group's Activities in jurisdictions outside the European Union

13.4.1 *United Kingdom*

AFB provides certain services in the United Kingdom through its London branch, which is regulated and supervised by the FCA and the PRA. The London branch has opted to enter the United Kingdom's TPR, which has enabled it to continue to provide services pending the determination of its full authorisation application, which is being assessed by the UK regulators.

The FCA Handbook sets out rules and guidance across a range of conduct issues with which financial institutions providing services in the UK are required to comply, including high-level principles of business and detailed conduct of business standards and reporting obligations.

The PRA Rulebook sets out rules and guidance on a range of issues, including on matters related to capital adequacy and liquidity.

The FCA and the PRA have broad powers with respect to authorised persons under FSMA who have contravened the FSMA or rules made under FSMA. Briefly, they can (if appropriate) require the firm to provide a report on any matter or itself appoint a skilled person to provide such a report; require the firm to pay restitution; require the firm to establish and operate a consumer redress scheme; issue a public censure; vary, cancel or suspend the firm's permission (or impose sanctions in respect of approved persons) and impose financial penalties.

13.4.2 *Switzerland*

AFB's Luxembourg subsidiary, AFBI, conducts banking activities in Switzerland through its Swiss branch, AFBI Swiss Branch. AFBI Swiss Branch is a branch of a foreign bank and securities firm under foreign control (i.e., more than half of the voting rights in AFBI are ultimately held or controlled by non-Swiss shareholders). Its operation by AFBI is authorised by FINMA and the Swiss Branch is subject to FINMA's prudential supervision.

As a branch of a foreign bank and securities firm, AFBI Swiss Branch is subject to applicable Swiss laws and regulations, including, but not limited to, the Swiss Federal Banking Act of November 8, 1934 (as amended, the ***Swiss Banking Act***), the Swiss Federal Financial Institutions Act of June 15, 2018 and their implementation regulations. These notably provide for (i) licensing requirements and provisions on acquisitions of qualified participations, (ii) governance and organisation rules, (iii) fitness and propriety requirements, (iv) outsourcing requirements, and (iv) rules of conduct in the financial sector, including confidentiality duties. Furthermore, as a financial intermediary, AFBI Swiss Branch is also subject to Swiss anti-money laundering and terrorist financing laws and regulations.

Because AFBI is a foreign bank and securities firm under foreign control, in the event that the foreign holders of qualified participations (i.e., ≥10% in voting or capital rights or that otherwise exercise influence in a significant manner) in AFBI change, AFBI will be required to apply to FINMA for a renewal of its additional licence in relation to AFBI Swiss Branch, so that changes in the holders of qualified participations are subject to FINMA's prior approval. Likewise, any person acquiring or ceasing to hold a qualified participation, directly or indirectly, respectively its qualified participation reaches, exceeds or falls below 20%, 33% or 50%, is required to notify FINMA in advance pursuant to the Swiss Banking Act.

FINMA's authorisation is dependent on AFBI's regulatory status in Luxembourg. Failure by AFBI to comply with its home regulatory requirements in Luxembourg may have an adverse impact on AFBI Swiss Branch's authorization in Switzerland. FINMA's authorisation is in particular conditioned upon AFBI having sufficient financial resources to operate AFBI Swiss Branch. Swiss capital adequacy and liquidity requirements are not applicable to AFBI Swiss Branch, insofar as AFBI is subject to comparable quantitative and qualitative requirements in its home country. That said, FINMA has discretion to require AFBI to provide financial security in relation to AFBI Swiss Branch (e.g., a capital endowment, guarantee, the presence of assets in Switzerland), if it deems it necessary for the protection of creditors.

If in the future AFBI Swiss Branch were to hold cash or other privileged bank deposits, as the Swiss branch of a foreign bank, AFBI Swiss Branch will participate in the Swiss deposit protection scheme, esisuisse. If FINMA orders certain protective measures or initiates liquidation proceedings against a Swiss bank and that bank does not have sufficient liquid assets to immediately repay the privileged bank deposits of its clients, as required under the Swiss Banking Act, FINMA will call on esisuisse to step in for the difference. Esisuisse will, in turn, call on all its members, including AFBI Swiss Branch, to make a contribution to esisuisse (up to a total amount of CHF 6 billion). The contribution required from each individual member is calculated by esisuisse on the basis of the member's ratio of protected deposits held with it compared to the total protected deposits held with all members (but the one affected by the insolvency event).

FINMA has broad regulatory powers with respect to Swiss branches of foreign banks and securities firms, such as AFBI Swiss Branch, if there are serious concerns that the bank or securities firm is over-indebted, has serious liquidity problems or, after the expiration of a deadline, no longer meets capital adequacy requirements. Such powers include ordering protective measures, instituting restructuring proceedings (and exercising resolution powers) and instituting liquidation proceedings in relation to the Swiss Branch, its assets, liabilities and contracts. These measures may have an adverse effect on shareholders and creditor and may prevent AFBI Swiss Branch from making or accepting payments or undertaking security trades.

If restructuring or liquidation measures are issued abroad with respect to AFBI and are recognised by FINMA in Switzerland, FINMA may decide to directly transfer AFBI’s (including the AFBI Swiss Branch’s) assets located in Switzerland to AFBI's administrator or liquidator, without conducting any domestic restructuring or liquidation proceedings first, if it considers that Swiss creditors will be treated equally with non-Swiss creditors in the foreign proceedings. Alternatively, FINMA may initiate ancillary liquidation proceedings in Switzerland covering AFBI's assets and liabilities in Switzerland, including the assets and liabilities of the Swiss Branch (irrespective of their location), which will have the effect of ring-fencing such assets and liabilities from the foreign proceedings and subject them to domestic proceedings, before any positive balance may, as the case may be, be transferred to the foreign liquidator.

FINMA has considerable discretion in the exercise of its powers in connection with domestic restructuring and liquidation proceedings. Within restructuring proceedings, FINMA may, for instance, stay the termination of, or the exercise of rights to terminate, contracts or stay the exercise of netting rights, rights enforce or dispose of certain types of collateral, or rights to transfer claims, liabilities or certain types of collateral. Furthermore, within liquidation proceedings, certain categories of debt obligations, such as certain types of deposits with the Swiss Branch, are subject to preferential treatment. AFBI would only have limited ability to challenge any such measures. Shareholders or creditors will have no right to reject, or to seek the suspension of any such measures. They may, under certain circumstances, have limited rights to challenge a decision by FINMA to exercise its resolution or liquidation powers or to have that decision reviewed by a judicial or administrative process or otherwise.

Swiss rules applicable to the provision of financial services and the offering of financial instruments in Switzerland or to Swiss-based investors have considerably changed in recent years. Notably, the Swiss Financial Services Act of June 15, 2018 (as amended, ***FinSA***) entered into force on January 1, 2020, subject to various transitional periods. In relation to financial services within the meaning of FinSA provided to clients, AFBI Swiss Branch is subject to the new statute and to its implementation regulation. FinSA notably introduces new investor protection rules, including enhanced information and documentation requirements, for Swiss financial service providers, and depending on the circumstances, also foreign financial service providers when providing financial services in Switzerland or to clients in Switzerland. The rules of conduct at the point of sale introduced by FinSA are subject to a transitional period of two years, ending on December 31, 2021. AFBI Swiss Branch has begun preparing for the implementation of these new rules and is assessing their impact on its operations.

Pursuant to a proposed reorganisation expected to be implemented during 2021, it is expected that the branch licence of AFBI Swiss Branch will be cancelled and a new Swiss branch of AFB will be established.

13.4.3 *Singapore*

Allfunds Singapore Branch holds a capital markets services licence under the Securities and Futures Act (Chapter 289) of Singapore for dealing in capital markets products that are units in a collective investment schemes and providing custodial services, for or in relation to expert investors and institutional investors (both as defined in the Securities and Futures Act (Chapter 289) of Singapore). Allfunds Singapore Branch is also an exempt financial adviser under the Financial Advisers Act (Chapter 110) of Singapore in respect of issuing or promulgating research analyses/reports on investment products that are collective investment schemes.

Allfunds Singapore Branch, as a capital markets services licence holder, must ensure that it is "fit and proper" at all times to carry on business in the regulated activities for which it is licensed or exempt from licensing and is subject to compliance with applicable Singapore laws and regulations, as well as notices, guidelines, circulars and other regulatory instruments issued by the Monetary Authority of Singapore.

In particular, as the holder of a capital markets services licence for dealing in capital markets products that are units in a collective investment scheme and providing custodial services, Allfunds Singapore Branch is required to maintain minimum net head office funds and sufficient adjusted net head office funds as required under the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations in Singapore read together with MAS Notice SFA 04-N13 on Risk Based Capital Adequacy Requirements For Holders of Capital Markets Services Licences.

If Allfunds Singapore Branch fails to or becomes aware that it will fail to comply with the requirement to maintain minimum net head office funds (at or above its applicable base capital requirement) or sufficient adjusted net head office funds (at or above its total risk requirement), or fails to maintain adjusted net head office funds at least equal to 120% of its total risk requirement, it must immediately notify the Monetary Authority of Singapore. Upon such notification or if the Monetary Authority of Singapore becomes aware of such failure, the Monetary Authority of Singapore may (amongst other possible actions) revoke Allfunds Singapore Branch's capital markets services licence.

13.4.4 *Hong Kong*

AFB's Hong Kong subsidiary, Allfunds Hong Kong Limited is licensed by the SFC to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities with the CE number BOU468 and is regulated by the SFC.

Allfunds Hong Kong Limited was incorporated with limited liability in Hong Kong on April 23, 2018 with company number CR-2684957.

Allfunds Hong Kong Limited, as a SFC-licensed corporation, must remain "fit and proper" at all times and is subject to compliance with applicable Hong Kong laws and regulations, as well as codes and guidelines issued by the SFC, including but not limited to the ongoing requirement to comply with the financial resources requirements.

For the purposes of Allfunds Hong Kong Limited's licence for carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in Hong Kong, Allfunds Hong Kong Limited is required to maintain paid-up share capital of at least HK$5,000,000 and liquid capital of at least HK$3,600,000 as required under the relevant laws.

If Allfunds Hong Kong Limited becomes aware of its inability to maintain or to ascertain whether it maintains, the amount of financial resources required of it, it must notify the SFC in writing as soon as practicable and immediately cease carrying on the regulated activities (other than for the purpose of completing such transactions as the SFC may permit, or as the SFC may otherwise permit subject to additional conditions imposed by the SFC). Failure to comply with the above may also result in a fine for Allfunds Hong Kong Limited or imprisonment of the responsible personnel.

Finally, because Allfunds Hong Kong limited is a licensed corporation, a proposed "substantial shareholder" of Allfunds Hong Kong Limited must under the Securities and Futures Ordinance of Hong Kong apply for and obtain the prior approval of the SFC before becoming a substantial shareholder. Failure to do so is a criminal offence. A substantial shareholder for this purpose is defined in Section 6 of Part 1 of Schedule 1 to the Securities and Futures Ordinance of Hong Kong. This captures holdings at both the direct and indirect levels. At the direct level, the definition includes a person who (either alone or with any of his associates) has a holding in the shares of Allfunds Hong Kong Limited where such holding comprises more than 10% of the total issued shares of Allfunds Hong Kong Limited or which entitles the person (either alone or with any of his associates) to directly or indirectly exercise or control the exercise of more than 10% of the voting rights at general meetings of Allfunds Hong Kong Limited. At the indirect level, the definition (in summary) captures a person who holds (either alone or with any of his associates) a 35% or greater voting stake of a corporation which itself holds a 10% voting stake in Allfunds Hong Kong Limited, as well as a person who holds a 35% voting stake in another corporation who holds such a stake.

14. Board and Employees

14.1 General

Set out below is a summary of relevant information concerning the Board, the Executive Management Team and the Group's employees and a brief summary of certain provisions of English law, the Dutch Corporate Governance Code (the ***Dutch Governance Code***), the Articles of Association and the Board Rules in respect of the Board and the Executive Management Team, in each case as it will be constituted and in force prior to and following Settlement.

This summary does not purport to give a complete overview and is qualified in its entirety by English, Dutch and Spanish law and regulations as in force on the date of this Prospectus, the Articles of Association and the Board Rules as they will be in effect ultimately on the Settlement Date. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles of Association is incorporated by reference in this Prospectus and will be available free of charge in the governing English language thereof at the offices of the Company during business hours and in electronic form on the Company's website (https://investors.allfunds.com/ipo/wp-content/uploads/2021/04/Allfunds-Group-PLC_Articles-of-Association.pdf). The full text of the Board Rules in the English language will be available in electronic form on the Company's website (https://investors.allfunds.com/ipo/key-documents).

14.2 Management Structure

The Board is responsible for the continuity of the Company and the businesses of its Group. The Directors are responsible for the Company's general affairs and are in charge of oversight of the day-to-day management, formulating a strategy and policies, and setting and achieving the Company's objectives. The Directors focus on long-term value creation for the Company and the businesses of its Group thereby considering the interests of all its subsidiaries and how group-wide strategies and policies contribute to the interest of each subsidiary and the interest of the Group as a whole over the long term. Under the Dutch Governance Code, a company is a long-term alliance between the various stakeholders of the company (shareholders, creditors, employees, and other stakeholders such as suppliers, customers etc.) who, directly or indirectly, influence, or are influenced by, the attainment of the company's objectives. The Board is responsible for creating a culture aimed at long-term value creation (e.g. through a code of conduct, consultations with employee representatives, procedures for reporting irregularities and misconduct).

The non-executive directors shall in particular have regard to and supervise the manner in which the Executive Directors implement the long-term value creation strategy and regularly discuss the strategy, the implementation of the strategy and the principal risks associated with it.

The Board shall ensure that the Company, as the parent undertaking of AFB, a consolidating institution subject to Directive 2013/36/EU, and its Group, including AFB, maintain internal governance arrangements, processes and mechanisms that are consistent with and conducive to the alignment of their respective business objectives, strategies and risk management framework. To support the alignment of the respective business objectives of the Company and its Group, the Board Rules (see paragraph 14.3.2 for further detail and definition) will provide that the Board shall, subject at all times to applicable laws and regulations, and with due regard to fiduciary duties of directors in each jurisdiction be responsible for ensuring an adequate and efficient flow of information between the Board of the Company and AFB and enabling the Group to produce in a timely manner any data and information that is required to comply with all supervisory and financial reporting requirements, or that is necessary to understand and monitor the Group's funding, capital, liquidity and risk profiles. Notwithstanding information sharing and coordination, each board and their members will continue to owe fiduciary duties to the Company or AFB respectively relative to the role of each company within the Group and with regards to listing and regulatory requirements. Where the Board decides on a matter relevant to the Group (including AFB), they may have due regard to any decisions taken in relation to the same matter by the AFB Board and in any case shall comply with any regulatory requirements applicable the Group.

The Directors of the Company will need to act in accordance with their duties under the UK Companies Act to promote the success of the Company. This means the Directors must act in the best interests of the Company and the Shareholders as a whole, considering the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships, the impact of such operations on the community and the environment, the desirability of the Company maintaining a reputation for high standard business conduct and the need to act fairly as between members of the Company.

14.3 The Board

14.3.1 *Powers, Responsibility and Function*

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision-making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of shareholders by law or by the Company's Articles of Association (and subject also to the Principal Shareholder Reserved Matters described in paragraph 14.15.

14.3.2 ***Board Rules***

Prior to Admission, the Board will adopt rules governing its principles and best practices, division of tasks and responsibilities between the members of the Board, description of specific responsibilities for the chair of the Board and further details on procedures for holding meetings, decision making and overall functioning of the Board, including maintaining internal governance arrangements, processes and mechanisms that are consistent, well-integrated and conducive to the alignment of the respective business objectives, strategies and risk management framework of the Company and its Group, including AFB (the ***Board Rules***).

14.3.3 ***Term of Appointment of the Board***

Members of the Board are appointed by the shareholders for four-year terms. Executive directors may serve any number of consecutive terms. Non-executive directors may be reappointed once for an additional four-year term and thereafter, the non-executive director may again be reappointed but for not more than two consecutive terms of not more than two years each.

14.3.4 ***Composition of the Board***

The Company expects that the Board will consist of the 15 members listed below from the date of Admission. The Company intends to recruit an independent Chair within 12 months from Admission (at which point the Board would (subject to no other changes) consist of 16 members) or to appoint one of the existing independent non-executive directors. The Chair would have a casting vote in such circumstances.

Name	Age	Position	Term
Blake Kleinman...............................	44	Non-Executive Director	4 years
Zita Saurel......................................	43	Non-Executive Director	4 years
Johannes Korp................................	36	Non-Executive Director	4 years
Andrea Valier.................................	50	Non-Executive Director	4 years
David Vaillant	44	Non-Executive Director	4 years
Julian Abraham	47	Non-Executive Director	4 years
Fabian Shey....................................	52	Non-Executive Director	4 years
Delfin Rueda	57	Independent Non-Executive Director	4 years
Sofia Mendes	46	Independent Non-Executive Director	4 years
JP Rangaswami	63	Independent Non-Executive Director	4 years
David Pérez Renovales	55	Independent Non-Executive Director	4 years
Ursula Schliessler...........................	62	Independent Non-Executive Director	4 years
Lisa Dolly.......................................	55	Independent Non-Executive Director	4 years
Juan Alcaraz...................................	51	Chief Executive Officer	4 years
Amaury Dauge	47	Chief Financial Officer	4 years

Marta Oñoro is the Company Secretary.

14.3.5 ***Biographical Details of the Directors***

Blake Kleinman (Non-Executive Director)

Mr. Kleinman joined the Company in 2017. He joined H&F in 2001 and is now a Partner, focusing on the software, internet & media, and financial services sectors. He is currently a Director of Allfunds, AutoScout24 and TeamSystem. Mr. Kleinman was formerly a Director of Gartmore, IRIS, Scout24, SSP and Wood Mackenzie and was active in H&F's investments in Arch Capital, Axel Springer, Mondrian, Nielsen, and ProSieben. Prior to H&F, Mr. Kleinman worked in the Mergers, Acquisitions and Restructurings Department at Morgan Stanley & Co. in New York. Mr. Kleiman is a graduate of Harvard College.

Zita Saurel (Non-Executive Director)

Ms. Saurel joined the Company as a Director in 2017. She joined H&F in 2005 and is now a Partner, focusing on the internet & media and financial services sectors. Ms. Saurel is currently a Director of Allfunds and was formerly a Director of Nets, Wood Mackenzie and Hostelworld (Web Reservations). She was also active in H&F's investments in

Scout24, IRIS, Nielsen and Gartmore. Ms. Saurel also leads H&F's capital markets activities in Europe related to new investments and for portfolio companies. Prior to H&F, Ms. Saurel worked at Investcorp in London and the Leveraged Finance department of Lehman Brothers in London. In addition she serves as a Director of Glasswing International and a Governor of The Royal Ballet School. Ms. Saurel is a graduate of Georgetown University.

Johannes Korp (Non-Executive Director)

Mr. Korp joined the Company as a Director in 2017. He joined H&F in 2014 and is now a Partner (subject to FCA approval), focusing on the financial services, software and consumer & retail sectors. Mr. Korp has been active in H&F's investments in Action, Allfunds and Nets (where he was formerly a Director). Prior to H&F, Mr. Korp worked in the financial services and retail investment groups at Warburg Pincus and in the financial services M&A group at Goldman Sachs in London. Mr. Korp is a graduate of the University of St. Gallen (Switzerland) and earned an MBA from Stanford Graduate School of Business.

Andrea Valier (Non-Executive Director)

Mr. Valier joined the Company as Director in 2020. Mr. Valier is also Head of Corporate Development and Strategy at BNP Paribas Securities Services. Previously, Mr. Valier served in senior positions within BNP Paribas Corporate and Institutional Banking (CIB). Mr. Valier holds a Master in Economics from Università Bocconi – Milan.

David Vaillant (Non-Executive Director)

Mr. Vaillant joined the Company as Director in 2021. He is also Global Head of Finance, Strategy and Participations at BNP Paribas Asset Management. Previously, Mr. Vaillant worked in BNP Paribas' Corporate and Institutional Banking / FIC division as Head of Banking for EMEA. Mr. Vaillant started his career as a lawyer with Skadden, where he advised a wide range of French and international companies on their expansion strategy, in the financial and industrial sectors. He then joined the French central bank (Banque de France), where he took part in the analysis of significant transactions in the financial sector. Mr. Vaillant holds a Master in Management from HEC, a Master in Political Sciences and Public Affairs from Sciences Po, and a Master in Analysis and Policy in Economics (applied mathematics) from EHESS / Ecole Normale Supérieure. He also holds a Master in communications/Intellectual Property law from Paris I Sorbonne and a Master in Business Law from Paris II Assas. He is a member of the Paris Bar.

Julian Abraham (Non-Executive Director)

Mr. Abraham joined the Company as Director in 2019 and is also the Head of Corporate Development at Credit Suisse. Prior to this role, he was Head of Mergers & Acquisition with the Corporate Development function at Credit Suisse and, from 2009 to 2013, he was Director of the FIG IBCM business. Mr. Abraham also spent four years at Citigroup on the EMEA FIG team. He holds a degree in Economics from the University of Amsterdam.

Fabian Shey (Non-Executive Director)

Mr. Shey joined the Company as Director in 2019 after leading the team that launched CS InvestLab AG in 2017 and serving as Chairman of CS InvestLab AG from 2017 to 2019. Mr. Shey is also a Managing Director at Credit Suisse, overseeing the private & alternative markets area within Credit Suisse private bank. His team works across the alternatives spectrum including late-stage venture capital and co-investments, private equity, yield alternatives and hedge funds. Prior to joining Credit Suisse, he held a variety of senior positions at UBS and RBS in foreign exchange and fixed income businesses. During his career, Mr. Shey served as a founding board member and later as Chairman of FX Alliance LLC. He also served as a member of the UBS Investment Bank Board and the FX Committee of the Federal Reserve. Mr. Shey is Swiss and American and he holds an M.B.A. (Finance) from The University of Chicago and a B.S. (Economics) from Miami University.

Delfin Rueda (Independent Non-Executive Director)

Mr. Rueda joined the Company as Director in 2021. Mr. Rueda is also CFO and vice-chair of the Executive Board at NN Group NV and Chairman of the Audit Committee of the Supervisory Board of Adyen NV. Previously, Mr. Rueda worked as CFO and CRO of Atradius NV, as Senior Vice President in the Financial Institutions Group of the Corporate Finance Department of JP Morgan, as an Executive Director at UBS, and as Senior Consultant at Andersen Consulting. Mr. Rueda holds a Master of Science degree in Economics from Universidad Complutense and an M.B.A. in Finance from The Wharton School.

Sofia Mendes (Independent Non-Executive Director)

Ms. Mendes joined the Company as Director in 2021 and has more than 20 years of professional experience advising financial institutions on mergers and acquisitions and capital market transactions. Ms. Mendes is a Partner at Arcano Partners and, prior to that, was a Partner in the FIG Corporate Finance team at KPMG in Madrid for 5 years and a year before at Private Equity ECS in Lisbon as investment director. From 2000 to 2009 she worked in the JPMorgan European Financial Institutions team from the London and Madrid offices as Senior Vice President, carrying out M&A and capital markets operations for all segments of the financial sector, and as head of the business of bancassurance in Europe. Before joining JPMorgan, Ms. Mendes worked as an auditor for KPMG in Lisbon. Ms. Mendes has a degree in Management and Business Administration from the Portuguese Catholic University of Lisbon.

JP Rangaswami (Independent Non-Executive Director)

Mr. Rangaswami joined the Group as a Director of AFB in 2018 and was appointed a Director of the Company in 2021. His other board appointments include Admiral Group plc, DMGT plc, the National Bank of Greece and EMIS Group plc. In addition, he is Chairman of the Web Science Trust and serves as trustee of Cumberland Lodge, a think tank with scholars in residence whose patron is the Queen. He is an Adjunct Professor at the University of Southampton, a Fellow of the British Computer Society, a Chartered IT Professional and a Fellow of the Royal Society of the Arts. He is also a Liveryman of the Worshipful Company of Information Technologists and a Freeman of the City of London. Mr. Rangaswami previously served as Chief Data Officer and Group Head of Innovation at Deutsche Bank from 2015-2018, Chief Scientist at Salesforce.com from 2010-2014, Chief Scientist at BT plc from 2006-2010, and Global CIO at Dresdner Kleinwort from 2001-2006 (having joined Dresdner Kleinwort in 1997). Mr. Rangaswami holds a Degree in Economics and Statistics from St. Xavier's College, University of Calcutta.

David Pérez Renovales (Independent Non-Executive Director)

Mr. Pérez Renovales joined the Company as Director in 2021. His career in banking spans 21 years, 18 of which were at Bankinter where he occupied various roles (Managing Director of Capital Market, Managing Director of Products and SME Divisions, Investor Relations Officer, Chief Financial and Risk Officer, General Deputy Director and member of the Steering Committee). Mr. Pérez Renovales was also formerly the CFO of Linea Directa Aseguradora, before shifting roles to launch that company’s Health business. He is also a member of the Linea Directa Aseguradora steering and investment committees. Mr. Pérez Renovales is also currently a member of the Board of Directors of Harvard Club in Spain and of the Executive Committee of ICADE Business Club. He has a degree in Law and Business Economics at the Universidad Pontificia Comillas-ICADE and a PMD from Harvard Business School and Executive Program from Singularity University. He is also a professor of Corporate Finance at Universidad Pontificia Comillas - ICADE.

Ursula Schliessler (Independent Non-Executive Director)

Ms. Schliessler joined the Company as Director in 2021 and has senior executive experience in asset management and wealth management, having previously worked at Citigroup, Morgan Stanley and Legg Mason. She has led global teams across multiple functional areas and her experience spans product development and management, sales strategy, business process design and implementation, change/project management and overseeing risk, operations, technology and data. Prior to assuming her current independent non-executive director positions and trustee position, Ms. Schliessler was Chief Administrative Officer of Legg Mason until July 2019. Ms Schliessler holds a Master of Commerce degree in Business Economics from the University of the Witwatersrand in Johannesburg, South Africa.

Lisa Dolly (Independent Non-Executive Director)

Ms. Dolly joined the Company as Director in 2021. Previously, Ms. Dolly worked at Pershing LLC where she held positions of strategic importance, most recently as Chairman, CEO and Member of the BNYMellon Executive Committee (2016-2019) and Chief Operating Officer (2013-2016). Earlier positions include Director of Global Operations, Chief Administrative Officer, and Head of Managed Investments, Lockwood, and Albridge. Ms. Dolly has also served on the Board of SIFMA (Securities Industry Financial Markets Association) and as Chair of the SIFMA Operations/Technology Committee. As a graduate of Rutgers University, Ms. Dolly is a member of the Douglass College, Rutgers University Dean’s Advisory Board as well as a member of the Rutgers University Board of Overseers.

Juan Alcaraz (Chief Executive Officer)

Juan Alcaraz is the CEO and Founder of Allfunds. Before launching Allfunds in 2000, he spent five years as the head of investment funds at BSN, Santander Group’s private bank. From 2014 until 2017 he held a dual role as both CEO of Santander Asset Management and CEO of Allfunds. Juan holds a degree of Business Administration from COX Business School, Southern Methodist University in Dallas, Texas.

Amaury Dauge (Chief Financial Officer)

Mr. Dauge joined the Company as Chief Financial Officer in November 2020. Previously, Mr. Dauge served as CFO and COO of Qontigo, President and CFO of Axioma and Group Chief Financial Officer at Euronext where he led the financial and legal carve-out of the Company from NYSE Euronext and its subsequent IPO. Amaury has an Executive MBA from INSEAD and a bachelor’s degree in Business Administration, Finance from Inseec Group. He also holds a CIIA (Euro Zone CFA equivalent) from CFAF – Centre de Formation a l´Analyse Financiere.

14.3.6 *Further Information Relating to the Directors*

At the date of this Prospectus, the Directors have not, in the previous five years:

- been convicted of any fraudulent offences;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation (other than voluntary liquidation) of such company;
- as a member of the administrative, management, or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with that company being put into administration;
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

14.3.7 *Observers*

See paragraph 14.15 for details of observer appointment rights to the Board.

14.4 Liberty Board

14.4.1 *Powers, Responsibility and Function*

The management body of Liberty currently adopts the form of a board of directors whose members are appointed by shareholder resolution. The Liberty Board is responsible for managing Liberty and proposing resolutions to its shareholder (the Company) in accordance with applicable laws, constitutional documents and resolutions of the Company's shareholders' meeting.

14.4.2 *Composition of the Liberty Board and biographical details*

As at the date of this Prospectus, the members of the Liberty Board are Blake Kleinman, Zita Saurel, Johannes Korp and Chris Reid. For information in respect of Mr. Kleinman, Ms. Saurel and Mr. Korp, see paragraph 14.3.5 above. For information in respect of Mr. Reid, see paragraph 14.5.4 below.

14.5 AFB Board

14.5.1 *Powers, Responsibility and Function*

The management body of AFB consists of a board of directors whose members are appointed by shareholder resolution. The AFB Board is responsible for the overall direction, supervision and oversight of the management of the business of AFB and its subsidiaries and branches in accordance with applicable laws, constitutional documents and resolutions of AFB's shareholders' meeting. The principal functions of the AFB Board are to carry out the business of AFB and its subsidiaries and branches including setting, approving and overseeing the implementation of the overall business strategy and key policies, the overall risk strategy and an adequate and effective internal governance and internal control framework. The AFB Board is also entrusted with the supervision and control of the effective operation of the board committees it has created and supervision of the executive management.

The AFB Board delegates the day-to-day management to the general manager and its management team and focuses its activities on the general duty of supervision and on the adoption of the decisions that are most significant for the administration of AFB and its subsidiaries and branches.

14.5.2 *Term of Appointment of the AFB Board*

Members of the Board are appointed by the shareholders for five-year terms and may serve any number of consecutive terms.

14.5.3 *Composition of the AFB Board*

The Company expects that the AFB Board will consist of the fourteen members listed below from the date of Admission. It is intended that, so far as possible and subject to the requirements of the Bank of Spain, the boards of the Company and AFB will be aligned.

Name	Age	Position	Term
Blake Kleinman...	44	Non-Executive Director	5 years
Zita Saurel	43	Non-Executive Director	5 years
Johannes Korp..	36	Non-Executive Director	5 years
Chris Reid	44	Non-Executive Director	5 years
Alessandro Gioffreda	56	Non-Executive Director	5 years
Fabian Shey..	52	Non-Executive Director	5 years
Delfin Rueda	57	Non-Executive Director	5 years
Sofia Mendes...	46	Non-Executive Director	5 years
JP Rangaswami	63	Non-Executive Director	5 years
David Pérez Renovales	55	Independent Non-Executive Director	5 years
Ursula Schliessler......................................	62	Independent Non-Executive Director	5 years
Lisa Dolly..	55	Independent Non-Executive Director	5 years
Juan Alcaraz	51	Executive Director (Chief Executive Officer)	5 years
Amaury Dauge	47	Executive Director (Chief Financial Officer)	5 years

Marta Oñoro is the Secretary of the AFB Board.

14.5.4 *Biographical Details of the members of the AFB Board*

For information in respect of the members of the AFB Board who will also be members of the Board, see Section 14.3.5 (*Biographical Details of the Directors*).

Chris Reid (Non-Executive Director)

Mr. Reid is based in GIC's London office and has led the Financial Services and Fintech sector activities within the private equity business since 2015. Mr. Reid has 20 years of experience and joined GIC in July 2012, having previously worked at Arle Capital and 3i Group Plc in their private equity investment business. Previously, Mr. Reid trained at Arthur Andersen and then Deloitte and is a qualified accountant with the Institute of Chartered Accountants England and Wales. Mr. Reid graduated from the University of Southampton with a MSc in International Financial Markets.

Alessandro Gioffreda (Non-Executive Director)

Mr. Gioffreda joined AFB as a Director in 2020. Mr Gioffreda is also Head of Territory Management and an Executive Management Team member at BP2S. Previously, Mr. Gioffreda worked as Regional Head of Continental Europe and Head of Italy, Switzerland and Mediterranean Basin at BP2S. Mr Gioffreda holds BA in Economics from Universita' Cattolica Del Sacro Cuore, Milan.

14.5.5 *Further Information Relating to the members of the AFB Board*

At the date of this Prospectus, the members of the AFB Board have not, in the previous five years:

- been convicted of any fraudulent offences;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation (other than voluntary liquidation) of such company;
- as a member of the administrative, management, or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with that company being put into administration;
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Appointment of AFB Board members is subject to approval of the Bank of Spain.

In accordance with the provisions of the Bank of Spain regulations and EBA's guidelines (EBA/GL/2017/12), AFB carries out an annual evaluation of the members of the board of directors and its committees (see section 14.9 below), who must have adequate professional skills and devote adequate time and resources to the performance of their assigned duties.

14.5.6 *Observers*

See paragraph 14.15 for details of observer appointment rights to the AFB Board.

14.6 Executive Management

The Group is managed by an executive management team (the ***Executive Management Team***). The current Executive Management Team consists of eight key members, each of whom oversees a specific aspect of the business. The persons set forth below are the current members of the Executive Management Team.

Name	Age	Position
Juan Alcaraz	51	Chief Executive Officer
Gianluca Renzini	55	Deputy General Manager, Chief Commercial & Operations Officer
Borja Largo	46	Chief Fund Groups Officer
Amaury Dauge	47	Chief Financial Officer
Mariano Blanchard	44	Chief Technology Officer
Jorge Calviño	51	Chief People Officer
Juan de Palacios	37	Chief Strategy Officer
Marta Oñoro	44	General Counsel

For information in respect of the members of the Executive Management Team who will also be members of the Board, including Juan Alcaraz and Amaury Dauge, see Section 14.3.5 (*Biographical Details of the Directors*).

Set out below are brief summaries of the biographies of the members of the Executive Management Team:

Gianluca Renzini (Deputy General Manager, Chief Commercial & Operations Officer)

Mr. Renzini joined Allfunds in 2003 and became Country Head Italy in March 2004. He became Regional Manager Central Europe, Middle East and Asia in 2006, Managing Director Global Sales in 2009, and was appointed in 2010 as Deputy General Manager. Previously he worked at Banca Nazionale del Lavoro, General Electric and San Paolo Wealth Management Group (AM and Life Insurance). Mr. Renzini has a degree in Economics from the University of Ancona and a master's in Business Administration from SDA Bocconi University.

Borja Largo (Chief Fund Groups Officer)

Mr. Largo is a founding member of Allfunds. He leads the business and manages the Group's relationships with the more than 1,900 Fund Houses. Prior to becoming the Chief Fund Groups Officer in 2012, Mr. Largo was the Group's CIO, during which time he developed analysis and fund selection, asset allocation, risk management, operational due diligence and R&D solutions. Mr. Largo began his career in 1999 as an analyst of international investment funds at Santander Private Banking. He holds a degree in Business Administration from the Universidad del País Vasco.

Mariano Blanchard (Chief Technology Officer)

Mr. Blanchard joined Allfunds in January 2021, after serving as the CTO of Bankinter. Prior to that, Mr. Blanchard was the Global Head of Solutions and Architecture at IPsoft in New York. He also previously worked at McKinsey where he was global co-leader of McKinsey Digital Labs. He holds a bachelor in Engineering from Pontificia Universidad Católica Argentina 'Santa María de los Buenos Aires'.

Jorge Calviño (Chief People Officer)

Mr. Calviño joined Allfunds in January 2019. Prior to joining Allfunds, Mr. Calviño was a human resources director at both Beiersdorf and at Alain Afflelou Europe. He has also held various HR roles at Gillette, Amadeus, L´Oréal and Microsoft. He holds a degree from Universidad Carlos III de Madrid and also studied at INSEAD.

Juan de Palacios (Chief Strategy Officer)

Mr. de Palacios joined Allfunds in 2018 as Chief Transformation Officer and was appointed Chief Strategy Officer in 2019. Prior to joining Allfunds, Mr. de Palacios worked at Santander Asset Management as Strategic Planning Director and later Chief of Staff. He holds a degree in economics from Universidad San Pablo - CEU and an Executive MBA from ESADE Business School.

Marta Oñoro (General Counsel)

Ms. Oñoro joined Allfunds in 2007 and was appointed General Counsel in 2009. Prior to joining Allfunds, Ms. Oñoro worked at the law firm Uria Menendez within the Capital Markets and Fund Regulatory teams in its Madrid and London offices. She holds a degree in law from Universidad Complutense of Madrid and a master's in Stock Exchange and Financial Markets from Instituto de Estudios Bursátiles IEB (sponsored by the Madrid Stock Exchange).

14.7 General information about the Directors and the Executive Management Team

The following table sets out the names of all companies and partnerships of which a Director or member of the Executive Management Team has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, other than a subsidiary of the Company.

Name	Current directorships / partnerships	Past directorships / partnerships
Blake Kleinman	Arrow Investment Holdings GP, LLC H&F Arrow GP, LLC H&F Corporate Investors IX, Ltd. H&F Corporate Investors VI (Cayman), Ltd. H&F Corporate Investors VII, Ltd. H&F Corporate Investors VIII, Ltd. H&F Corporate Investors X, Ltd. H&F EFS Holdings, Inc. H&F Flashdance AIV Holdings, Inc. H&F Flashdance Partners Holdings, Inc. H&F ITR Ltd. H&F Polaris Partners GP, LLC H&F Speedster Partners GP, LLC H&F Splash Holdings IX GP, LLC H&F Spock GP, LLC H&F Unite Partners GP, LLC H&F Willis Corp. Hellman & Friedman Advisors LLC Hellman & Friedman Evergood Partners GP Limited Hellman & Friedman GP International LLC Hellman & Friedman GP LLC Hellman & Friedman International LP Hellman & Friedman Investors IX, L.P. Hellman & Friedman Investors VI (Cayman), L.P. Hellman & Friedman Investors VI, L.P. Hellman & Friedman Investors VII, L.P. Hellman & Friedman Investors VIII, L.P. Hellman & Friedman Liberty Partners GP Limited Hellman & Friedman LLC Hellman & Friedman LLP HFCP VII Securityholders' Rep LLC Hockey Investment Holdings GP, LLC Hockey Investments GP, LLC LHC1 Limited LHC2 Limited LHC3 Plc Music Investments GP, LLC Samson Investment GP, LLC Shield GP, L.P. Shield Investors (Cayman), L.P. Shield Investors, Ltd. Spock Investment Holdings GP, LLC TeamSystem SpA TeamSystem Holding SpA The Hawken School	Asa Holdco GmbH Asa GP GmbH Barolo Bidco SpA Barolo Midco SpA H&F Barolo Cayman 1 Limited H&F Barolo Cayman 2 Limited H&F Chicago Incorporated H&F Galaxy Corporation H&F Sensor Equityco Limited H&F Wand Holding, Inc. Hellman & Friedman Investors V, L.P. HFCP VI Securityholders' Rep LLC Scout24 AG Verisure Cayman 1 Verisure Cayman 2 Verisure Cayman 3 Verisure Cayman 4 Verisure Cayman 5 Verisure Cayman 6 Verisure Cayman 7 Verisure Cayman 8 Verisure Cayman 9

Zita Saurel	Arrow Investment Holdings GP, LLC Glasswing International H&F Arrow GP, LLC H&F Corporate Investors IX, Ltd. H&F Corporate Investors VI (Cayman), Ltd. H&F Corporate Investors VII, Ltd. H&F Corporate Investors VIII, Ltd. H&F Corporate Investors X, Ltd. H&F EFS Holdings, Inc. H&F Flashdance AIV Holdings, Inc. H&F Flashdance Partners Holdings, Inc. H&F ITR Ltd. H&F Polaris Partners GP, LLC H&F Speedster Partners GP, LLC H&F Splash Holdings IX GP, LLC H&F Spock GP, LLC H&F Unite Partners GP, LLC H&F Willis Corp. Hellman & Friedman Advisors LLC Hellman & Friedman Evergood Partners GP Limited Hellman & Friedman GP International LLC Hellman & Friedman GP LLC Hellman & Friedman International LP Hellman & Friedman Investors IX, L.P. Hellman & Friedman Investors VI (Cayman), L.P. Hellman & Friedman Investors VI, L.P. Hellman & Friedman Investors VII, L.P. Hellman & Friedman Investors VIII, L.P. Hellman & Friedman Liberty Partners GP Limited Hellman & Friedman LLC Hellman & Friedman LLP HFCP VII Securityholders' Rep LLC Hockey Investment Holdings GP, LLC Hockey Investments GP, LLC LHC1 Limited LHC2 Limited LHC3 Plc Music Investments GP, LLC Royal Ballet Samson Investment GP, LLC Shield GP, L.P. Shield Investors (Cayman), L.P. Shield Investors, Ltd. Spock Investment Holdings GP, LLC	Evergood 4 ApS H&F Barolo Cayman 1 Limited H&F Barolo Cayman 2 Limited H&F Chicago Incorporated H&F Galaxy Corporation H&F Wand Holding, Inc. Hellman & Friedman Investors V, L.P. HFCP VI Securityholders' Rep LLC Nets A/S Verisure Cayman 1 Verisure Cayman 2 Verisure Cayman 3 Verisure Cayman 4 Verisure Cayman 5 Verisure Cayman 6 Verisure Cayman 7 Verisure Cayman 8 Verisure Cayman 9

Johannes Korp	Arrow Investment Holdings GP, LLC H&F Arrow GP, LLC H&F Corporate Investors IX, Ltd. H&F Corporate Investors VII, Ltd. H&F Corporate Investors VIII, Ltd. H&F Corporate Investors X, Ltd. H&F EFS Holdings, Inc. H&F Flashdance AIV Holdings, Inc. H&F Flashdance Partners Holdings, Inc. H&F ITR Ltd. H&F Polaris Partners GP, LLC H&F Speedster Partners GP, LLC H&F Splash Holdings IX GP, LLC H&F Spock GP, LLC H&F Unite Partners GP, LLC H&F Willis Corp. Hellman & Friedman Advisors LLC Hellman & Friedman Evergood Partners GP Limited Hellman & Friedman GP International LLC Hellman & Friedman GP LLC Hellman & Friedman International LP Hellman & Friedman Investors IX, L.P. Hellman & Friedman Investors VI (Cayman), L.P. Hellman & Friedman Investors VI, L.P. Hellman & Friedman Investors VII, L.P. Hellman & Friedman Investors VIII, L.P. Hellman & Friedman Liberty Partners GP Limited Hellman & Friedman LLC HFCP VII Securityholders' Rep LLC Hockey Investment Holdings GP, LLC LHC1 Limited LHC2 Limited LHC3 Plc Maritime Plaza Services LLP Music Investments GP, LLC Samson Investment GP, LLC Spock Investment Holdings GP, LLC Windmill Bidco B.V.	Nets A/S Nets Holdco 1 ApS Nets Holdco 2 ApS Nets Holdco 3 ApS Nets Holdco 4 ApS Nets Holdco 5 AS
Andrea Valier	10tacle Ltd	-
David Vaillant	BNP Paribas Asset Management France SAS Aquis Exchange Europe Aquis Exchange plc Banco Estado Administradora General de Fondos	BNP Paribas Asset Management Holding
Julian Abraham	-	-
Fabian Shey	-	Credit Suisse InvestLab AG
Delfin Rueda...................	Adyen N.V. European Insurance CFO Forum Nationale Nederlanden Bank N.V. Nationale-Nederlanden Levensverzekergin Maatschappij N.V. Nationale-Nederlanden Schadeverzekering Maatschappij N.V. NN Group N.V. NN Non-Life Insurance N.V. NN Re N.V.	Movir N.V. Vivat Schadeverzekeringen, N.V.
Sofia Mendes..................	Arcano Partners	KPMG Spain

JP Rangaswami	Admiral Group Plc Cumberland Lodge Daily Mail and General Trust PLC Emis Group Plc National Bank of Greece Web Science Trust	Hammersmith Academy
David Pérez Renovales ...	-	-
Ursula Schliessler	Asset Management One International Ltd Business Control Solutions Group Ltd S&P Global Ratings Europe Ltd S&P Global Ratings UK Ltd Starfish Greathearts Foundation UAS Consulting Ltd	Brandywine Global Investment Management (Europe) Limited Brandywine Global Investment Management LLC ClearBridge RARE Infrastructure International Pty Ltd ClearBridge RARE Infrastructure (North America) Pty Ltd Legg Mason Asset Management Australia Ltd Legg Mason Asset Management Hong Kong Ltd Legg Mason Asset Management (Japan) Co. Ltd Legg Mason Asset Management Singapore Pte. Ltd Legg Mason Australia Holdings Pty Limited Legg Mason Investments (Europe) Limited Legg Mason Investment Funds Limited Legg Mason Towarzystwo Funduszy Inwestycyjnych Spolka Akcyjna Permal Group Ltd RARE Holdings Pty Ltd RARE Infrastructure (Europe) Pty Ltd RARE Infrastructure Finance Pty Ltd RARE Infrastructure Limited RARE Infrastructure (UK) Limited Securities Industry and Financial Markets Association Treasury RARE Holdings Pty Limited
Lisa Dolly	Hightower Advisors	Pershing LLC
Juan Alcaraz	-	Santander Asset Management España, S.A., S.G.I.I.C, Santander Pensions, S.A., E.G.F.P. Santander Asset Management UK, Holdings Limited Santander Asset Management UK Limited
Amaury Dauge................	-	STOXX AG
Gianluca Renzini	-	-
Borja Largo.....................	-	-
Mariano Blanchard	-	Bankinter Luxembourg S.A.
Jorge Calviño..................	Asociacion Española de Directores de Recursos Humanos LHC Manco Limited	-
Juan de Palacios	-	-
Marta Oñoro	LHC Manco Limited Tisa Universal Reporting Network Limited	-

Christopher Reid............	Dawson 2012 Limited Dawson Capital Limited Ben Nevis Cleanco Limited Miller 2015 Limited Ben Nevis Midco Limited LHC1 Limited LHC2 Limited LHC3 Plc Nets Topco 1 S.à r.l. Nets Topco 2 S.à r.l. Nets Topco 3 S.à r.l. Nets Topco 4 S.à r.l. Lincoln Topco Pte. Limited Raffles Private Holdings Limited	Nets Holdco 4 ApS Teddys Wish Trading Limited Mergermarket Topco Limited ESG Investments Limited ESG Capital 1 Limited

14.8 Board Committees

14.8.1 *Audit and risk committee*

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group in due regard of listing and regulatory requirements. The audit and risk committee will meet as often as it deems necessary but at least four times a financial year.

Prior to Settlement, the Board will adopt terms of reference for the functioning of the audit and risk committee. In addition to setting out the tasks and duties of the audit and risk committee as described above, the terms of reference provide, *inter alia*, that:

- the audit and risk committee will meet as often as is required for its proper functioning, but at least four times each year to coincide with key dates in the financial reporting and audit cycle;
- the audit and risk committee will consist of at least three members, all of which to be financially literate and with at least one member of the audit and risk committee to be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities;
- more than half of the members of the audit and risk committee and its chair must be independent within the meaning of the Dutch Governance Code; and
- the audit and risk committee may not be chaired by the Chair or by a former Executive Director.

The audit and risk committee is chaired by David Pérez Renovales and its members are David Pérez Renovales, Ursula Schliessler and Johannes Korp. In addition, for so long as each Existing Shareholder's (for the purposes of paragraphs 14.8.1 and 14.8.2, BP2S and BNPP AM Holding shall be treated as a single Existing Shareholder) shareholding in the Company is equal to or exceeds 3%, it is entitled to appoint an observer to the audit and risk committee. One member (Johannes Korp) is non-independent within the meaning of the Dutch Governance Code, but otherwise all members meet the requirements of members of the audit and risk committee pursuant to the terms of reference, as further described above. All members meet the requirements of being a financial expert pursuant to the terms of reference of the audit and risk committee.

14.8.2 *Remuneration and appointments committee*

The remuneration and appointments committee assists the Board in reviewing the structure, size and composition of the Board and proposes appointments and reappointments. It periodically assesses the functioning of individual Directors and is also responsible for reviewing succession plans for the Directors. The remuneration and appointments committee will meet as often as it deems necessary but at least two times a financial year.

Prior to Settlement, the Board will adopt terms of reference for the functioning of the remuneration and appointments committee. Besides setting out the tasks and duties of the remuneration and appointments committee as described above, the terms of reference provide, *inter alia,* that:

- the remuneration and appointments committee will meet as often as is required for its proper functioning, but at least two times each year;
- the remuneration and appointments committee will consist of at least three members;
- more than half of the members of the remuneration and appointments committee and its chair must be independent within the meaning of the Dutch Governance Code; and
- the remuneration and appointments committee may not be chaired by the Chair or by a former Executive Director.

The remuneration and appointments committee is chaired by Lisa Dolly and its members are Lisa Dolly, JP Rangaswami and Zita Saurel. In addition, for so long as each Existing Shareholder's shareholding in the Company is equal to or exceeds 3%, it is entitled to appoint an observer to the remuneration and appointments committee. One member (Zita Saurel) is non-independent within the meaning of the Dutch Governance Code, but otherwise all members meet the requirements of members of the remuneration and appointments committee pursuant to the terms of reference, as further described above.

14.8.3 *Market disclosure committee*

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on Euronext Amsterdam, including the Market Abuse Regulation.

The market disclosure committee will meet at such times as shall be necessary or appropriate, as determined by the chair of the market disclosure committee or, in his or her absence, by any other member of the market disclosure committee. The market disclosure committee must have at least three members, at least one of which must be an Executive Director. Members of the market disclosure committee are appointed by the Board.

14.9 AFB Board Committees

14.9.1 *Audit and risk committee and remuneration and appointments committee*

AFB has the following mandatory committees in place:

- a risk and audit committee, consisting of a minimum of three members, none of whom may perform executive functions and with the majority or its members being independent (including the chair); and
- a remuneration and appointments committee, consisting of a minimum of three members, none of which may perform executive functions and with the majority of its members being independent (including the chair).

The AFB Board determines, in accordance with applicable law, the composition, powers, authorities, duration and working procedures of these committees.

The AFB audit and risk committee's role is to assist the AFB Board with the discharge of its responsibilities in relation to financial reporting and risk management. The AFB remuneration and appointments committee assists the AFB Board in reviewing the structure, size and composition of the AFB Board and proposes appointments and reappointments. It also develops the AFB group's policy on executive remuneration, determines the levels of remuneration for the executive directors of AFB, the chair of AFB, the AFB company secretary and other members of AFB's senior management.

The proposed composition of the AFB appointments and remuneration committee and of the AFB risk and audit committee following Admission is as follows:

<u>Appointments and Remuneration Committee</u>

- Lisa Dolly (chair);
- Zita Saurel; and
- JP Rangaswami.

Risk and Audit Committee

- David Pérez Renovales (chair);
- Ursula Schliessler; and
- Johannes Korp.

Marta Oñoro will be the Secretary of each of these committees.

14.10 Equity Holdings

As at the date of this Prospectus and immediately prior to Admission, none of the Directors nor the Executive Management Team have a direct interest in the issued ordinary share capital of the Company (including beneficial interests and interests of persons connected with the Directors or members of the Executive Management Team). None of the Directors nor the Executive Management Team will purchase or subscribe for any Shares in the Offering, and therefore will not have a direct interest in the issued ordinary share capital of the Company immediately following Admission (including beneficial interests and interests of persons connected with the Directors or members of the Executive Management Team).

The Company's intention is to introduce a share-based long-term incentive plan following Admission (see also paragraph 14.13 below).

Blake Kleinman, Zita Saurel and Johannes Korp each have indirect interests in the Company in their capacity as limited partners of the funds managed by H&F which indirectly own LHC3. Such interests are insignificant in proportion to the Company's issued share capital.

Andrea Valier and David Vaillant each have indirect interests in the Company in their capacity as shareholders of BNP PARIBAS which indirectly owns BP2S and BNPP AM Holding. Such interests are insignificant in proportion to the Company's issued share capital.

Juan Alcaraz, Amaury Dauge, JP Rangaswami and certain members of the Executive Management Team have indirect interests in the Company through a management equity plan, further details of which are set forth in paragraph 14.12 below.

14.11 Remuneration

14.11.1 *Board Remuneration*

In compliance with section 439A of the Companies Act 2006, the Company's new directors' remuneration policy will be submitted for Shareholder approval at the Company's annual general meeting to be held in 2022.

In anticipation of Admission, the Company has considered the remuneration principles that it should apply to Directors to ensure these are appropriate for the listed company and regulatory environment. The Company's remuneration policy will be based upon, and aligned to the extent possible with, the existing remuneration policy of AFB, and will be designed to provide a remuneration framework that will:

- attract, motivate and retain executives and senior management to deliver the Company's and AFB's strategic goals and create long-term shareholder value;
- incentivise strong financial performance and reward the delivery of the Company's and AFB's business plan and key strategic goals; and
- adhere to principles of good corporate governance and appropriate risk management.

In light of the remuneration-related regulatory requirements of the Bank of Spain, remuneration payable to Directors under the Company's remuneration policy must meet the following principles:

- remuneration should be in accordance with capital requirements;
- fixed remuneration should represent a significant portion of total compensation;
- variable remuneration should reward performance, based on, among other factors, achieving the Group's goals and the Company must have the right to reduce or remove variable remuneration if it is not appropriate in the circumstances; and

- the allocation of variable remuneration components must take into account current and future risks.

Consistent with AFB's pay philosophy and overarching regulatory requirements, the Company's Remuneration and Appointments Committee has agreed the post-Admission aspects of its remuneration policy for its Executive Directors set out in section 14.11.2 (further details of which will be provided in the policy that is submitted for Shareholder approval in 2022).

The remuneration of the individual members of the Board as per the date of the Prospectus is set out in Section 14.11.3 (*Current terms of Board members*).

14.11.2 *Remuneration components for the Directors*

Pursuant to the Company's intended remuneration policy, the remuneration of executive members of the Board will consist of the following fixed and variable components:

- a fixed base salary. The base salaries of the CEO and CFO are referred to in Section 14.11.3. Base salaries are reviewed annually in the context of both Company and individual performance, and pay and conditions of the broader employee population more generally;

- a pension contribution and benefits such as life assurance and private medical insurance;

- a short-term variable annual cash bonus. Bonuses are determined by the Remuneration and Appointments Committee on the basis of individual performance and the Company's performance against financial, strategic and risk-related measures. If capital ratio requirements are not satisfied, bonuses will be subject to downward adjustment. A cap on variable remuneration as a proportion of fixed remuneration will apply in accordance with regulatory requirements, as described below; and

- a long-term variable incentive plan, in the form of share-based awards. The Company has not yet established a long-term incentive plan, but its intention is to introduce a share-based long-term incentive plan following Admission. A summary of the high-level principles of the proposed long-term incentive plan is set out in paragraph 14.13 below.

In accordance with regulatory requirements and shareholder approvals obtained by AFB, the proportion of variable to fixed remuneration payable to identified persons within the AFB Banking Group, including the Directors, must not exceed a ratio of 2:1. A proportion of variable remuneration is currently subject to deferral. However, the ongoing approach to deferral will be assessed in line with regulatory requirements applicable at the relevant time. Further details will be included in the Company's remuneration policy once developed.

Section 14.11.3 (*Current terms of Board members*) contains a summary of the terms and conditions of the members of the Board as per the date of the Prospectus.

14.11.3 *Current terms of Board members*

Non-Executive Directors

Conditional upon Admission, the appointments of each of the non-executive directors are for an initial term of four years unless terminated earlier by either party on three months' written notice (or, in the case of the non-executive directors nominated by the Existing Shareholders, in accordance with the provisions of the Relationship Agreement, as described in Section 14.15).

On and from Admission, each independent non-executive director shall be entitled to a fee of €47,500 per annum for performing their role as a non-executive director, with fees of €12,500 being payable for membership of a Board committee and €17,500 for performing the role of chair of a Board committee. The non-independent non-executive directors have no entitlement to a fee. In addition to the fees payable in respect of their directorship of the Company, the independent non-executive directors shall be entitled to the same fees as outlined above for performing their role as a member of the AFB Board or any AFB Board committee.

Each non-executive director is also entitled to reimbursement of reasonable expenses.

The non-executive directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's or AFB's bonus or pension schemes.

The non-executive directors are subject to confidentiality undertakings without limitation in time. They are not subject to non-compete restrictive covenants.

Executive Directors

Juan Alcaraz and Amaury Dauge entered into service agreements with AFB on 21 November 2017 and 10 November 2020, respectively.

Mr Alcaraz receives a salary of £735,000 per annum and is eligible to participate in AFB's discretionary annual bonus plan (under which his maximum bonus is 180% of salary). Mr Dauge receives a salary of €350,000 per annum and is eligible for a maximum annual bonus of 144% of salary. Mr Dauge will, on or shortly after Admission, receive payment of a sign-on bonus of €4.5 million from LHC1 Limited, pursuant to a commitment made to him upon his recruitment. Both Mr Alcaraz and Mr Dauge are participants in the Management Equity Plan described in section 14.12 below, and will following Admission be entitled to participate in such long-term incentive plans as the Company may establish for executives.

For such time as he is located in London, Mr Alcaraz is entitled to receive rental payments up to a maximum of £360,000 per annum for accommodation occupied by him and his family. Mr Dauge is entitled to an annual allowance of €275,000, covering school fees and accommodation expenses.

Mr Alcaraz also receives the benefit of private medical insurance for himself and his family, as well as private dental arrangements, access to a private medical general practitioner, permanent health insurance and life assurance cover. During any period spent in Spain, Mr Alcaraz is entitled to the use of a car for business and reasonable private use.

Mr Alcaraz is entitled to receive an annual employer contribution to the Group's pension scheme of £10,000. He is also entitled to an annual cash allowance in lieu of an additional pension contribution, equal to 12% of his basic annual salary (but subject to an overall cap of £60,000 in respect of the combined cash allowance and employer pension contribution).

Mr Dauge is eligible for private medical insurance and life assurance cover, as well as to participate in the Group's pension scheme.

Mr Alcaraz's employment may be terminated by either party on not less than 230 working days' prior notice. The Company will also be entitled to terminate his employment with immediate effect by payment in lieu of notice, equal to (i) the basic annual salary that would have been payable during the notice period; and (ii) the rental expenses referred to above which would have been received during the notice period. The payment in lieu of notice may be made in monthly instalments and, if so, will be subject to reduction if Mr Alcaraz finds alternative employment or engagement during the payment period.

If Mr Alcaraz's employment is terminated by AFB other than (i) in circumstances justifying his summary dismissal without compensation; (ii) on the grounds of his capability or conduct; or (iii) for some other substantial reason that would be a fair reason for dismissal under English law, he will be entitled to a severance payment of 798.75 days' earnings. For this purpose, 'earnings' includes base salary, contractual benefits and the higher of his target bonus amount and the bonus amount paid to him in the preceding 12 months (in each case converted into a daily figure). The severance payment will be conditional upon Mr Alcaraz signing a settlement agreement waiving any legal claims against AFB and will be inclusive of any payment in lieu of notice made to him.

Mr Dauge's employment may be terminated by him on 6 months' notice, or by AFB in accordance with applicable Spanish statutory and collective bargaining agreement provisions. AFB may terminate the employment with immediate effect by payment in lieu of notice equal to the basic salary that would have been payable during the notice period, plus the applicable statutory severance payment.

If AFB terminates Mr Dauge's employment or Mr Dauge resigns in response to a change in the scope of his role or a change in his reporting line, in all cases within three months before, or at any time after, a change of control of AFB, Mr Dauge will be entitled to receive (i) a pro-rated bonus in respect of the period up to the termination date, calculated on the basis of 60% of target; and (ii) a payment of six months' salary (or a statutory severance payment, if higher). Mr Dauge will be entitled to these payments only if the termination by AFB, or the circumstances triggering his resignation, are linked to a change of control.

Mr Alcaraz and Mr Dauge are subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation (in respect of clients and employees) and non-dealing restrictive covenants for a period of 12 months after the termination of their employment.

The remuneration payable to the Executive Directors, as described above, is in all cases subject to any applicable regulatory requirements, including the limits on variable remuneration payments described in paragraph 14.11.1.

(1) ***Board Remuneration for the financial year ended December 31, 2020***

The compensation described below relates to the individual's service as member of the management of the Company and its subsidiaries. The following table sets out the remuneration for the management of the Company for the financial year ended December 31, 2020.

	Base salary	**Cash bonus**	**Pension contributions**	**Fringe benefits**	**Total**
			(€)		
Juan Alcaraz	625,000	454,167	60,000	415,278	1,554,445
Amaury Dauge(1)	42,500	4,500,000	-	1,688	4,544,188

Note:

(1) Mr. Dauge joined Allfunds in November 2020. The cash bonus noted above is a sign-on bonus payable in respect of his year of joining (to be paid on or shortly after Admission).

14.11.4 ***Executive Management Team Remuneration for the financial year ended December 31, 2020***

The following table describes the aggregate remuneration for the members of the Executive Management Team (other than the members of the Board) for their services as members of the management of the Company and its subsidiaries for the year ended December 31, 2020.

	Base salary	**Cash bonus**	**Pension contributions**	**Fringe benefits**	**Total**
			(€)		
Executive Management Team(1) ...	998,605	1,009,965	123,485	601,338	2,733,392

Note:

(1) The aggregate remuneration for 2020 in this table does not reflect Mr. Blanchard's remuneration, as he joined Allfunds in January 2021.

14.12 Management Equity Plan

Certain members of the Company's senior management, including the Chief Executive Officer and Chief Financial Officer, as well as one of its independent non-executive directors (JP Rangaswami), participate in a Management Equity Plan (***MEP***) which was established in 2018. Under the MEP, managers hold shares indirectly in LHC1 Limited (an entity via which H&F and Eiffel indirectly holds their respective interests in LHC3). The MEP participants' interests in LHC1 Limited were acquired via an investment in the shares of a management company, LHC Manco Limited, which holds the LHC1 Limited shares referable to each manager. In addition, certain managers also hold (via LHC Manco Limited) further LHC1 shares which do not form part of the MEP.

Some members of the Executive Management Team have been provided with intra-group loans to facilitate the acquisition of their MEP-related interests.

The shares held under the MEP generally vest over a period of five years from allocation (subject to certain acceleration provisions) and are subject to leaver provisions under which departure in specified circumstances may result in the compulsory acquisition of a portion of those shares (such portion depending on the circumstances in which the relevant manager leaves). No compulsory acquisition will take place in respect of any MEP shares held by participants who leave employment by reason of death, ill health or disability, or whose MEP shares have fully vested.

Admission will not cause an acceleration of vesting of the managers' MEP interests, and the MEP will continue to operate following Admission in accordance with its terms (with managers retaining their interests, including their MEP interests, indirectly in LHC1 Limited. They will not receive Shares in the Company under or in connection with Admission).

There are restrictions on the managers' ability to transfer their MEP shares (and other LHC1 shares held via LHC Manco Limited), whether vested or unvested.

The managers may receive value in respect of their MEP interests and other indirect LHC1 interests if there is a sale of the Company's shares by LHC3 (including on Admission, when it is anticipated that the managers will be permitted to realise value in a proportion of their interests reflecting their indirect holding of LHC1 Limited shares relative to other shareholders). In those circumstances, a portion of the consideration received by the selling shareholder may be distributed to the indirect shareholders in the Company, including MEP participants.

The MEP represents a historical arrangement and the Company anticipates that in the future it will provide long-term incentivisation to senior employees by establishing a share-based long-term incentive plan, the details of which will be determined following Admission. A summary of the high-level principles of the proposed long-term incentive plan is set out in paragraph 14.13 below.

The Directors and the members of the Executive Management Team are subject to certain lock-up arrangements in respect of their direct and indirect interests in the Company, which are effective from the Settlement Date for a period of 365 days. For more detail, see paragraph 17.3.3 in Section 17 (*Plan of Distribution*).

The table below sets out details of the indirect interests of the directors of the Company arising from their MEP interests and other LHC1 interests held through LHC Manco Limited and, on an aggregated basis, the indirect interests of the Executive Management Team excluding the CEO and CFO. The interest of each of the participants in the Company has been calculated on the basis of the Offer Price being set at the mid-point of the Offer Price Range. The table below shows the position immediately prior to Admission (and therefore before any participation by the relevant managers in sell-down arrangements implemented as part of the Offering) and immediately after Admission (assuming that LHC3 sells 101,923,008 Shares in the Offer and the relevant managers participate to the maximum extent possible in the proceeds resulting from the sell-down arrangements).

Name	**Interest in the Company as a result of LHC Manco Limited arrangements (immediately prior to Admission)(1)**	**Interest in the Company as a result of LHC Manco Limited arrangements (immediately following Admission)(1)(2)**
Juan Alcaraz	0.89%	0.77%
Amaury Dauge	0.12%	0.11%
JP Rangaswami	0.01%	0.01%
Executive Management Team (excluding CEO and CFO)	0.86%	0.75%

Notes:
(1) Assuming the Offer Price is set at the mid-point of the Offer Price Range.
(2) Assuming that LHC3 sells 101,923,008 Shares in the Offer and the relevant managers participate to the maximum extent possible in the proceeds resulting from the sell-down arrangements.

14.13 Long-Term Incentive Plan

As explained in paragraph 14.12 above, the Company intends to put in place a share-based long-term incentive plan (***LTIP***) as part of the remuneration arrangements to be operated following Admission.

Certain employees within the Group, including the executive directors and the Executive Management Team, will be eligible to participate in the LTIP. The purpose of the LTIP is to align the interests of participating employees with those of shareholders, in the creation of long-term sustainable value.

Awards under both the LTIP and the annual bonus arrangements will be subject to applicable regulatory remuneration rules.

The maximum value of Ordinary Shares which the Company expects would normally be put under award to an individual in any financial year will not exceed 100% of that individual's fixed remuneration.

It is currently intended that awards granted under the LTIP will vest over a three-year period, subject to the achievement of any applicable conditions to be further determined by the Remuneration and Appointments Committee. A further one year holding period will then apply following vesting of any award.

Certain key employees will also be expected to meet minimum shareholding requirements to be established by the Company following Admission (to which shares acquired pursuant to the vested awards under the LTIP may contribute).

14.14 Board Liability, Insurance and Indemnity

Under the UK Companies Act, the Directors may be liable to the Company for breaches of the duties owed by them to the Company, as well as for negligence, default or breach of trust. They may also be liable to the Company and to Shareholders for breaches of the Articles of Association and to third-parties in respect of civil damages. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Subject to the provisions of the UK Companies Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him or her for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that the Articles of Association shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause the Articles of Association, or any element of them, to be treated as void under the UK Companies Act.

The Directors and officers of the Company are insured under a director's and officer's liability insurance policy with coverage and terms customary for a publicly listed company of the size of the Company.

14.15 Relationship Agreement

The Company entered into a relationship agreement with (i) LHC3, (ii) CS AG, (iii) BP2S, (iv) BNPP AM Holding and (v) Hellman & Friedman Capital Partners VIII, L.P., Hellman & Friedman Capital Partners VIII (Parallel), L.P., HFCP VIII (Parallel-C), L.P., H&F Executives VIII, L.P., H&F Associates VIII, L.P., H&F Liberty Partners H, L.P., H&F Liberty Partners F, L.P., H&F Liberty Partners L, L.P., H&F Liberty Partners V, L.P. and Eiffel Investment Pte Ltd (together, the ***LHC1 Institutional Shareholders***) on or around the date of this Prospectus (the ***Relationship Agreement***). The Relationship Agreement will, conditional upon Admission, regulate the ongoing relationship between the Company, the Existing Shareholders and the LHC1 Institutional Shareholders. For the purposes of this Section 14.15 BP2S and BNPP AM Holding shall, together, be referred to as ***BNPP*** and LHC3, CS AG and BNPP shall, together, be referred to as the ***Principal Shareholders***.

Under the Relationship Agreement, LHC3 has a right to nominate for appointment up to three non-executive directors (one being the chair, until such time as an independent chair is appointed) to the Board. BNPP and CS AG each have a right to nominate for appointment up to two non-executive directors to the Board. For so long as LHC3 and CS AG each hold more than 3% of the share capital in the Company, each has the right to appoint one observer to the Board and each committee of the Board. For so long as BNPP holds more than 5% of the share capital in the Company, BNPP has the right to appoint two observers to the Board and for so long as BNPP holds 3% of the share capital in the Company (and one of BP2S or BNPP AM Holding holds more than 2% of the share capital in the Company), BNPP has the right to appoint one observer to the Board. For so long as BNPP holds 3% of the share capital in the Company, BNPP has the right to appoint one observer to each committee of the Board.

If any Principal Shareholder ceases to hold: (a) more than 25% of the share capital in the Company, it would only have the right to nominate for appointment two non-executive directors to the Board; (b) more than 8% of the share capital in the Company, it would only have the right to nominate one director to the Board; (c) more than 5% of the share capital in the Company, it would cease to have the right to nominate any director to the Board; and (d) more than 3% of the share capital in the Company, it would cease to have the right to appoint any observers to Board or any committees of the Board (except where BNPP together hold more than 3% of the share capital of the Company and at least one of either BNP AM or BP2S holds 2% of the share capital of the Company, BNPP shall continue to have the right to appoint one observer to the Board).

The first such non-executive director nominations to the Board by LHC3 are Blake Kleinman, Zita Saurel and Johannes Korp; by BNPP are Andrea Valier and David Vaillant; and by CS AG are Julian Abraham and Fabian Shey. Blake Kleinman shall be the chair of the Board until an independent chair is appointed.

Under the Relationship Agreement, LHC3 has a right to nominate for appointment up to four non-executive directors (one being the chair) to the AFB Board. BNPP and CS AG each have a right to nominate for appointment up to one non-executive director to the AFB Board. No more than five observers shall be appointed to the AFB Board. For so long as BNPP holds more than 5% of the share capital in the Company, BNPP has the right to appoint two observers to the AFB Board and for so long as BNPP holds 3% of the share capital in the Company (and one of BP2S or BNPP AM Holding holds more than 2% of the share capital in the Company), BNPP has the right to appoint one observer to the AFB Board. For so long as LHC3 and CS AG each hold more than 3% of the share capital in the Company, CS AG has the right to appoint up to one observer and LHC3 has the right to nominate the remaining observers.

If any Principal Shareholder ceases to hold: (a) more than 35% of the share capital in the Company, it would only have the right to nominate for appointment three directors to the AFB Board; (b) more than 25% of the share capital in the Company, it would only have the right to nominate for appointment two non-executive directors to the AFB Board; (c) more than 8% of the share capital in the Company, it would only have the right to nominate one non-executive director to the AFB Board; and (d) more than 5% of the share capital in the Company, it would cease to have the right to nominate any non-executive directors to the AFB Board; and (e) more than 3% of the share capital in the Company, it would cease to have the right to appoint any observers to the AFB Board or any committees of the AFB Board (except where BNPP together hold more than 3% of the share capital of the Company and at least one of either BNP AM or BP2S holds 2% of the share capital of the Company, BNPP shall continue to have the right to appoint one observer to the AFB Board).

The first such non-executive director nominations to the AFB Board by LHC3 are Blake Kleinman, Zita Saurel, Johannes Korp and Chris Reid; by BNPP is Alessandro Gioffreda; and by CS AG is Fabian Shey.

The shareholding percentages required for board and observer seats as set out above in relation to both the Board and the AFB Board shall not take account of any dilutive impact of a non-pre-emptive issue of Shares by the Company in which such Principal Shareholder was not offered the chance to participate or (where relevant) voted against in their capacity as a Shareholder.

The Principal Shareholders and the LHC1 Institutional Shareholders shall conduct all transactions and arrangements with the Group on an arm's length basis and on normal commercial terms, acknowledging that this obligation will not result in any change to the existing arrangements between the Principal Shareholders and the Group.

Each Principal Shareholder shall use its reasonable endeavours to procure that the directors nominated by it to the Board shall act in a manner that ensures compliance with applicable laws (including the Dutch Corporate Governance Code, the Dutch Takeover Rules, MAR, the Financial Services and Markets Act 2000, the Financial Services Act 2012 and the Companies Law). Each Principal Shareholder shall also use its reasonable endeavours to procure that the directors nominated by it to the Board shall comply with the terms of the Relationship Agreement relating to attendance at meetings of the Board (or committees of the Board) and duly regard any guidelines adopted by the Board for managing the Company's tax residence, and shall not take specified actions that could result in the Company becoming tax resident in a jurisdiction other than the United Kingdom.

The Principal Shareholders and the LHC1 Institutional Shareholders shall procure that certain actions do not occur without the prior approval of each of LHC3, CS AG and BNPP (the ***Principal Shareholder Reserved Matters***). The Principal Shareholder Reserved Matters are: (a) agreeing a change of listing venue, additional listing venue or cancellation of any listing of the Company (other than, in each case, in connection with, or as a result of, any public tender offer or other change of control transaction in relation to the Company); (b) any material reorganisation or similar of the Group; (c) initiating a voluntary dissolution, liquidation or winding up proceeding (or similar proceeding) of any material member of the Group; and (d) any member of the Group acquiring or establishing any subsidiary or branch in the United States or in certain specified tax haven jurisdictions. In addition, the parties to the Relationship Agreement have agreed that BNPP's prior consent will be sought prior to any decision by the Company or AFB that could reasonably be expected to lead to any material deviation from the separation plan appended to the BNPP TSA.

LHC3 undertakes that for so long as it holds more than 35.7 per cent. of the Shares in the Company, unless agreed otherwise between the Principal Shareholders in writing, if the approval of Shareholders of the Company is required under the Articles of Association in relation to a merger or acquisition by the Company or a Group Company which falls within that provision (see paragraph 15.22) then it undertakes only to exercise its voting rights in relation to up to a maximum of 35.7 per cent. of the Shares in the Company in respect of such shareholder resolution. This restriction on LHC3's exercise of voting rights shall not apply if: (i) such transaction has been approved by directors of each of CS AG and BNPP nominated for appointment to at the Board or AFB Board; and/or (ii) each of CS AG and BNPP has approved such transaction or waived its approval right in relation to such transaction pursuant to the Principal Shareholder Reserved Matters, where such transaction falls within paragraph (d) of the description of such matters above. The Company undertakes to not implement any such transaction where the relevant shareholder resolution would not have passed but for a breach by LHC3 of such restriction on its voting rights.

The Company agreed that the Principal Shareholders shall be consulted in advance of any proposed non-pro-rata buy-back (including any series of non-pro-rata buy-backs under the terms of a Shareholder approved buy-back programme) of the Shares in the Company. Each Principal Shareholder will, if it can provide a legal opinion from a pre-approved list of law firms demonstrating that there is a significant risk that it could be deemed to "control" the Company for the purpose of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq.), be given the right to participate in such buy-back of Shares on equivalent terms to the other Shareholders participating in such buy-back to extent the obtaining of the legal opinion does not unduly delay the buy-back and such party's participation in the buy-back is legally viable and does not have a material detrimental impact on the terms of such buy-back for the other Shareholders participating, in each case in the reasonable opinion of the Company. In addition, the Company undertakes to the Principal Shareholders that the general authorities to allot and issue Shares in the Company and disapply pre-emption rights sought by the Board at each annual general meeting of the Company shall be limited to up to five per cent. of the issued share capital of the Company from time to time for general corporate purposes and up to five% of the issued share capital of the Company from time to time for the purposes of mergers and acquisitions, unless the Board is required to comply with any Shareholder requisition.

The Company agreed to procure that no Group Company will take any action that would cause BNP Paribas or CS AG (and each of their respective groups) to breach any applicable law or regulation, including (i) the Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq.), including Section 13 thereof commonly referred to as the "Volcker Rule"; (ii) the International Banking Act of 1978 (12 U.S.C. § 3101, et seq.); and (iii) any other similar rules such as International Financial Sanctions in force in the United States. In addition, for so long as at least one Principal Shareholders hold more than 4.99% of the Shares in the Company (unless a Principal Shareholder can provide a legal opinion from a pre-approved list of law firms demonstrating that there is a significant risk that it could be deemed to “control” the Company for the purpose of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq.)), each Principal Shareholder and the Company will procure that the Group does not (other than in respect of AFB’s existing representative office in Miami) establish or acquire an office, subsidiary or branch in the US or do any other action that would cause a Group Company to be treated as a bank under US laws.

For as long as a Principal Shareholder, together with its affiliates, holds more than 5% of the shares in the Company it and its affiliates can only sell the shares they each hold in the Company in accordance with an agreed sell-down process (subject to certain exemptions broadly relating to: (i) transfers required by law; (ii) acceptance of a general offer for the shares in the Company; and (iii) ordinary course client activities and other banking activities not relating to its strategic shareholding in the Company). The selldown process involves any Principal Shareholder triggering a sell-down of an aggregate amount of up to 15% of the Company’s share capital (or larger if agreed between the parties or at least two globally recognised investment banks) and the other parties will be entitled to participate in such sell-down pro rata to each of their holdings in the Company through outright selling or certain permitted hedging activities.

Each Principal Shareholder and LHC1 Institutional Shareholder undertakes to not transfer its Shares held directly or indirectly in the Company where such transfer would result in any of UBS, Julius Baer, J.P. Morgan, Morgan Stanley, Goldman Sachs, HSBC, Deutsche Bank, Citigroup, Bank of America, Barclays and their respective affiliates (together, the ***Bank Competitors***) holding, directly or indirectly, in aggregate more than 3% of the Shares in the capital of the Company, unless the relevant Shares are first offered to, in the case of a proposed transfer by CS, BNPP and, in the case of a proposed transfer by any other Principal Shareholder or LHC1 Institutional Shareholder, CS AG in accordance with a right of first offer mechanism which takes account of whether the sale process is (on the one hand) an accelerated bookbuild or other bookbuild sales process or (on the other hand) a single purchaser transaction. This does not prevent any transfer which involves: (a) a transfer to a third party with an undisclosed client(s), (b) a transfer to a Bank Competitor holding as principal on behalf of one of its clients, (c) a transfer to a proprietary trader that intends to hold such Shares in the Company for the purposes of selling them on to its clients as soon as practicable or other specified client activity trading, or (d) voting in favour of, or agreeing to sell pursuant to, a scheme of arrangement or a takeover offer proposed by or on behalf of a Bank Competitor. In addition, any allocation policy that is agreed between the Principal Shareholders participating in a sell-down shall reflect the terms of such right of first offer mechanism.

A Principal Shareholder will cease to be a party to the Relationship Agreement if its shareholding in the Company is less than 3% of the Company’s issued share capital (excluding the dilutive impact of a non-pre-emptive issue of Shares by the Company in which such Principal Shareholder was not offered the chance to participate or (where relevant) voted against in their capacity as a Shareholder). The Relationship Agreement will terminate in the event that the Company ceases to be listed on Euronext Amsterdam or at such time that only one of the Principal Shareholders holds more than 3% of the Shares in the Company (provided that, in such circumstance, the Company undertakes to negotiate in good faith a new agreement with the remaining Principal Shareholder which provides for similar continuing rights of such Principal Shareholder (if applicable), including to the extent required by such Principal Shareholder for the purpose of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq.)).

14.16 Conflicts of Interest

Conflicts of interest are governed by both the UK Companies Act and, by voluntary application, by the Dutch Governance Code. The Articles of Association in combination with the Board Rules provide for rules and measures applicable to the Board to ensure compliance with both sets of rules and to prevent conflicts of interest between the Directors and the Company.

Each of the Directors has a statutory duty under the UK Companies Act to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board. Similarly, the Dutch Governance Code requires the Directors to avoid any form of conflict of interest with the Company and to immediately report any (potential) conflict of interest to the Chair under provision of all relevant information.

In furtherance to Best Practice Provision 2.7.3 of the Dutch Governance Code, the Board Rules provide that the Board shall determine whether there is a conflict of interest in respect of the Directors outside the presence of the relevant Director. A conflict of interest in relation to such Director exists in any event if the Company intends to enter into a transaction with a legal entity (i) in which such Director personally has a material financial interest, (ii) which has an executive director or a member of the management board who is related under family law to such Director; or (iii) in which such Director has an executive or non-executive position. Each of the Directors has a statutory duty under the UK Companies Act to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board.

Best Practice Provision 2.7.4 of the Dutch Governance Code provides that all transactions in which there are conflicts of interest with Directors should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director require the approval of the Board. Such transactions should be published in the annual board report. As permitted by the UK Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest.

All transactions between the Company and legal or natural persons who hold at least 10% of the Shares shall be agreed on terms that are customary in the sector in which the Company and its combined businesses are active. The Board is required to approve such transactions that are of material significance to the Company and/or to such persons. Such transactions should be published in the annual board report.

The Company should not grant Directors any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the Group's personnel as a whole, and after approval of the Board. No remission of loans should be granted.

14.17 Potential Conflicts of Interest

Other than that Blake Kleinman, Zita Saurel and Johannes Korp (who are all partners at H&F, which indirectly controls LHC3, which holds an interest of more than 10% in the Company); Andrea Valier and David Vaillant (who each hold a position with, and was nominated for appointment as a Director by affiliates of, BNP PARIBAS, which, indirectly through BP2S and BNPP AM Holding, holds an indirect interest of more than 10% in the Company and certain affiliates of which, including BP2S and BNPP AM Holding, are party to certain existing commercial agreements with the Company and certain of its subsidiaries); Julian Abraham and Fabian Shey (who each hold a position at CS AG, which holds an interest of more than 10% in the Company), and each of whom is therefore considered not independent for the purposes of the Dutch Governance Code, no Director has a conflict of interest (actual or potential) between his or her duties to the Company and his or her private interests and/or duties.

In addition, next to Blake Kleinman, Zita Saurel and Johannes Korp (who are all partners at H&F) and Fabian Shey (who holds a position at CS AG), from the members of the AFB Board, Chris Reid holds a position at GIC which, through Eiffel as a shareholder of LHC3, indirectly holds an interest of more than 10% in the Company, and Alessandro Gioffreda holds a position at BNP PARIBAS, which, indirectly through BP2S and BNPP AM Holding, holds an indirect interest of more than 10% in the Company. No other members of the AFB has a conflict of interest (actual or potential) between his or her duties to the Company and his or her private interests and/or other duties.

No member of the Executive Management Team has a conflict of interest (actual or potential) between his or her duties to the Company and his or her private interests and/or other duties.

14.18 Related party transactions

Neither the Dutch nor the UK rules on related party transactions will mandatorily apply to the Company. The Articles of Association provide for rules on related party transactions that are the reflection of the Dutch statutory provisions on related party transactions, which implement the relevant terms of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, to apply to the Company. The Articles of Association will provide that a material transaction of the Company (or a subsidiary of the Company) with a related party that is not in the ordinary course of business or is proposed not to be concluded on normal market terms, is subject to approval by the Board. The Company is obliged to make a public announcement immediately upon such material transaction having been entered into with the related party concerned. A transaction is considered to be material if information on the transaction qualifies as inside information (as set out in Article 7(1) of the Market Abuse Regulation) and is concluded between the Company (or a subsidiary of the Company) and a related party. A related party is a related party as such term is defined in EU approved standards of the International Accounting Standards Boards and includes in any case members of the Board and one or more shareholders representing solely or jointly at least 10% of the Company's issued share capital. Transactions with the same related party during the course of a financial year, that are in themselves not material, shall be considered on an aggregated basis.

14.19 Employees

As of December 31, 2020, Allfunds employed approximately 819 permanent employees, with headcount of 884 including agency, temporary and trainee employees. The following table details the numbers of the Group's permanent headcount by function as at December 31, 2020, 2019 and 2018.

Employees by function

	As at December 31		
	2020(1)	**2019(2)**	**2018(3)**
Trading and Execution Services	423	158	145
IT Systems	80	59	63

Digital	76	71	71
Fund Groups	49	52	48
Finance	37	28	27
Commercial	44	40	38
Human Resources	10	6	6
Investment	21	27	23
Compliance	16	15	14
Risk	8	6	7
Internal Audit	6	5	5
Legal	16	16	14
Transformation & Integration Office	14	6	-
Marketing & CSR/Corporate Communications	3	4	4
Other	16	23	36
Total	819	516	501

(1) Excludes employees transferred following closing of the BNPP Acquisition. During 2020, the Group also had 65 contractors and temporary workers from employment agencies.
(2) During 2019, the Group also had 98 contractors and temporary workers from employment agencies.
(3) During 2018, the Group also had 156 contractors and temporary workers from employment agencies.

The following table details the numbers of the Group's employees by location as at December 31, 2018, 2019 and 2020.

Employees by location

	As at December 31		
	2020(1)	**2019(2)**	**2018(3)**
Spain	361	324	320
Italy	134	60	61
Poland	176	-	-
Rest of World	148	132	120
Total	819	516	501

(1) Excludes employees transferred following closing of the BNPP Acquisition. During 2020, the Group also had 65 contractors and temporary workers from employment agencies.
(2) During 2019, the Group also had 98 contractors and temporary workers from employment agencies.
(3) During 2018, the Group also had 156 contractors and temporary workers from employment agencies.

The Group has collective bargaining agreements applicable to its employees in Spain, Italy, Luxembourg and France, which cover approximately 66.5% of the Group's workforce as of December 31, 2020. To date, the Group has not experienced a labour-related work stoppage.

15. Description of Share Capital and Corporate Governance

Set out below is a summary of certain relevant information concerning the Company's share capital and of certain significant provisions of English, Dutch and EU laws and the Articles of Association. It is based on relevant provisions of English, Dutch and EU laws as in effect on the date of this Prospectus and the Articles of Association as these will be in effect ultimately on the Settlement Date.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of, English law and Dutch law as in effect on the date of this Prospectus, the Articles of Association and the Board Rules, in each case as they will be in effect ultimately on the Settlement Date. The Articles of Association in the governing English language as well as the Board Rules in the English language are available on the Company's website (https://investors.allfunds.com/ipo/key-documents). See also Section 14 (*Board and Employees*) for a summary of certain material provisions of the Board Rules and the laws of the United Kingdom relating to the Board.

15.1 General

The Company is currently a private limited company with the name Allfunds Group Limited, incorporated under the laws of England and Wales. The commercial name is "Allfunds". In accordance with section 755 of the Companies Act 2006 and as part of the terms of the Offer, the Company has undertaken to re-register as a public limited company with the name Allfunds Group plc prior to Admission. The registered office address of the Company is 2 Fitzroy Place, 8 Mortimer Street, W1T 3JJ, London, United Kingdom and the telephone number at its registered office is +44 207 758 5000. The Company is registered with the trade register of the Registrar of Companies of England and Wales under number 10647359. Its LEI is 9598005U8TZQ8Q64SC71.

The principal laws and legislation under which the Company operates and the Shares have been created is the UK Companies Act and regulations made thereunder.

15.2 Corporate Objects

Pursuant to the Articles of Association and in accordance with the UK Companies Act, the Company's corporate objects are unrestricted.

15.3 Authorised, Issued and Outstanding Share Capital

The Shares are ordinary shares, created under and in accordance with the UK Companies Act, with a nominal value of €0.0025 each in the share capital of the Company. The Articles of Association do not specify an authorised share capital.

As at the date of this Prospectus, the Company's issued share capital is fully paid up and held by the Existing Shareholders. The table below shows the expected number of issued and outstanding Shares: (i) immediately prior to Admission and (ii) immediately following Admission assuming the maximum number of Offer Shares are purchased, (a) without Over-Allotment Option being exercised and (b) with full exercise of the Over-Allotment Option.

	Expected number of Shares in issue immediately prior to Admission	**Expected number of Shares in issue immediately following Admission assuming the maximum number of Offer Shares are purchased**	
		Without exercise of the Over-Allotment Option	**With exercise of the Over-Allotment Option in full**
Shares	629,426,348	629,426,348	629,426,348

At the date of this Prospectus the Company holds no Shares as treasury shares.

15.4 History of Share Capital

Set out below is an overview of the amount of the Company's issued share capital for the years ended December 31, 2018, 2019 and 2020, during each of which the nominal value remained at €0.01 per Share.

	Year ended December, 31		
	2020	**2019**	**2018**
Share Capital	€1,573,565.87	€1,098,902.32	€1,000,001.11
Shares	157,356,587	109,890,232	100,000,111

Other than as set out below, which Shares are held by the Existing Shareholders, the Company has not issued any Shares prior to the date of this Prospectus.

On incorporation of the Company on March 2, 2017, one Share was issued with a nominal value of €1.00. The nominal value of the Shares was changed to €1.11 per Share on October 17, 2017 and the share capital of the Company was subdivided into 111 Shares with a nominal value of €0.01 each. The following table sets out the Share issuances following this subdivision:

Date of Share issuance	Number of Shares issued	Total Shares following issuance	Total nominal value of Share capital following issuance
November 21, 2017	100,000,000	100,000,111	€ 1,000,001.11
September 6, 2019	9,890,121	109,890,232	€ 1,098,902.32
March 26, 2020	1,085,501	110,975,733	€ 1,109,757.33
March 26, 2020	10,975,622	121,951,355	€ 1,219,513.55
November 13, 2020	9,913,476	131,864,831	€ 1,318,648.31
November 13, 2020	25,491,756	157,356,587	€ 1,573,565.87

The Company will, effective on the day prior to Admission, implement a 4:1 sub-division pursuant to which the nominal value of each Share will change from €0.01 to €0.0025, and each Existing Shareholder received 4 new Shares in exchange for each existing Share. This will result in the issued share capital of the Company becoming €1,573,565.87, divided into 629,426,348 Shares with a nominal value of €0.0025 each.

15.5 Form and Transfer of Shares

Immediately prior to Admission, the Company's issued share capital will be divided into 629,426,348 Shares.

All Shares other than those Shares held by BNPP AM Holding will be delivered in book-entry form and will be credited on or about the Settlement Date to the securities accounts of the investors via Euroclear Nederland, the Dutch central securities depository with registered office at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Shares traded on Euronext Amsterdam will be transferred through book-entry on the accounts of investors with intermediaries that are participants in Euroclear Nederland or intermediaries that hold, directly or indirectly, accounts with participants in Euroclear Nederland. The Articles of Association reflect this fact and, for this reason, include reference to ***EI Holders*** being the holders of interests in the Shares of the Company traded and settled through Euroclear Nederland.

The Articles of Association treat EI Holders in the same way as they treat 'members' of the Company for English law purposes. Under the Articles of Association, the Company agrees that any and all rights and obligations attaching to the shares of the Company held by Euroclear Nederland (as 'member', and in relation to which shares each EI Holder holds its interest) shall, to the extent legally permissible, accrue to, be exercisable by and against, and be enforced by and against, the relevant EI Holder in accordance with and pursuant to the Dutch Giro Securities Transfer Act. Such rights shall include the right to exercise voting rights and receive dividends in respect of the relevant shares, and such obligations shall include the obligation to make a mandatory bid in the circumstances described in paragraph 15.23. Interests in Shares (voting securities) are held in accordance with the provisions of the Dutch Giro Securities Transfer Act (through the systems maintained by Euroclear Nederland). The Company expects to be able to exercise and enforce its rights to the fullest extent permitted by law against any EI Holder breaching the Articles of Association, and expects EI Holders to be able to enforce their rights to the fullest extent permitted by law against the Company. In this regard, references in the Articles of Association to "Shareholders" include those persons entered into the Company's register of members as 'members', and those persons holding interests in the Company's shares traded and settled through Euroclear Nederland as 'EI Holders'.

15.6 The Company's Shareholders' Register

All Shares other than those Shares held by BNPP AM Holding will be held on Admission in a collective deposit or giro deposit as referred to in the Dutch Giro Securities Transfer Act as set out above, and so the name and address of the intermediary or the central institute, being Euroclear Nederland, shall be entered in the Shareholders' register, stating the date on which those Shares became part of a collective deposit or the giro deposit, the date of acknowledgement or service as well as the paid-up amount on each Shares. The Shares held by BNPP AM Holding may subsequently be transferred for inclusion in a giro deposit along with the remainder of the Shares in the future.

15.7 Issue of Shares and Pre-emptive Rights

Subject to the provisions of the UK Companies Act, and without prejudice to any rights attached to any existing shares or class of shares: (i) any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine; and (ii) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Companies Act 2006, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. Prior to Admission, the Company expects to put the following member's written resolutions to the Existing Shareholders:

- A resolution (the ***Allotment Resolution***) that the Board is authorised for the purposes of section 551 of the Companies Act 2006, without prejudice to the continuing authority of the Board to allot Shares or grant rights to subscribe for or convert any security into Shares pursuant to an offer or agreement by the Company before the expiry of the authority under which such offer or agreement was made to allot Shares and to grant rights to subscribe for or to convert any security into shares in the Company, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed):

    (a) up to approximately one-third of the aggregate nominal value of the share capital of the Company on the day following Admission, or

    (b) up to approximately two-thirds of the aggregate nominal value of the share capital of the Company on the day following Admission in connection with an offer by way of a rights issue to holders of Shares in proportion (as nearly as practicable) to their existing holdings or to people who are holders of other equity securities if this is required by the rights of those equity securities , or if the directors of the Company consider it necessary, as permitted by the rights of those equity securities,

    in each case subject to such exclusions or other arrangements as the Board deems necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company in accordance with section 551 of the Companies Act 2006, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 of the Companies Act 2006 did not apply to the allotment but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution. The authority shall expire on the day specified in the resolution.

The Company intends to follow: (i) The Investment Association guidelines in relation to the maximum authority to be proposed at each annual general meeting of the Company for allotment of shares (including in relation to fully pre-emptive rights issues); and (ii) the Pre-Emption Group principles in relation to the maximum authority to be proposed at each annual general meeting of the Company in relation to disapplying pre-emption rights. Prior to Admission, the Company expects to put the following member's written resolutions to the Existing Shareholders:

- A resolution authorising the Board pursuant to sections 570 and 573 of the Companies Act 2006, in substitution for any prior authority conferred upon the Board, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the date of the general meeting at which the resolution was passed), but without prejudice to any allotments made pursuant to the terms of such authorities, to allot equity securities (as defined in the Companies Act 2006) for cash pursuant to the Allotment Resolution, as if section 561(1) of the Companies Act 2006 did not apply to such allotment, such power being limited to:

    (a) the allotment of equity securities in connection with an offer of equity securities to holders of Shares in proportion (or as nearly as may be practicable) to their existing holdings and to people who are holders of other equity securities if this is required by the rights of those securities, but in each case subject to such exclusions or other arrangements as the Board deems necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

    (b) the allotment of equity securities for cash (other than as described at paragraph (a) above) up to an aggregate nominal value of 5% of the issued share capital of the Company immediately following Admission.

- A resolution stating that, in addition to any authority granted pursuant to the Allotment Resolution, the Board is further authorised pursuant to section 570 and section 573 of the Companies Act 2006, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the date of the general meeting at which the resolution was passed), to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) for cash pursuant to the Allotment Resolution as if section 561 of the Companies Act 2006 did not apply to such allotment, such power being:

  (a) limited to the allotment of equity securities for cash up to an aggregate nominal value of 5% of the issued share capital of the Company immediately following Admission; and

  (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice in respect of such resolution.

15.8 Acquisition of Own Shares

The Articles of Association do not restrict the Company's ability to purchase its own shares. Therefore, subject to the UK Companies Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

However, English law generally prohibits the Company from repurchasing its own shares by way of off market purchases without the prior approval of shareholders by ordinary resolution. Such approval has not currently been sought or obtained. English law prohibits the Company from conducting on market purchases as its shares will not be traded on a recognised investment exchange in the United Kingdom. Therefore, the Company will not be able to effect any buy-back of its shares until a buy-back contract has been approved by ordinary resolution of the Company's relevant shareholders. Such approval may last for up to five years from the date of the ordinary resolution, and renewal of such approval for additional five year terms may be sought more frequently.

15.9 Variation of rights

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

15.10 Lien and forfeiture

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

Subject to the terms of the allotment, the Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his or her shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

15.11 Transfer of Shares

A member may transfer all or any of his or her certificated Shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed or authenticated in any other manner acceptable to the Board and permitted by law by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

- is in respect of one class of share only; and

- is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Articles of Association, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

If a Share is transferred for inclusion in a collective deposit, the transfer will be accepted by the intermediary concerned. If a registered Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being Euroclear Nederland. Upon issue of a new Share to Euroclear Nederland or to an intermediary, the transfer and acceptance in order to include the Share in the giro deposit or the collective deposit will be effected without the cooperation of the other participants in the collective deposit or the giro deposit, respectively. Deposit Shareholders are not recorded in the Company's shareholders register. Shares included in the collective deposit or giro deposit can only be delivered from a collective deposit or giro deposit with due observance of the related provisions of the Dutch Giro Securities Transfer Act and with the approval of the Board. The transfer by a deposit Shareholder of its book-entry rights representing such Shares shall be effected in accordance with the provisions of the Dutch Giro Securities Transfer Act. The same applies to the establishment or transfer of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

15.12 Alteration of share capital

The Articles of Association do not restrict the Company's ability to increase, consolidate or sub-divide its share capital. Therefore, subject to the UK Companies Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

15.13 Annual Accounts and Semi-Annual Accounts

Following the end of the EU withdrawal transitional period on January 1, 2021, the UK is a third country issuer and as such certain specific publication obligations under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (***DFSA***) with regard to financial reporting will apply in addition to obligations under UK Company law. The AFM is the Company's competent authority with respect to the EU Transparency Directive obligations as implemented into Dutch law.

Following Admission, the Company must prepare its annual accounts in accordance with the DFSA and article 2:361 and article 2:392, paragraph 1 of the Dutch Civil Code (*Burgerlijk Wetboek*) (the ***DCC***), which means either under Dutch GAAP or EU approved IFRS and subject to review by a Dutch law accredited auditor. Furthermore, the Board must prepare a board report in accordance with article 2:391 DCC. The annual accounts, the board report, and other information required under Dutch law must be made publicly available in the Netherlands by means of a press release within four months of the end of the relevant accounting period and must simultaneously be filed with the AFM and be kept publicly available for at least 10 years. When the annual accounts have been adopted by the Company's annual general meeting, they must be filed with the AFM within five days following adoption.

Additionally, under the UK Companies Act, the Company is required to file its annual accounts with the UK Companies House within 6 months of the end of the relevant accounting year, which filings shall include its annual accounts, a directors' remuneration report, a strategic report and a directors' report. The accounts to be filed must be prepared in accordance with either generally accepted accounting practice in the UK or ISA. Additionally, the accounts must be audited and the auditor is required to produce an independent auditor's report on those accounts. Under the UK Companies Act, the annual accounts are required to be laid before the Shareholders at the relevant annual general meeting, after having been circulated to Shareholders in advance of the annual general meeting.

Accordingly, post Admission, the annual accounts of the Company will be prepared, filed and presented to the annual general meeting in compliance with both the Dutch and the UK requirements mentioned above, including with regard to standards applied and prescribed formalities.

Within three months after the end of the first six months of each financial year, the Board must prepare semi-annual financial accounts and a semi-annual board report and make them publicly available by means of a press release and simultaneously file them with the AFM. The semi-annual accounts must remain publicly available for at least 10 years. If the semi-annual financial statements are audited or reviewed, the Dutch law accredited auditor's report must be made publicly available together with the semi-annual financial statements.

15.14 Dividend and Other Distributions

15.14.1 *General*

Subject to the provisions of the UK Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

15.14.2 *Interim distribution*

Subject to the provisions of the UK Companies Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

15.14.3 *Distribution in kind*

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

15.14.4 *Profit ranking of the Shares*

If the share capital is divided into different classes, the Board may also pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

15.14.5 *Payment*

Any dividend which has remained unclaimed for six years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

15.15 The General Meeting

15.15.1 *Annual General Meetings*

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the UK Companies Act.

15.15.2 *Extraordinary General Meetings*

The Company will be authorised, by a Shareholders' written resolution expected to be passed prior to Admission, until the Company's next annual general meeting, to call extraordinary general meetings on 14 days' clear notice.

15.15.3 *Place of General Meetings*

General meetings will be held in whatever place the notice calling for such general meeting so specifies. The Company may hold hybrid meetings by accommodating its Shareholders in attending an annual general meeting virtually through electronic means, without the need to physically attend the respective annual general meeting.

15.15.4 *Convocation Notice and Agenda*

An annual general meeting shall be called by at least 21 clear days' notice. Subject to the provisions of the UK Companies Act, all other general meetings may be called by at least 14 clear days' notice. Subject to the provisions of the

UK Companies Act, the notice shall specify the time and date of the meeting and the general nature of the business to be dealt with.

15.15.5 *Admission and Registration*

Subject to the provisions of the UK Companies Act, to the provisions of the Articles of Association and to any restrictions imposed on any shares, the notice shall be sent to every member and every director. The auditors are entitled to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive.

15.15.6 *Voting Rights*

Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a show of hands:

- every member who is present in person shall have one vote;
- subject to paragraph (c), every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote;
- a proxy has one vote for and one vote against the resolution if:
  - the proxy has been duly appointed by more than one member entitled to vote on the resolution, and
  - the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it.

Subject to any rights or restrictions attached to any shares, on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which the person is the holder.

Any reference in the Articles of Association to a vote of, voting by or voting in respect of, in each case, a share in the Company, class of shares and/or specified nominal value of a class of shares in the Company shall be deemed to include any votes cast by the EI Holder in respect of such share or shares in the Company, provided that in the event more than one vote is cast in respect of the same share in the Company then only the vote of the member (and not of any associated EI Holder) shall be counted by the Company.

15.16 Redemption and conversion rights

The terms of the Shares do not provide the holder thereof with conversion or redemption rights in relation to the Shares.

15.17 Dissolution and Liquidation

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

15.18 Identity of Shareholders

While the Company does not fall under the scope of Chapter 3a of the Dutch Giro Securities Transfer Act (*Wet giraal effectenverkeer*) (which only concerns companies incorporated under the laws of the Netherlands or under the laws of another Member State), for the purpose of identifying the Shareholders, the Company may request Euroclear Nederland to apply the procedures in accordance with Chapter 3A of the Dutch Giro Securities Transfer Act and in turn request on a voluntary basis admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide under the conditions provided for by applicable laws and regulations, the identification of the Shareholders that have an immediate or future right to vote at the General Meetings as well as the number of Shares held by each of the Shareholders and any restrictions applicable thereto. In line with rules under the Dutch Giro Securities Transfer Act, the request should only be made in relation to Shareholders with an interest of 0.5% or more of the issued share capital. The addressee of such request should send the information to the Company without delay. If the addressee does not have the requested information, the request should be passed on by it through the custody chain (i.e., to the next party for whom it holds the Shares) until it reaches the party who has the requested information, which party should then send such information to the Company without delay. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request the Company to request Euroclear Nederland to apply the procedures set out above to establish the identity of the Shareholders. In line with the provisions of the Dutch Giro Securities Transfer Act, such request should be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

15.19 Dutch Financial Reporting Supervision Act

Pursuant to the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that the issuer's financial reporting meets such standards and (ii) recommend the issuer to make available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the ***Enterprise Chamber***) to order the Company to (a) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (b) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

15.20 Overview of regulation applicable to AFB specifically

The Spanish corporate governance regime is mainly regulated by the restated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital*) (the ***Spanish Companies Act***), which is the general legislation under which Spanish mercantile companies, including AFB, operate.

In addition to the Spanish Companies Act, Law 10/2014, Royal Decree 84/2015 and Bank of Spain Circular 2/2016 contain specific rules on the corporate governance of Spanish banks which apply to AFB and the AFB Banking Group.

Among other things, the members of the management body, the general managers (or similar individuals), the individuals in charge of the internal control functions and other individuals performing other key positions for the daily development of the financial activity at Spanish banks are required to meet specific eligibility requirements in terms of commercial and professional reputation, knowledge, skills, experience and the ability to exercise good governance at the bank (including the ability to devote sufficient time to perform their respective functions). The same requirements will need to be met by the same persons at Liberty as the parent financial holding company of the bank.

In addition, members of a Spanish bank's board of directors are subject to incompatibility restrictions, such as the number of directorships they may hold at the same time in the event that the volume of assets held on an individual basis exceeds €10 billion at the closing date of the two immediately preceding years.

Spanish legislation requires that the management of a Spanish bank is entrusted to a board of directors composed of at least five members. Pursuant to Article 30 of AFB's bylaws, the AFB Board shall be composed of a minimum of five and a maximum of fifteen directors.

Pursuant to applicable regulation, Spanish banks must establish certain board committees, including (i) a nomination committee; (ii) a remuneration committee; (iii) a risk committee, to the extent that the volume of assets held on an individual basis equals or exceeds €10 billion at the closing date of the two immediately preceding years; and (iv) an audit committee. If the volume of assets is below €10 billion, banks are allowed to have a joint nomination and remuneration committee and a mixed audit committee (undertaking the functions of the risk committee) instead of separate committees. This is the case for AFB.

Spanish banks are also subject to rules on remuneration policies. These rules are set both at national and EU level and are complemented by guidelines published by EBA and adopted by the Bank of Spain.

Spanish banks are required to have in place sound corporate governance procedures, which will include appropriate internal control procedures. In addition, the board of directors of the bank must establish corporate governance systems to ensure a sound and prudent management of the entity, which should give appropriate consideration to the distribution of functions and avoidance of conflicts of interest. The board of directors is also responsible for monitoring and overseeing the effectiveness of this corporate governance system and for amending any detected deficiency. The applicable legislation also sets out a number of responsibilities that the bank's board of directors may not delegate to other bodies or persons.

15.21 Dutch Governance Code

In anticipation of Admission, the Company conducted a review of its corporate governance and sought to determine the most appropriate recognised governance code for it to report against going forward given that neither the

UK Corporate Governance Code nor the Dutch Governance Code will mandatorily apply to the Company from Admission. Following this review, the Company determined to voluntarily adopt the Dutch Governance Code from Admission.

The Dutch Governance Code, as amended, was published on 8 December 2016 and entered into force on January 1, 2017. The Dutch Governance Code contains principles and best practice provisions for the Board, the Shareholders and General Meeting, financial reporting, auditors, disclosure, compliance and enforcement standards, and is based on a "comply or explain" principle. Accordingly, the Company will be required to disclose in its annual reports whether or not it is in compliance with the various principles and provisions of the Dutch Governance Code and, in the event that the Company deviates from a best practice provision in the Dutch Governance Code, the reason for such deviation must be properly explained in its annual report. A copy of the Dutch Governance Code can be found on www.mccg.nl.

The Company acknowledges the importance of good corporate governance. The Company fully endorses the underlying principles of the Dutch Governance Code and applies the Dutch Governance Code as the guiding principles for its corporate governance policy. The Company complies with relevant best practice provisions of the Dutch Governance Code. The deviations from the Dutch Governance Code are noted below (or in the case of any future deviation, subject to explanation thereof at the relevant time):

- Best Practice Provisions 2.1.7 (ii) and (iii) which provide that the total number of non-executive directors that are independent according to the criteria of the Dutch Governance Code should account for more than half of the total number of non-executive directors and that for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one non-executive director who can be considered to be affiliated with or representing them as stipulated in the meaning of the Dutch Governance Code. It is expected that at Admission, out of the thirteen non-executive directors only six qualify as independent within the meaning of the Dutch Governance Code. In addition, H&F, BNPP and CS AG will have three, two and two non-executive directors, respectively, who can be considered to be affiliated with or representing them. The Company considers such deviation acceptable and reasonable in light of (i) continuity of the board composition that has proven to be effective and conducive to the success of the Group (as the relevant non-executive directors are already fulfilling roles as members of the AFB Board) and (ii) as show of continued support by H&F and CS AG as Existing Shareholders.

15.22 Significant transactions

The Articles of Association provide that, in relation to any of the transactions set out below, the Company is required to obtain the prior approval of the shareholders as set out below and ensure that any agreement effecting such transaction is conditional on such approval being obtained, unless such transaction is required or directed by any regulatory authority with jurisdiction over the Company. The relevant transactions and shareholder approval thresholds are:

- at least 75% of a general meeting of the Company for any transaction that would result in an important change in the Group's identity or character (unless such transaction falls within the scope of the 50% voting threshold below), including in any case:
  - the transfer to a third party of the business of the Group or practically the entire business of the Group; or
  - the disposal by the Company or a Group Company of an interest in the capital of a company with a value of at least one-third of the Company's assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the Company;
- at least 50% of a general meeting of the Company for any merger by the Company with, or acquisition by the Company or a Group Company of an interest in the capital of, a company with a value of at least one-third of the Company's assets (in aggregate) according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the Company; and
- at least 75% of a general meeting of the Company for the entry into any material joint venture or partnership arrangement (for these purposes "material" means with a value of at least one-third of the Company's assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the Company).

15.23 Applicable Bidding Rules

15.23.1 *Dutch bidding rules*

The Directive on Takeover Bids (2004/25/EC) has been implemented in the DFSA and certain rules promulgated thereunder, including the Dutch Decree on Takeover Bids (*Besluit openbare biedingen Wft*).

In general, under the Dutch takeover provisions, it is prohibited to launch a public offer for securities that are admitted to trading on a Dutch regulated market, such as the Shares, unless an offer document has been approved by, in the case of the Company, the AFM and has subsequently been published. The Dutch takeover provisions are intended to ensure that, in the event of a public offer, sufficient information will be made available to the Shareholders, that the Shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. Certain parts of the Dutch takeover provisions, matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, are applicable to the Company as the Shares are admitted to trading on Euronext Amsterdam. However, the part of the Dutch takeover provisions regarding mandatory takeover bids, in terms of when a mandatory takeover bid is triggered (including as regards acting in concert related considerations), do not mandatorily apply to the Company, as the Company is not incorporated under the laws of the Netherlands. The Company will not be subject to the provisions of the UK City Code upon Admission as, for the purposes of the UK City Code, the Company's place of central management and control, upon Admission, will be outside of the UK, the Channel Islands or the Isle of Man. Therefore, as confirmed by the Takeover Panel, the Company will not be subject to the provisions of the UK City Code upon Admission.

However, to protect the minority shareholders of the Company in circumstances where any person acquires direct or indirect predominant control of the Company by obliging that person to make an offer to all the holders of the Company's voting securities for all their holdings at an equitable price, the part of the Dutch takeover provisions regarding mandatory takeover bids, in terms of when a mandatory takeover bid is triggered (including as regards acting in concert related considerations) will be made applicable to the Company by virtue of its inclusion in the Articles of Association. The Articles of Association will provide that the Company and each shareholder (which for these purposes includes EI Holders) submits to arbitration in relation to certain matters concerning the application of the Dutch takeover provisions, provided that if, for any reason, the relevant arbitral tribunal decides that it has no jurisdiction, the matter shall be referred to the English courts for resolution.

By virtue of the Articles of Association, the relevant provisions of the DFSA regarding mandatory public offers apply through incorporation by reference. As such, in line with Section 5:70 of the DFSA, any person – whether acting alone or in concert with others – who, directly or indirectly, acquires a controlling interest in of the Company will be obliged to launch a mandatory public offer for all outstanding shares in the share capital of the Company. Acquiring direct or indirect predominant control is deemed to exist if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting. An exception is made for, amongst others, Shareholders who – whether alone or acting in concert with others – (i) have an interest of at least 30% of the Company's voting rights before the Shares are first admitted to trading on Euronext Amsterdam and who still have such an interest after such first admittance to trading, and (ii) reduce their holding to below 30% of the voting rights within 30 days of the acquisition of the controlling interest provided that (a) the reduction of their holding was not effected by a transfer of Shares to an exempted party and (b) during such period such Shareholders or group of Shareholders did not exercise their voting rights.

The Articles of Association provide that if a shareholder (either alone or acting in concert) acquires direct or indirect predominant control of the Company and fails to make a mandatory bid as required by the Articles of Association and the Dutch takeover provisions, as incorporated into the Articles of Association, then (for so long as such breach remains unremedied) the voting and dividend rights attaching to the relevant shareholder's (and its concert parties) shares shall be suspended and the relevant shareholder (and its concert parties) shall be prohibited from participating (including voting) in any general meeting of the Company.

H&F and Eiffel (a nominated investment vehicle of GIC Special Investments Pte Ltd) will be treated as acting in concert for the purposes of the takeover provisions regarding mandatory bids as incorporated into the Articles of Association as a consequence of their indirect joint holding in the Company through LHC3. GIC Pte Ltd, the 100% parent shareholder of GIC Special Investments Pte Ltd, shall, if and when it acquires a (further) interest in the Company also be treated as part of the same concert party group. Therefore, LHC3 will be treated as acting in concert with H&F, Eiffel and GIC Pte Ltd. Considering that the shareholding of the concert party group in the Company exceeds 30% at first admission of the Shares to listing on Euronext Amsterdam, H&F, Eiffel and GIC Pte Ltd will be 'grandfathered' along with LHC3 for the purpose of the takeover provisions regarding mandatory bids as incorporated into the Articles of Association. For so long as their combined interest in the Company remains at least 30%, these concert parties will not be obliged to make a mandatory bid for the Company in accordance with and pursuant to the terms of the Articles of Association.

In addition, it is prohibited to launch a public takeover bid for shares of a listed company, such as the Shares, unless an offer document has been approved by the AFM. A public takeover bid may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The Dutch takeover provisions are intended to ensure that in the event of a public takeover bid, among others, sufficient information will be made available to the holders of the shares, the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

15.23.2 *UK City Code on Takeovers and Mergers*

For the purposes of the UK City Code, the Company's place of central management and control, upon Admission, will be outside of the UK, the Channel Islands or the Isle of Man. Therefore, as confirmed by the Takeover Panel, the Company will not be subject to the provisions of the UK City Code upon Admission.

In the event the Takeover Panel determines the Company's place of central management and control, for the purposes of the UK City Code, to be in the UK, the Channel Islands or the Isle of Man at some point after Admission, during any such period where the UK City Code applied to the Company, it would be for the offeror to agree the division of applicable rules with the AFM and the Takeover Panel. The Articles of Association contain provisions requiring the board to manage its affairs (including succession planning) to ensure that a majority of directors of the Board are resident outside of the UK, the Channel Islands or the Isle of Man so as to minimise the likelihood of the UK City Code applying to the Company, although a range of factors would be assessed by the Takeover Panel to determine the Company's place of central management and control for the purposes of the UK City Code.

15.23.3 *UK Companies Act*

Squeeze-out

Under the UK Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90% of the shares to which such offer related, it could then compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfer on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

Sell-out

The UK Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Delisting

According to Euronext Announcement 2004-041, Euronext Amsterdam applies the following policy on delisting of shares. Shares can be delisted from Euronext Amsterdam at the request of the shareholders or issuer if:

- a public offer for all shares goes unconditional, giving the bidder at least 95% of the shares and the issuer agrees to the delisting;
- if a single shareholder holds at least 95% of shares other than by means of a public offer and the issuer agrees to the delisting subject to applying a certain sell-out procedure in relation to the other shareholders;
- if several shareholders acting in concert hold at least 95% of shares and the issuer agrees to the delisting subject to applying a certain sell-out procedure in relation to the other shareholders; and
- if the shares of a certain type or the depositary receipts for a certain type of share listed on Euronext Amsterdam's stock market have also been listed for at least 12 months on another regulated and sufficiently liquid market that offers, in Euronext Amsterdam's opinion, adequate safeguards for the protection of investors and the proper functioning of the market.

In addition, the Articles of Association provide that (subject to applicable law or listing rules) any delisting of the Company (other than in connection with, or as a result of, any public tender offer or other change of control transaction) shall require the prior approval of at least 90% of the general meeting of the Company.

15.24 Obligations of Shareholders, the Company and Directors to Notify Holdings of Shares and Voting Rights

Following the end of the withdrawal transition period in connection with the UK's exit from the European Union on January 1, 2021, the UK is regarded as a third country issuer for the purposes of European Union legislation and, as such, certain specific notification obligations under the DFSA will apply.

15.24.1 *Shareholders*

Shareholders may be subject to notification obligations under the DFSA. Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

Pursuant to chapter 5.3 of the DFSA, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give written notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) Shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) Shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities or by a third party for such person's account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) Shares which such person (directly or indirectly), or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire Shares; (vi) Shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vii) Shares that must be acquired upon exercise of a put option by a counterparty; and (viii) Shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those Shares.

Controlled entities ("*gecontroleerde ondernemingen*" within the meaning of the DFSA) do not themselves have notification obligations under the DFSA as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the DFSA, including an individual. If a person who has a 5% or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the DFSA will become applicable to such former controlled entity.

Special attribution rules apply to the attribution of Shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of Shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the Shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the Shares and/or voting rights.

For the same purpose, the following instruments qualify as "shares": (a) shares, (b) depositary receipts for shares (or negotiable instruments similar to such receipts), (c) negotiable instruments for acquiring the instruments under (a) or (b) (such as convertible bonds), and (d) options for acquiring the instruments under (a) or (b).

Furthermore, when calculating the percentage of capital interest a person is also considered to be in possession of Shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the Shares or any distributions associated therewith and which does not entitle such person to acquire any Shares, (ii) such person may be obliged to subscribe for or purchase Shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding Shares.

If a person's capital interest and/or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification in relation to the Company's issued and outstanding share capital or voting rights.

Every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing any of the abovementioned thresholds as a consequence of a different composition by means of an exchange or conversion into shares or the exercise of rights pursuant to an agreement to acquire voting rights, shall notify the AFM at the latest within four trading days after the date on which the holder knows or should have known that his interest reaches, exceeds or falls below a threshold.

15.24.2 *The Company*

Under the DFSA, the Company is required to notify the AFM promptly after Settlement of the Company's issued and outstanding share capital and voting rights. Thereafter the Company is required to notify the AFM promptly of any change of 1% or more in the Company's issued and outstanding share capital or voting rights since the previous notification. Other changes in the Company's issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred.

15.24.3 *Directors*

Furthermore, pursuant to the Market Abuse Regulation, persons discharging managerial responsibilities (each a ***PDMR***) must notify the AFM and the Company of any transactions conducted for his or her own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. PDMRs within the meaning of the Market Abuse Regulation include: (a) Directors; or (b) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with PDMRs, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, PDMRs must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

15.24.4 *Public registry*

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of and publishes all notifications made pursuant to the DFSA and the Market Abuse Regulation at its website (www.afm.nl). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

15.25 Short Positions

15.25.1 *Net Short Position*

Pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification shall be made no later than 15:30 CET on the following trading day.

15.25.2 *Gross Short Position*

Furthermore, each person holding a gross short position in relation to the issued share capital of the Company that reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM.

If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification in the public register of the AFM.

The AFM keeps a public register of the short selling notifications. Shareholders are advised to consult with their own legal advisors to determine whether any of the above short selling notification obligations apply to them.

15.25.3 *Non-compliance with disclosure obligations*

Non-compliance with these notification obligations is an economic offence (*economisch delict*) and may lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative sanctions or a cease-and-desist order under penalty for non-compliance, and the publication thereof. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed.

In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by the Company, or by one or more Shareholders who alone or together with others represent at least 3% of the issued and outstanding share capital of the Company or voting rights. The measures that the civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the General Meeting until the court makes a decision about such voiding; and
- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring Shares or voting rights in the Company.

15.26 Market Abuse Rules

The regulatory framework on market abuse is laid down in the Market Abuse Directive (2014/57/EU) as implemented in Dutch law and the Market Abuse Regulation which is directly applicable in the Netherlands in respect of companies listed on Euronext Amsterdam. The provisions of the UK Market Abuse Regulation dealing with inside information, insider dealing, unlawful disclosure of inside information and market manipulation will also apply to the Shares given that the UK Market Abuse Regulation is directly applicable to financial instruments admitted to trading on a UK or an EU regulated market.

Pursuant to the Market Abuse Regulation and the UK Market Abuse Regulation, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (c) unlawfully disclose inside information relating to the Shares or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to the Shares in the Company or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have an effect on the price of the Shares or the other financial instruments or on the price of related derivative financial instruments (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also deemed to be inside information.

The Company will be under an obligation to make any inside information public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information. However, the Company may defer the publication of inside information if it can guarantee the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the Company's legitimate interests and if the deferral does not risk misleading the market. If the Company makes use of this deferral right, it needs to inform the AFM thereof as soon as that information is made public. Upon request of the AFM, a written explanation needs to be provided setting out why a deferral was considered permitted. The Company is required to post and maintain on its website all inside information for a period of at least five years.

A PDMR is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or an annual report of the Company.

15.27 Non-compliance with the Market Abuse Rules

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offence (*economisch delict*) and/or a crime (*misdrijf*).

The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, the public prosecutor is no longer allowed to impose administrative penalties and vice versa.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

The Company has adopted a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by Directors and the Company's employees, which will be effective as at the First Trading Date.

The Company and any person acting on its behalf or on its account is obligated to draw up an insider list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

As certain provisions of the UK Market Abuse Regulation are applicable to the Shares as set out in 15.26 above, the FCA also has the power to impose penalties in respect of a breach of those provisions, which may include a fine, public censure, an order to make restitution or a restraining injunction.

15.28 Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on the requirements of the Market Abuse Regulation. The code adopted will apply to the Directors and other relevant employees of the Group.

15.29 Transparency Directive

The Netherlands is the Company's home member state for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU), as a consequence of which the Company will be subject to the DFSA in respect of certain on-going transparency and disclosure obligations.

16. The Offering

16.1 Introduction

Through the sale of Offer Shares pursuant to the Offering, the Company expects the Offering Shareholders to raise €1,841,072,068 (assuming the maximum number of Shares is sold, the Offer Price is set at the mid-point of the Offer Price Range and no exercise of the Over-Allotment Option) before taking into account expenses associated with the Offer. In addition, a further 24,547,628 Offer Shares in the Company may be made available by the Offering Shareholders pursuant to the Over-Allotment Option.

Assuming no exercise of the Over-Allotment Option, the Offer Shares will constitute not more than 26.0% of the issued Shares. Assuming that the Over-Allotment Option is fully exercised, the Offer Shares will constitute not more than 29.9% of the issued Shares. There will be no public offering in any jurisdiction.

The Offering consists of private placements to a range of institutional investors in various jurisdictions. The Offer Shares are being offered (i) within the United States to persons reasonably believed to be QIBs, as defined in, and in reliance on, Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (ii) outside the United States in compliance with Regulation S. The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of Offer Shares may lawfully be made.

16.2 Over-Allotment Option

The Offering Shareholders have granted the Stabilisation Manager, on behalf of the Underwriters, the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager, on behalf of the Underwriters, may require the Offering Shareholders to sell at the Offer Price up to 24,547,628 Additional Shares, comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover over-allotments in connection with the Offering (if any) or facilitate stabilisation transactions (if any).

16.3 Major Shareholders

As at the date of this Prospectus, the shareholders of the Company are LHC3 (which is indirectly controlled by H&F), CS AG and BP2S and BNPP AM Holding (which are each indirectly controlled by BNP PARIBAS), which together hold 100% of the Company's issued ordinary share capital.

The following table sets forth the shareholders of the Company which, to the Company's knowledge, will directly or indirectly have a notifiable interest in the Company's capital and voting rights within the meaning of the DFSA (i) immediately prior to Admission and (ii) immediately following Admission assuming the maximum number of Offer Shares are purchased, (a) without the Over-Allotment Option (as defined below) being exercised and (b) with full exercise of the Over-Allotment Option.

	Shares expected to be owned immediately prior to Admission		Shares expected to be owned immediately following Admission assuming the maximum number of Offer Shares are purchased			
			Without exercise of the Over-Allotment Option		With full exercise of the Over-Allotment Option	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Existing Shareholders						
LHC3[(1)(2)]	400,000,444	63.55%	298,077,436	47.36%	282,788,984	44.93%
CS AG[(2)(3)]	87,804,976	13.95%	62,898,575	9.99%	59,162,615	9.40%
BP2S[(2)(4)]	101,967,024	16.20%	65,145,583	10.35%	59,622,367	9.47%
BNPP AM Holding[(4)]	39,653,904	6.30%	39,653,904	6.30%	39,653,904	6.30%
Cornerstone Investors						
BlackRock	-	-	23,809,524	3.78%	23,809,524	3.78%
Janus Henderson Investors	-	-	11,428,571	1.82%	11,428,571	1.82%
Jupiter	-	-	19,047,619	3.03%	19,047,619	3.03%
Lazard	-	-	11,428,571	1.82%	11,428,571	1.82%
Mawer	-	-	15,238,095	2.42%	15,238,095	2.42%

Notes:

(1) H&F and Eiffel indirectly hold their shares in the Company through LHC3. H&F holds 63.5% of the ordinary shares in LHC3 and Eiffel holds 35.7% of the ordinary shares in LHC3 (prior to taking account of any dilution resulting from the Management Equity Plan described in paragraph 14.12). The business address of LHC3 is at 3rd floor, 37 Esplanade, St Helier, Jersey, JE2 3QA.

(2) The allocation of Offer Shares to be sold by each Offering Shareholder in the Offering will be confirmed at a later date prior to publication of the Pricing Statement, and their exact post-Admission shareholdings will be disclosed in the Pricing Statement.

(3) The business address for CS AG is at Paradeplatz 8, 8001, Zurich, Switzerland.

(4) BNP PARIBAS indirectly controls BP2S and BNPP AM Holding. The business address for BP2S is at 3 rue d'Antin, and the business address for BNPP AM Holding is at 75002 Paris, France and BNPP AM Holding is 1 boulevard Haussmann 75009 Paris, France.

16.4 Cornerstone Investors

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €850 million, and the Offering Shareholders have agreed to sell such Offer Shares to the Cornerstone Investors at the Offer Price. The Cornerstone Investors will purchase Shares pursuant to, and as part of, the Offering. The Offer Shares to be purchased by the Cornerstone Investors will rank *pari passu* with all other Offer Shares sold in the Offering. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. The obligations of the Cornerstone Investors under the Cornerstone Investment Agreements to purchase Offer Shares in the Offering are subject to certain conditions. For more information, see paragraph 20.5.5 of Section 20 (*General Information on the Company*).

16.5 Expected Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering. See Section 16.7 (*Acceleration or Extension*).

Event	**Time (CET) and date**
Commencement of the Offering Period	9:00 – April 16, 2021
End of the Offering Period for investors	14:00 – April 22, 2021
Expected pricing	April 22, 2021
Publication of results of the Offering and expected Allocation	April 23, 2021
First Trading Date (commencement of trading on an 'as-if-and-when-delivered' basis on Euronext Amsterdam)	April 23, 2021
Settlement Date (payment and delivery)	April 27, 2021

The Company and the Offering Shareholders, together with Joint Global Coordinators may adjust the dates, times and periods given in the timetable and throughout this Prospectus.

16.6 Offering Period

The Offering Period will begin on April 16, 2021 at 9:00 CET and is expected to end at 14:00 CET on April 22, 2021, subject to acceleration or extension of the timetable for the Offering. In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus that is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus and the end of the Offering Period, a supplement to this Prospectus will be published, the Offering Period will be extended, if so required by the Prospectus Regulation. A supplement to this Prospectus shall be subject to approval by the AFM and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement. See also Section 2 (*Important Information*) – "*Supplements*".

16.7 Acceleration or Extension

The Company and the Offering Shareholders, together with the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If so decided, the Company will make this public through a press release, which will also be posted on the Company's website (www.allfunds.com). Any other material alterations will also be published through a press release that will be posted on the Company's website (www.allfunds.com) and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM. Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period.

16.8 Offer Price and Number of Offer Shares

The Offer Price Range is expected to be in the range of €10.50 to €12.00 (inclusive) per Offer Share. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range, which is an indicative price range, may be changed and/or the number of Offer Shares being offered may be increased or decreased, as described in more detail below in – "*Change of the Offer Price Range or Number of Shares*".

The Offer Price and the exact number of Offer Shares offered in the Offering will be determined by the Company and the Offering Shareholders in agreement with the Underwriters, prior to Allocation on the basis of the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate.

The Offer Price (in euro), the exact number of Offer Shares to be offered in the Offering and the maximum number of Additional Shares will be stated in the Pricing Statement that will be published through a press release that will be filed with the AFM and will also be posted on the Company's website (www.allfunds.com).

16.9 Change of the Offer Price Range or Number of Offer Shares

The Offer Price Range is an indicative price range. The Company and the Offering Shareholders, in agreement with the Underwriters, reserve the right to change the Offer Price Range and to increase or decrease the total number of Offer Shares prior to Allocation. Any such change will be announced in a press release (that will also be posted on the Company's website (www.allfunds.com). Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Additional Shares should be read as referring to the amended number of Additional Shares.

16.10 Subscription and Allocation

Allocation is expected to take place after the end of the Offering Period on or about April 23, 2021, subject to acceleration or extension of the timetable for the Offering.

Allocation to investors who applied to purchase Offer Shares will be made by the Company and the Offering Shareholders in agreement with the Underwriters, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. Investors may not be allocated all of the Offer Shares for which they apply. There is no maximum or minimum number of Offer Shares for which prospective investors may apply to purchase and multiple applications are permitted. In the event that the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied for. The Company, the Offering Shareholders and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any applications wholly or partly. Any monies received in respect of applications which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. On the day that Allocation occurs, the Joint Global Coordinators will, on behalf of the Underwriters, notify institutional investors or the relevant financial intermediary of any Allocation made to them or their clients. Any monies received in respect of applications that are not accepted in whole or in part will be returned to the investors without interest or other compensation and at the investor's risk.

Each investor participating in the Offering will be deemed to have made certain representations and statements to the Underwriters as described in Section 18 (*Selling and Transfer Restrictions*). Furthermore, each investor is expected to have read, and complied with, certain selling and transfer restrictions described in Section 18 (*Selling and Transfer Restrictions*). Each prospective investor should seek advice from its own advisors in relation to the legal, tax, business, financial and other aspects of participating in the Offering.

16.11 Listing and Trading

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all the Shares to trading on Euronext Amsterdam under the symbol "ALLFG". The ISIN Code for the Shares is GB00BNTJ3546.

Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Shares on Euronext Amsterdam is expected to commence at 9.00am CET on the First Trading Date. Trading in the Offer Shares before Settlement will take place on an 'as-if-and-when-delivered' basis.

The Shares will trade in euro on Euronext Amsterdam.

Subject to acceleration or extension of the timetable for the Offering, unconditional trading in the Offer Shares on Euronext Amsterdam is expected to commence on the Settlement Date. Trading in the Offer Shares before the closing of the Offering will take place on an 'as-if-and-when-delivered' basis.

16.12 Payment

Payment (in euro) for, and delivery of, the Offer Shares will take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information see Section 19 (*Taxation*). Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, Allocation, commencement of trading and Settlement). The Offer Price must be paid in cash by investors upon remittance of their application for Offer Shares or, alternatively, by investors authorising their financial intermediary to debit their bank account with such amount for value on or before the Settlement Date.

16.13 Delivery, Clearing and Settlement

For purposes of Admission to Euronext Amsterdam, the Shares are registered shares, which will be entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Giro Securities Transfer Act. Application has been made for the Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares, through the book-entry systems of Euroclear Nederland, will take place on the Settlement Date through the book-entry facilities of Euroclear Nederland in accordance with their respective normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

Subject to acceleration or extension of the timetable for the Offer, the Settlement Date is expected to be April 27, 2021, the second business day following the First Trading Date (T+2). The closing of the Offering may not take place on the Settlement Date, or at all, if the conditions referred to in the Underwriting Agreement are not satisfied or, where possible, waived on or prior to such date. See "*Plan of Distribution—Underwriting Arrangements*" for further information on the conditions to the Underwriting Agreement. If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors for Offer Shares will be returned without interest or other compensation. Any transactions in Shares prior to Settlement are at the sole risk of the parties concerned. None of the Company, the Existing Shareholders, the Underwriters, the Listing and Paying Agent and Euronext Amsterdam N.V. accepts any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offer or the (related) annulment of any transactions in Shares on Euronext Amsterdam.

16.14 Voting Rights

Each Share confers the right to cast one vote in the General Meeting. All Shareholders have the same voting rights pro rata the number of Shares they hold. Major shareholders, including the Existing Shareholders, do not have different voting rights.

16.15 Ranking and Dividends

The Offer Shares will upon issue, rank *pari passu* in all respects with the, at that time, outstanding Shares. The Offer Shares will carry dividend rights as of the date of issue. See Section 5 (*Dividend Policy*).

16.16 Articles of Association

All investors participating in the Offering (and any future holder of the Offer Shares) shall hold their Shares pursuant to the terms of the Articles of Association in accordance with the provisions of the Dutch Giro Securities Transfer Act (through the systems maintained by Euroclear Nederland).

16.17 Listing and Paying Agent

ING is the Listing and Paying Agent with respect to the Shares.

16.18 Stabilisation Manager

Morgan Stanley is the stabilisation manager for the Offering.

16.19 Expenses charged to investors

No expenses or fees will be charged by the Company or the Offering Shareholders to investors in relation to the Offering.

17. **Plan of Distribution**

17.1 Underwriting Agreement

The Company, the Offering Shareholders and the Underwriters entered into the Underwriting Agreement on April 16, 2021 with respect to the offer and sale of the Offer Shares in the Offering.

After the entering into of the pricing memorandum between the Company, the Offering Shareholders and the Underwriters (the ***Pricing Memorandum***), which is a condition for the obligations of the Underwriters under the Underwriting Agreement, and the terms of and subject to the conditions set forth in the Underwriting Agreement, the Underwriters will, severally but not jointly, agree to use reasonable endeavours to procure purchasers for the Offer Shares at the Offer Price. To the extent that the Underwriters fail to procure such purchasers, the Underwriters will themselves, severally but not jointly, purchase such Shares at the Offer Price. The Offering Shareholders will agree to sell the Offer Shares at the Offer Price.

Subject to the satisfaction of conditions precedent, the proportion of total Offer Shares which each Underwriter may severally but not jointly be required to purchase is indicated below.

Underwriters	**Underwriting commitment of Offer Shares**
BNP PARIBAS	18.5%
Credit Suisse Securities, Sociedad de Valores, S.A.	18.5%
Citigroup Global Markets Europe AG	18.5%
Morgan Stanley Europe SE	18.5%
Banco Santander, S.A.	4.0%
Barclays Bank Ireland PLC	4.0%
BofA Securities Europe SA	4.0%
CaixaBank S.A.	4.0%
HSBC Continental Europe S.A.	4.0%
ING Bank N.V.	2.0%
Intesa Sanpaolo S.p.A.	4.0%
Total	**100%**

In the Underwriting Agreement, the Company and the Offering Shareholders have made certain representations and warranties and given certain undertakings. In addition, the Company has agreed to indemnify the Underwriters against certain liabilities in connection with the Offering.

The Underwriting Agreement provides that the obligations of the Underwriters to procure purchasers for the Offer Shares or, failing which, themselves to purchase such Shares are subject to, among other things, the following conditions precedent:

- the approval of this Prospectus by the AFM remaining in full force and effect,
- receipt at closing of the Offer of opinions on certain legal matters from counsel,
- the execution of documents relating to the Offering, including the Relationship Agreement and the Cornerstone Investment Agreements, and such documents being in full force and effect,
- the entering into of the Pricing Memorandum, and thereby the determination of the Offer Price and the exact number of the Offer Shares (i.e. underwriting of settlement risk only),
- the admission of the Shares to listing and trading on Euronext Amsterdam on or prior to the Settlement Date,
- immediately prior to Admission, there not having been, in the good faith opinion of the Joint Global Coordinators, a material adverse change in the (financial, operational, legal or otherwise) operations, earnings, business affairs or prospects of the Company or the Group taken as a whole, and
- certain other customary conditions, including in respect of the accuracy of representations and warranties by the Company and the Offering Shareholders, and the Company and the Offering Shareholders having complied in all material respects with the terms of the Underwriting Agreement.

Upon the occurrence of certain specified events, such as the occurrence of (i) any change in or affecting the business, condition (financial, operational, legal or otherwise), operations, earnings, assets or prospects, of the Company and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) any material breach by the Company or the Offering Shareholders of any undertaking in the Underwriting Agreement, (iii) a statement in this Prospectus, the Pricing Statement or any amendment or supplement to this Prospectus being untrue, or inaccurate in a material respect, misleading in any respect or any matter which would constitute a material inaccuracy or omission therefrom, or (iv) a material adverse change in the financial markets in the Netherlands, the United Kingdom or the United States or international financial markets, any outbreak or escalation of hostilities, war, act of terrorism, declaration of emergency or martial law or other calamity or crisis or event or any change or development involving a prospective change in national or international political, financial, economic, monetary or market conditions or currency exchange rates or controls, the Underwriters may elect to terminate the Underwriting Agreement at any time prior to Admission (or thereafter, in respect of the Over-Allotment Option only).

In consideration of the agreement by the Underwriters to procure purchasers for or, failing which, themselves to purchase such Shares, at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Offering Shareholders have agreed to pay the Joint Global Coordinators (on behalf of the Underwriters) an aggregate commission of 1.75% of the gross proceeds of the Offering (including, if applicable, any gross proceeds from the exercise of the Over-Allotment Option, as applicable). In addition, the Offering Shareholders may pay the Joint Global Coordinators (on behalf of the Underwriters) a discretionary commission of up to 1.25% of the gross proceeds of the Offering (including, if applicable, any gross proceeds from the exercise of the Over-Allotment Option, as applicable). Legal fees and certain expenses incurred by the Underwriters in connection with the Offering will be payable by the Company.

Following termination of the Underwriting Agreement, all applications to purchase Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned. See Section 16 (*The Offering*) – "*Delivery, Clearing and Settlement*" for further information on a withdrawal of the Offer or the (related) annulment of any transactions in Shares on Euronext Amsterdam.

The Offer Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. Any offer or sale of Offer Shares in the United States will be made by the Underwriters, their affiliates or agents, who are registered US broker-dealers, pursuant to applicable US securities laws.

17.2 Potential Conflicts of Interests

The Underwriters are acting exclusively for the Company and/or for the Existing Shareholders and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and/or the Existing Shareholders for providing the protections afforded to clients, giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

The Underwriters, in connection with the Offering, will receive commissions related to the roles played in the Offering.

The Underwriters and/or their respective affiliates may have in the past engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Existing Shareholders (or any parties related to and competing with any of them) for which they have received or may in the future receive customary compensation, fees and/or commission. In addition, BNP PARIBAS is an affiliate of BP2S and BNPP AM Holding, Credit Suisse is an affiliate of CS AG, which are Existing Shareholders, and the group to which IMI – Intesa Sanpaolo belongs is engaged in a commercial relationship with the Company acting as one of the main Distributors (see also paragraph 1.1.5). Furthermore, certain of the Underwriters or their affiliates may participate in financing arrangements, including a potential margin loan, with the Company and/or any of the Existing Shareholders, in relation to which such Underwriters or their affiliates may receive fees or other compensation. For a description of the Revolving Credit Facility, see paragraph 20.5.6.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering as a principal position and in that capacity may retain or purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the

Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's or the Group's interests.

17.3 Lock-up Arrangements

The Joint Global Coordinators (acting on behalf of the Underwriters) may, in their sole discretion and at any time without prior public notice, waive the restrictions, including those on sales, issues or transfers of Shares, described below. If the consent of the Joint Global Coordinators (acting on behalf of the Underwriters) in respect of a lock-up arrangement is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted.

17.3.1 *Company lock-up*

Pursuant to the Underwriting Agreement, the Company has agreed that, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed), it will not, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of Admission, (a) directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (b) enter into any swap or other agreement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise, (c) announce its intention to do any of the foregoing or (d) submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.

17.3.2 *Offering Shareholders lock-up*

Pursuant to the Underwriting Agreement, the Offering Shareholders have agreed that, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed), they will not, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the date of Admission, (a) directly or indirectly offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (b) enter into any swap or other agreement or any transaction that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (c) announce its intention to do any of the foregoing. These restrictions shall not apply to (i) the sale of Shares in the Offering or sale of Shares pursuant to the Over-allotment Option, (ii) the lending of Shares to the Stabilisation Manager (acting on behalf of the Underwriters) pursuant to the Stock Lending Agreement, (iii) accepting a general offer for the ordinary share capital of the Company made in accordance with the Dutch Financial Supervision Act and/or the Articles of Association, or the provision of an irrevocable undertaking to accept such an offer, or vote in favour of, or provide an irrevocable undertaking to vote in favour of, on a scheme of arrangement in relation to a takeover offer for the ordinary share capital of the Company, (iv) any transfer of Shares by Offering Shareholders to any of (A) its ultimate holding company, subsidiaries or subsidiary undertakings, or to any subsidiary or subsidiary undertaking of its ultimate holding company or (B) its Affiliates or to any investment fund or other entity controlled or managed by the relevant Offering Shareholder or any of the entities referred to in (A), provided that prior to any such transfer the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period, (v) the sale of Shares to the Cornerstone Investors in accordance with the Cornerstone Investment Agreements, (vi) the granting of pledges or security of Shares to any bank which has entered into a margin loan facility agreement (as lender) with any Offering Shareholder (as borrower) or transferring any Shares pursuant to enforcement of any such pledge or security over Shares granted by an Offering Shareholder to or for the benefit of a bank in connection with the provision of a margin loan, provided that any proposed transferee of those Shares pursuant to an enforcement of security shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period, (vii) any disposal of Shares acquired following Admission, or (viii) the entry into transactions by CS AG and BP2S in order to fulfil (whether as principal or agent) a third party client order in relation to the Shares or derivatives relating to the Shares.

17.3.3 *Management and employee lock-up deeds*

The Directors and the members of the Executive Management Team as at the Settlement Date have agreed in separate lock-up deeds that, without the prior written consent of the Joint Global Coordinators (not to be unreasonably withheld or delayed) on behalf of the Underwriters, they will not, during a period of 365 days from the Settlement Date,

(a) offer, pledge, sell, transfer, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any ordinary shares or other shares of the Company or warrants or any securities convertible into or exercisable or exchangeable for ordinary shares or other shares of the Company or warrants or file any registration statement under the US Securities Act of 1933, as amended, with respect to any of the foregoing, (b) enter into any swap, hedge or any other agreement or any transaction that transfers, in whole or in part the economic consequence of ownership of ordinary shares or other shares of the Company or warrants, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or other shares of the Company or warrants of the Company or such other securities, in cash or otherwise or (c) announce their intention to do any of the foregoing. These restrictions shall not apply to (i) accepting a general offer for the ordinary share capital of the Company made in accordance with the Dutch Financial Supervision Act and/or the Articles of Association, or the provision of an irrevocable undertaking to accept such an offer, or vote in favour of, or provide an irrevocable undertaking to vote in favour of, on a scheme of arrangement in relation to a takeover offer for the ordinary share capital of the Company, (ii) the transfer of Shares by way of gift to (A) any direct family member of the individual, (B) a person acting in its capacity as a trustee of a trust the beneficiaries of which include the individual or a person who is connected with the individual by virtue of (A), provided that prior to any transfer the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period, (iii) the sale or disposal of Shares to settle any tax liabilities arising as a result of the Offering provided that any disposal on Euronext Amsterdam on any given day shall not exceed 5 per cent of the volume traded on that particular day and prior to any transfer the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period, (iv) any disposal of Shares acquired following Admission, (v) any disposal of rights to new Shares to be issued by way of rights issue to fund a take-up of the balance of rights of an individual manager, (vi) any disposal to or by a manager's personal representative if a manager dies during the lock-up period, (vii) any participation by any individual manager in sell-down arrangements implemented as part of the Offering which result in a disposal by such manager of his/her shares in LHC Manco Limited and cash being received by such manager, (viii) any election made by managers during the lock-up period under and subject to the terms of the existing Management Equity Plan to receive cash as part of a sell-down by Existing Shareholders where such sell-down completes and such cash is received by the managers after the lock-up period, and (ix) any disposal by an individual manager of his/her shares in LHC Manco Limited (and, for the avoidance of doubt, not a disposal of Shares) for a price equal to the price originally paid by that individual manager for those shares which is required as a result of result of becoming a "Leaver" under the management investment and shareholders' deed dated 13 July 2018, as amended from time to time (the "Leaver" arrangements being intended to provide an economic disincentive to leave).

For the avoidance of doubt, the lock-up deeds apply to any indirect interests of the Directors and members of the Executive Management Team held through the MEP such that these individuals may not receive value in respect of their MEP interests and other indirect LHC1 interests if there is a sale of the Company's Shares by LHC3 during the period of 365 days from the Settlement Date. These individuals will have a one-time catch-up right following the expiry of the lock-up period pursuant to which they will be able to receive value in respect of their MEP interests and other indirect LHC1 interests in respect of any sales of the Company's shares by LHC3 during the lock-up period, up to the amount they would have been able to access but for the lock-up deeds. For more detail on the MEP, see paragraph 14.12 of Section 14 (*Board and Employees*).

17.4 Over-allotment and Stabilisation

In connection with the Offering, Morgan Stanley as the Stabilisation Manager (or any of its agents), on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable laws and regulations, over-allot Shares or effect other transactions with the view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market. The Stabilisation Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilisation Manager or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice and must be discontinued within 30 days after the commencement of conditional dealings in the Offer Shares. Save as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Underwriting Agreement provides that the Stabilisation Manager may, for purposes of stabilising transactions, over-allot Shares up to a maximum of 15% of the aggregate number of Offer Shares sold in the Offering (excluding Additional Shares), or up to 24,547,628 Additional Shares assuming the maximum number of Offer Shares is offered and sold in the Offering.

None of the Company, the Existing Shareholders or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares or any other securities of the Company. In addition, none of the Company, the Existing Shareholders or any of the Underwriters makes any representation that the Stabilisation Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

18. Selling and Transfer Restrictions

18.1 General

In making an investment decision, prospective investors must rely on their own assessment of the Company and the terms of the Offering, including the merits and risks involved. Any decision to purchase Offer Shares should be based solely on this Prospectus, and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation.

The Offering to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional adviser as to whether they require any governmental or any other consent or need to observe any other formalities to enable the investor to accept, sell or purchase Offer Shares.

No action has been or will be taken by the Company, the Offering Shareholders or the Underwriters to permit a public offering of the Offer Shares in any jurisdiction, or possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for informational purposes only and should not be copied or redistributed. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdictions.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or may contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this Section 18 (*Selling and Transfer Restrictions*).

Subject to the specific restrictions described below, if investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws and regulations of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdictions.

The information set out in this Section 18 (*Selling and Transfer Restrictions*) is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to subscribe for or purchase Offer Shares should consult their professional advisor without delay.

None of the Company, the Existing Shareholders or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective investor in any of the Offer Shares, of any such restrictions.

18.2 Selling and Transfer Restrictions

18.2.1 *Notice to Investors in the United States*

Due to the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares.

(1) Restrictions under the US Securities Act

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority or any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with applicable state securities laws. Accordingly, the Underwriters may offer Shares (i) in the United States only through their US registered broker affiliates to persons reasonably believed to be QIBs in reliance on Rule 144A and (ii) outside the United States in compliance with Regulation S.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offering or sale of Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another applicable exemption from registration under the US Securities Act.

(2) Purchasers in the United States

Each purchaser of the Offer Shares within the United States will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
- the purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware, and each beneficial owner of such Offer Shares has been advised, that the sale to it is being made in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and (iii) is purchasing such Offer Shares for its own account or for the account of a QIB;
- the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;
- if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Offer Shares;
- the purchaser will not deposit or cause to be deposited such Offer Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3);
- the purchaser understands that such Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE *US SECURITIES ACT*) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE US SECURITIES ACT (*RULE 144A*) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THIS SECURITY;

- the Company, the Existing Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If the purchaser is purchasing any Offer Shares for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

- the Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

Prospective purchasers are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

(3) ***Purchasers outside the United States***

Each purchaser of the Offer Shares outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to significant restrictions on transfer;
- the purchaser and the person, if any, for whose account or benefit the purchaser is purchasing the Offer Shares, were located outside the United States at the time the buy order for such Shares was originated and continue to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States;
- the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S as described in this Prospectus;
- the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- the purchaser acknowledges that the Company, the Existing Shareholders, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs; and
- the Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

18.2.2 ***Notice to Investors in the European Economic Area***

In relation to each Member State, no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Member State, except that offers of Offer Shares may be made to the public in that Member State at any time under the following exemptions from the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in under Article 2 of the Prospectus Regulation; or
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Member State, subject to obtaining prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "*offer to the public*" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares and the expression "*Prospectus Regulation*" means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

Each person in a Member State who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with the Underwriters, the Existing Shareholders and the Company that:

- it is a qualified investor within the meaning of Article 2 of the Prospectus Regulation; and

- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, (i) the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or have been acquired in other circumstances falling within Article 1(4) of the Prospectus Regulation and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where the Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

The Company, the Existing Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Offer Shares in the Offering.

18.2.3 *Notice to Investors in the United Kingdom*

This Prospectus and any other material in relation to the Offer Shares described herein is directed at and for distribution in the United Kingdom only to persons in the United Kingdom that are qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation that are also (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000, as amended (the ***FSMA***), (Financial Promotion) Order 2005 (the ***Order***), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons being together referred to as "relevant persons").

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in United Kingdom, except that offers of Offer Shares may be made to the public in the United Kingdom at any time under the following exemptions from the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in under Article 2 of the UK Prospectus Regulation; or
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Offer Shares shall result in a requirement for the Company or the Underwriters to publish a prospectus pursuant to Section 85 of the FSMA or supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "*offer to the public*" in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares and the expression "*UK Prospectus Regulation*" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

18.2.4 *Notice to Investors in Switzerland*

This document is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares. The Offer Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (***FinSA***) and no application has or will be made to admit the Offer Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

18.2.5 *Notice to Investors in the Dubai International Financial Centre*

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for this Prospectus.

The Offer Shares to which this Prospectus relates may not be offered or sold to any person in the Dubai International Financial Centre unless such offer is: (a) an "Exempt Offer" in accordance with the Markets Rules (MKT)

Module of the Dubai Financial Services Authority rulebook; and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the Dubai Financial Services Authority rulebook. This Prospectus must not, therefore, be delivered to, or relied on by, any other person.

The Offer Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares should conduct their own due diligence on the shares. If you do not understand the contents of this Prospectus you should consult an authorised financial advisor.

18.2.6 *Notice to Investors in Canada*

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

18.2.7 *Notice to Investors in Japan*

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

18.2.8 *Notice to Investors in Hong Kong*

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of the Prospectus or any documents issued in connection with it. Accordingly: (a) the Ordinary Shares may not be offered or sold in Hong Kong by means of this document or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong); and (b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

The contents of this document have not been reviewed by any Hong Kong regulatory authority. Potential equity investors are advised to exercise caution in relation to the offer. Potential equity investors in doubt about any contents of this document should obtain independent professional advice.

18.2.9 *Notice to Investors in Singapore*

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Ordinary Shares may not be circulated or distributed, nor may the Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer; where the transfer is by operation of law;

(iii) as specified in Section 276(7) of the SFA; or

(iv) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

18.2.10 ***Notice to Investors in the United Arab Emirates (excluding the Dubai International Financial Centre)***

Each Underwriter has represented and agreed that the Offer Shares have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

18.2.11 ***Notice to Investors in Australia***

This document:

(a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("Corporations Act");

(b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act;

(c) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("ASIC"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and

(d) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they: (i) fall within one or more of the categories of investors under Section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act; and (ii) are "wholesale clients" for the purpose of Section 761G of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each subscriber or purchaser of Offer Shares represents and warrants to the Company, the Offering Shareholders, the Underwriters and their affiliates that such subscriber or purchaser is an Exempt Investor.

As any offer of Offer Shares under this document, any supplement or the accompanying prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those

Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Offer Shares, each subscriber or purchaser of Offer Shares undertakes to the Company, the Offering Shareholders and the Underwriters that such subscriber or purchaser will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

18.2.12 ***Notice to Investors in Malaysia***

No offering circular or other offering material or document in connection with the Offer and the Offer Shares has been or will be registered with the Securities Commission of Malaysia ("Commission") pursuant to the Capital Markets and Services Act 2007 of Malaysia ("CMSA") and no approval for the Offering of the Offer Shares has been obtained from the Commission pursuant to the CMSA.

Accordingly, this document and any other material or document in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (a) a closed-end fund approved by the Commission, (b) a holder of a Capital Markets Services Licence granted under Section 61 of the CMSA, (c) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3,000,000 (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual, (d) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies), per annum in the preceding twelve (12) months, (e) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve (12) months, (f) a corporation with total net assets exceeding RM10,000,000 (or its equivalent in foreign currencies), based on the last audited accounts, (g) a partnership with total net assets exceeding RM10,000,000 (or its equivalent in foreign currencies), (h) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act, 2010, (i) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act, 2010, and (j) any other person as may be specified by the Commission, provided that, in each of the preceding categories (a) to (j), the distribution of the Offer Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.

This document will only be deposited as an information memorandum with the Commission. This document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, or an invitation to subscribe for any securities requiring the registration of an offer document with the Commission under the CMSA.

19. **Taxation**

The statements summarise the current position and are intended as a general guide only. Prospective investors should be warned that the tax legislation of their country of citizenship, domicile or residency may have an impact on the income received from the Shares. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK, the Netherlands or the US are strongly recommended to consult their own professional advisers.

19.1 UK Taxation Considerations

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK law and what is understood to be the current practice of HM Revenue and Customs (***HMRC***) as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK, who hold their Shares as an investment (other than where a tax exemption applies, for example where the Shares are held in an individual savings account or pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules is not considered and it should be noted that they may incur liabilities to UK tax on a different basis to that described below. This includes persons acquiring their Shares in connection with employment, dealers in securities, insurance companies, collective investment schemes, charities, exempt pension funds, temporary non-residents and non-residents carrying on a trade, profession or vocation in the UK.

THE STATEMENTS SUMMARISE THE CURRENT POSITION AND ARE INTENDED AS A GENERAL GUIDE ONLY. PROSPECTIVE INVESTORS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UK ARE STRONGLY RECOMMENDED TO CONSULT THEIR OWN PROFESSIONAL ADVISERS.

19.1.1 *Taxation of dividends*

The Company is not required to withhold UK tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

UK resident individual Shareholders

Under current UK tax rules specific rates of tax apply to dividend income. These include a nil rate of tax (the "nil rate band") for the first GBP 2,000 of non-exempt dividend income in any tax year and different rates of tax for dividend income that exceeds the nil rate band. No tax credit attaches to dividend income. For these purposes "dividend income" includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other non-exempt dividend income received by the Shareholder in the same tax year) that dividend falls within the nil rate band.

To the extent that (taking account of any other non-exempt dividend income received by the Shareholder in the same tax year) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other non-exempt dividend income received in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5% to the extent that it is within the higher rate band, or 38.1% to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

An individual UK Shareholder who has been resident for tax purposes in the United Kingdom but who ceases to be so resident or becomes treated as resident outside the United Kingdom for the purposes of a double tax treaty for a period of five years or less and who receives or becomes entitled to dividends from the Company during that period of temporary non-residence may, if the Company is treated as a close company for UK tax purposes and certain other conditions are met, be liable for income tax on those dividends on their return to the United Kingdom. As noted in paragraph 19.1.5 below, it is possible that the Company is and will continue immediately following the Offering to be a close company.

UK resident corporate Shareholders

UK resident corporate Shareholders who are within the charge to corporation tax may be subject to corporation tax on dividends paid by the Company. However, it is likely that most dividends paid on the Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. It should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

19.1.2 ***Taxation of disposals***

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes, or, in the case of individuals who cease to be resident in the UK for a period of five years or less, may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

19.1.3 ***Stamp Duty and Stamp Duty Reserve Tax (SDRT)***

Transfers - general

Except in relation to clearance services and depositary receipt arrangements (to which the special rules outlined at paragraph 19.1.3(2) apply), stamp duty at the rate of 0.5% (rounded up to the next multiple of GBP 5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is GBP 1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds GBP 1,000.

In cases where Shares are transferred to a connected company (or its nominee), stamp duty or SDRT may be chargeable on the higher of (i) the amount or value of the consideration and (ii) the market value of the Shares.

Transfers of Shares to and within Euroclear Nederland and other clearance services or depositary receipt arrangements

1.5% Regime

Special rules apply where Shares are issued or transferred to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts or providing clearance services, including Euroclear Nederland. SDRT or stamp duty may be charged at a rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of the Shares, with subsequent agreements to transfer Shares within the clearance service or agreements to transfer depositary receipts then being free from SDRT or stamp duty. HMRC accept that the 1.5% charge is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a capital raising and has confirmed that it will not seek to collect the 1.5% charge in these circumstances. Notwithstanding the United Kingdom's exit from the EU, HMRC's published practice is that the 1.5% charge will remain disapplied in the case of new issues of shares or transfers that are an integral part of a capital raising. However, HMRC's published view is that the 1.5% SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or depositary receipt arrangement, although this has been disputed. EU case law and further litigation indicates that certain transfers of legal title to clearance services in connection with listing, but not integral to a new issue, are also not chargeable. **IN VIEW OF THE CONTINUING UNCERTAINTY, SPECIFIC PROFESSIONAL ADVICE SHOULD BE SOUGHT BEFORE INCURRING A 1.5% STAMP DUTY OR SDRT CHARGE IN ANY CIRCUMSTANCES.**

Section 97A Election Regime

The UK rules provide a statutory basis for disapplying the 1.5% charge where a clearance services provider makes an election under Section 97A(1) of the Finance Act 1986 which is approved by HMRC. In those circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer or, in certain circumstances, the value of the Shares, will instead arise on any transfer of Shares into the clearance service and on subsequent agreements to transfer such Shares within the clearance service, in accordance with the general rules. The Company is not aware that any such election has been made by Euroclear Nederland.

General

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, such as Euroclear Nederland, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system. In the event that any liability for stamp duty or SDRT arises in respect of the transfer of Shares by the Existing Shareholders to Euroclear Nederland in connection with Admission, it is expected that such liability would be borne by the Existing Shareholders and not by the Company or the investors that participate in the Offering. However, the Company has obtained confirmation from HMRC that no 1.5% stamp duty or SDRT charge should arise on the transfer of Shares by the Existing Shareholders to Euroclear Nederland in connection with Admission.

THE STATEMENTS IN THIS PARAGRAPH 19.1.3 APPLY TO ANY HOLDERS OF SHARES IRRESPECTIVE OF THEIR RESIDENCE, SUMMARISE THE CURRENT POSITION AND ARE INTENDED AS A GENERAL GUIDE ONLY. SPECIAL RULES APPLY TO AGREEMENTS MADE BY, AMONGST OTHERS, INTERMEDIARIES.

19.1.4 *Inheritance Tax*

Shares which are held in certificated form will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Shares through close companies or trust arrangements.

There might be an argument that Shares which are held through Euroclear Nederland (or through another non-UK clearance service) are not assets situated in the UK for the purposes of UK inheritance tax. Shareholders who are neither domiciled nor deemed to be domiciled in the UK for inheritance tax purposes should seek professional advice as to the UK inheritance tax treatment of Shares held in this manner.

Shareholders should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another jurisdiction, or if they are in any doubt as to their UK inheritance tax position.

19.1.5 *Close companies*

It is possible that the Company is a close company within the meaning of Part 10 of the Corporation Tax Act 2010 as at the date of this Prospectus. If the Company is a close company at the date of this Prospectus, it may continue to be a close company immediately following the Offering, and it is possible that the non-UK resident companies in the Group would, if they were UK resident for tax purposes, be close companies. As a result, certain transactions entered into by the Company or other members of the Group may, in certain circumstances, have tax implications for Shareholders (including but not limited to UK inheritance tax and/or implications related to Shareholders' base cost in the Shares for the purposes of UK tax on capital gains, in each case in certain circumstances). There may also be implications related to dividends that certain Shareholders receive or become entitled to from the Company (see paragraph 19.1.1 above). Shareholders should consult their own professional advisers on the potential impact of the close company rules.

19.2 Material Dutch Taxation Considerations

The following summary outlines certain material Dutch tax consequences in connection with the acquisition, ownership and disposal of the Offer Shares. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. The summary does not purport to present a comprehensive or complete picture of all Dutch tax aspects that could be of relevance to the acquisition, ownership and disposal of the Offer Shares by a (prospective) holder of the Offer Shares who may be subject to special tax treatment under applicable law. Unless explicitly stated otherwise, the summary is based on the tax laws and practice of the Netherlands as in effect on the date of this Prospectus, which are subject to changes that could prospectively or retrospectively affect the Dutch tax consequences.

For purposes of Dutch income and corporate income tax, shares, or certain other assets, which may include depositary receipts in respect of shares, legally owned by a third party such as a trustee, foundation or similar entity or arrangement, (a ***Third Party***), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the ***Settlor***), or, upon the death of the Settlor, such Settlor's beneficiaries (the ***Beneficiaries***), in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the ***Separated Private Assets***).

The summary does not address the Dutch tax consequences for a holder of the Offer Shares who is an individual and who has a substantial interest (*aanmerkelijk belang*) in the Company. Generally, a holder of the Offer Shares will have a substantial interest in the Company if such holder of the Offer Shares, whether alone or together with such holder's spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), shares (including the Offer Shares) representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company or (ii) (x) the ownership of, or (y) certain other rights, such as usufruct over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of the Company or to 5% or more of the liquidation proceeds of the Company.

In addition, a holder of the Offer Shares has a substantial interest in the Company if such holder, whether alone or together with such holder's spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares, or depositary receipts in respect of shares, in, or profit certificates issued by, the Company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, or depositary receipts in respect of shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

Furthermore, this summary does not address the Dutch tax consequences for a holder of the Offer Shares who is a resident of any non-European part of the Kingdom of the Netherlands.

PROSPECTIVE HOLDERS OF OFFER SHARES SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISER WITH RESPECT TO THE DUTCH TAX CONSEQUENCES OF ANY ACQUISITION, OWNERSHIP OR DISPOSAL OF OFFER SHARES IN THEIR INDIVIDUAL CIRCUMSTANCES.

19.2.1 *Dividend Withholding Tax*

Distributions made by the Company in respect of the Offer Shares are not subject to Dutch dividend withholding tax.

19.2.2 *Taxes on Income and Capital Gains*

Holders of the Offer Shares Resident in the Netherlands: Individuals

A holder of the Offer Shares, who is an individual resident or deemed to be resident in the Netherlands for Dutch tax purposes will be subject to regular Dutch income tax on the income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares, if:

(a) such holder of the Offer Shares has an enterprise or an interest in an enterprise, to which enterprise the Offer Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" ("*resultaat uit overige werkzaamheden*") which, for instance, would be the case if the activities with respect to the Offer Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*") or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest" ("*lucratief belang*")) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares will in general be subject to Dutch income tax at the progressive rates up to 49.5%.

If the abovementioned conditions (a) and (b) do not apply, a holder of the Offer Shares who is an individual, resident or deemed to be resident in the Netherlands for Dutch tax purposes will not be subject to taxes in the Netherlands on income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares. Instead, such individual is generally taxed at a flat rate of 31% on deemed income from "savings and investments" ("*sparen en beleggen*"), which deemed income is determined on the basis of the amount included in the individual's "yield basis" ("*rendementsgrondslag*") at the beginning of the calendar year (minus a tax-free threshold). For the 2021 tax year, the deemed income derived from savings and investments will amount to 1.90% of the individual's yield basis up to €50,000, 4.50% of the individual's yield basis exceeding €50,000 up to and including €950,000 and 5.69% of the individual's yield basis in excess of €950,000. The tax-free threshold for 2021 is €50,000. The tax-free threshold, the aforementioned brackets and the percentages to determine the deemed income may be amended annually.

Holders of the Offer Shares Resident in the Netherlands: Corporate Entities

A holder of the Offer Shares that is resident or deemed to be resident in the Netherlands for Dutch corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association);
- or another legal entity that has an enterprise or an interest in an enterprise to which the Offer Shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment institution (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular Dutch corporate income tax, generally levied at a rate of 25% (15% on profits up to €245,000) over income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares, unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

Holders of the Offer Shares Resident Outside the Netherlands: Individuals

A holder of the Offer Shares who is an individual, not resident or deemed to be resident in the Netherlands will not be subject to any Dutch taxes on income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares, unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer Shares are attributable; or

(b) such income or capital gain forms a "benefit from miscellaneous activities in the Netherlands" ("*resultaat uit overige werkzaamheden in Nederland*") which would for instance be the case if the activities in the Netherlands with respect to the Offer Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*" or if such income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest" ("*lucratief belang")*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gains realised upon the acquisition, redemption and/or disposal of the Offer Shares will in general be subject to Dutch income tax at the progressive rates up to 49.5%.

Holders of the Offer Shares Resident Outside the Netherlands: Legal and Other Entities

A holder of the Offer Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for corporate income tax purposes, will not be subject to any Dutch taxes on income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares, unless such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer Shares are attributable.

If the abovementioned exception applies, income derived from the Offer Shares and the gains realised upon the acquisition, redemption and/or disposal of the Offer Shares will, in general, be subject to Dutch regular corporate income tax, levied at a rate of 25% (15% over profits up to €245,000), unless, and to the extent that, the participation exemption (*deelnemingsvrijstelling*) applies.

19.2.3 *Gift, Estate and Inheritance Taxes*

Holders of the Offer Shares Resident in the Netherlands

Gift tax may be due in the Netherlands with respect to an acquisition of the Offer Shares by way of a gift by a holder of the Offer Shares who is resident or deemed to be resident of the Netherlands at the time of the gift.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of the Offer Shares by way of an inheritance or bequest on the death of a holder of the Offer Shares who is resident or deemed to be resident of the Netherlands, or in case of a gift by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being is resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift and inheritance tax, an individual with the Dutch nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or such individual's death. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident of the Netherlands if such individual has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

Holders of the Offer Shares Resident Outside the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of the Offer Shares by way of a gift by, or on the death of, a holder of the Offer Shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of the Offer Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Certain Special Situations

For purposes of Dutch gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule such the Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Dutch gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Dutch gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

19.2.4 *Value Added Tax*

No Dutch value added tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Offer Shares.

19.2.5 *Other Taxes and Duties*

No Dutch registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Offer Shares.

19.3 Certain US Federal Income Tax Considerations

The following discussion is a general summary based on present law of certain US federal income tax considerations relevant to the acquisition, ownership and disposition of Offer Shares. This discussion is not a complete description of all tax considerations that may be relevant to a prospective investor; it is not a substitute for tax advice. It addresses only US Holders (as defined below) that purchase Offer Shares in the Offering, will hold Offer Shares as capital assets and use the US dollar as their functional currency. This discussion does not describe all of the tax consequences that may be relevant in light of the US Holder's particular circumstances, including tax consequences applicable to US Holders subject to special rules, such as banks and other financial institutions, insurance companies, dealers in currencies and securities, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, tax-exempt entities, partnerships and other pass-through entities (including S-corporations), persons owning directly, indirectly or constructively 10% or more of the total combined voting power or the total value of the Company's share capital, US expatriates, persons liable for the alternative minimum tax, persons holding Offer Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction or persons holding Offer Shares in connection with a permanent establishment or fixed base outside the United States. This summary also does not address US federal taxes other than the income tax (such as the Medicare surtax on net investment income or estate or gift taxes) or US state and local, or non-US tax laws or considerations.

As used in this section, ***US Holder*** means a beneficial owner of Offer Shares that is, for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organized under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in a partnership (or other entity treated as a partnership for US federal income tax purposes) that holds Offer Shares generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their own tax advisors regarding the specific US federal income tax consequences to their partners of the partnership's acquisition, ownership and disposition of Offer Shares.

19.3.1 *Distributions*

Subject to the discussion below under "—*Passive Foreign Investment Company Rules*," the gross amount of any distribution (other than certain pro rata distributions of Offer Shares) made by the Company with respect to the Offer Shares will be included in a US Holder's gross income as dividend income from foreign sources when actually or constructively received. The dividends will not be eligible for the dividends-received deduction generally available to US corporations. Dividends received by eligible non-corporate US Holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income provided the Company is eligible for benefits under the income tax treaty between the United States and the United Kingdom (the ***Treaty***) and is not a passive foreign investment company (***PFIC***) in the year of distribution or the preceding year.

Dividends paid in a currency other than US dollars will be includable in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the currency is converted into US dollars or otherwise disposed of at that time. A US Holder's tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss realised on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If dividends paid in a currency other than US dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

19.3.2 *Sale or other Disposition*

Subject to the discussion below under "—*Passive Foreign Investment Company Rules*," a US Holder generally will recognise capital gain or loss on the sale or other disposition of Offer Shares in an amount equal to the difference, if any, between the US dollar value of the amount realised from the sale or other disposition and the US Holder's adjusted tax basis in the Offer Shares. Any gain or loss generally will be treated as arising from US sources and will be long-term capital gain or loss if the US Holder's holding period exceeds one year. A loss may nonetheless be a long-term capital loss regardless of a US Holder's actual holding period to the extent the US Holder has received, within a specified time period, an aggregate amount of qualified dividends eligible for reduced rates of tax prior to a sale or other disposition of its Offer Shares that exceeded 10% of such US Holder's basis in the Offer Shares. Deductions for capital loss are subject to significant limitations.

The initial tax basis of a US Holder's Offer Shares generally will be the US dollar value of the non-US currency paid in the Offering determined on the date of purchase. If the Offer Shares are treated as traded on an "established securities market" at the time of the Offering, a cash basis US Holder (or, if it elects, an accrual basis US Holder) will determine the US dollar value of the cost of such Offer Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A US Holder that receives a currency other than US dollars on the sale or other disposition of the Offer Shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of sale or other disposition (or, if the Offer Shares are traded on an "established securities market" at the time of disposition, in the case of cash basis and electing accrual basis US Holders, the settlement date). A US Holder that does not determine the amount realised using the spot rate on the settlement date will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder will have a tax basis in the currency received equal to its US dollar value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a subsequent conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss.

19.3.3 *Passive Foreign Investment Company Rules*

Based on the composition of the Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company expects the Group to operate its business in future years, the Company believes that it should not be classified as a PFIC for US federal income tax purposes for the Company's current taxable year or in the foreseeable future. In general, a non-US corporation is a PFIC for any taxable year in which, taking into account a pro rata portion of the income and assets of 25% or more owned subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held to produce passive income. For this purpose, passive income generally includes, among other things, interest, dividends, rents, royalties and gains from the disposition of investment assets (subject to various exceptions) and property that produces passive income. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition and relative value of its gross receipts and assets. Because the market value of the Company's assets may be determined in large part by reference to the market price of the Offer Shares, which is likely to fluctuate after the Offering, there can be no assurance that the Company will not be a PFIC in the current or any future taxable year. In addition, changes in the relevant Treasury regulations or the interpretations thereof could impact the Company's status as a PFIC.

If the Company were a PFIC for any taxable year during which a US Holder held the Offer Shares (whether or not the Company continued to be a PFIC), gain recognised by a US Holder on a sale or other taxable disposition (including certain pledges) of the Offer Shares would be allocated rateably over the US Holder's holding period for the Offer Shares. The amounts allocated to the taxable year of the sale or other taxable disposition and to any year before the Company became a PFIC would be taxed as ordinary income in the year of sale or other taxable disposition. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations for that year, as appropriate, and an interest charge would be imposed. Further, to the extent that any distribution received by a US Holder on its Offer Shares exceeds 125% of the average of the annual distributions on the Offer Shares received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, as described immediately above and would not be eligible for the reduced rate of tax on qualified dividend income of certain non-corporate US Holders described above under "—*Dividends*."

If the Company were a PFIC with respect to a US Holder for any taxable year, the US Holder will be deemed to own shares in any entities in which the Company owns equity that are also PFICs ("lower tier PFICs"), and the US Holder may be subject to the tax consequences described above with respect to the shares of such lower tier PFIC the US Holder would be deemed to own.

A US Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark the Offer Shares to market annually. The election is available only if the Offer Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking the Offer Shares to market or from disposing of them would be ordinary income. Any loss from marking the Offer Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking the Offer Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Offer Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" or whether the London Stock Exchange is or will continue to be considered a qualifying exchange for purposes of the PFIC mark-to-market election. A valid mark-to-market election cannot be revoked without the consent of the US Internal Revenue Service (***IRS***) unless the Offer Shares cease to be marketable stock.

A US Holder would not be able to avoid the tax consequences described above by electing to treat the Company as a qualified electing fund (***QEF***) because the Company does not intend to provide US Holders with the information that would be necessary to make a QEF election with respect to the Offer Shares.

US Holders should consult their own tax advisors concerning the Company's possible PFIC status and the consequences to them if the Company were classified as a PFIC for any taxable year.

19.3.4 *Reporting and Backup Withholding*

Dividends on the Offer Shares and proceeds from the sale or other disposition of Offer Shares that are made into the United States or through certain US-related financial intermediaries may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number or otherwise establishes a basis for exemption. Any amount withheld may be credited against a US Holder's US federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is timely furnished to the IRS.

Certain non-corporate US Holders are required to report information with respect to Offer Shares not held through an account with a US financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Offer Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE OFFER SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

20. General Information on the Company

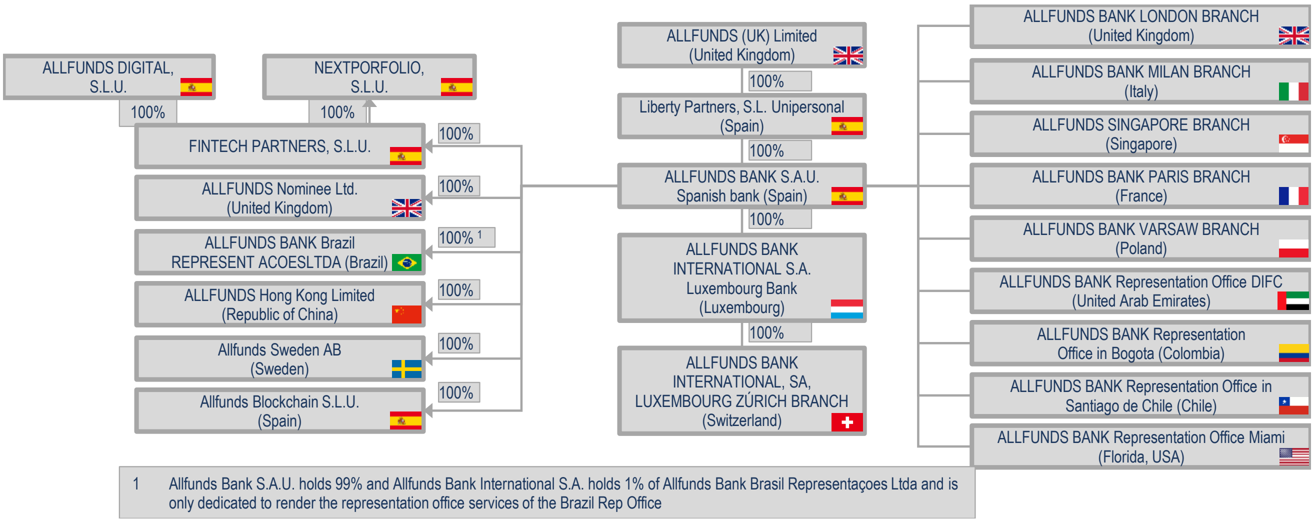
20.1 Subsidiaries

The Company is the holding company of the Group. The following is a list of material subsidiaries, based on their contribution to the consolidated financial performance and/or position of the Group for the year ended December 31, 2020.

Name	Principal activity	Country of incorporation	% of shares and voting rights held
Liberty Partners, S.L.U...................	Asset holding	Spain	100
Allfunds Bank, S.A.U.	Banking and investment services	Spain	100
Allfunds Bank International S.A	Banking and investment services	Luxembourg	100
Allfunds Nominee Limited............	Asset holding	United Kingdom	100
Allfunds Bank Brasil Representacoes Ltda.	Representation office services	Brazil	100
Fintech Partners, S.L.U.	Holding company	Spain	100
Allfunds Digital, S.L.U. (formerly known as Finametrix, S.L.U.)	Computer programming	Spain	100
Nextportfolio, S.L.U.	Computer programming	Spain	100
Allfunds Sweden AB.....................	Institutional brokerage services for the purchase and sale of units	Sweden	100
Allfunds Hong Kong Limited.........	Dealing in securities and advising on securities	Hong Kong	100
Allfunds Blockchain S.L.U	Blockchain services	Spain	100
MyFundmatch	Institutional intermediation	France	100

The Group does not have any subsidiaries with non-controlling interests held by third parties.

The following structure chart illustrates the structure of the Group as at the date of the Prospectus.



20.2 Independent Auditors

The Audited 2018-2020 Financial Statements included in this prospectus have been audited by Deloitte LLP, independent auditor, in accordance with International Standards on Auditing (UK) and applicable law. Deloitte LLP issued an independent auditor's report on the Audited 2018-2020 Financial Statements.

The Company's independent auditor is Deloitte LLP, an independent registered public audit firm with its address at Gaspe House, 66-72 Esplanade, JE3QT, St Helier, Jersey, Channel Islands. Deloitte LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

20.3 Properties

The Group's primary office is in Madrid, Spain and the Company's registered address is in London, United Kingdom. The Group has, in total, 15 offices in 15 countries. The Group's offices are located in leased premises, including three arrangements in co-working spaces, and the Group does not own any real estate. Individual office leases vary as to their terms, provisions and expiration dates.

20.4 Environment

Allfunds believes that the Group does not have any material environmental compliance costs or environmental liabilities.

20.5 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus.

20.5.1 *Agreements entered into in connection with the CS InvestLab Acquisition*

The agreements entered into in connection with the CS InvestLab Acquisition are described at paragraphs 11.11.4 and 11.12.1 of Part 11 (*Business Description*).

20.5.2 *Agreements entered into in connection with the BNPP Acquisition*

The agreements entered into in connection with the BNPP Acquisition are described at paragraphs 11.11.5 and 11.12.2 of Part 11 (*Business Description*).

20.5.3 *Underwriting Agreement*

The Underwriting Agreement is described at paragraph 17.1 of Part 17 (*Plan of Distribution*).

20.5.4 *Relationship Agreement*

The Relationship Agreement is described at paragraph 14.15 of Part 14 (*Board and Employees*).

20.5.5 *Cornerstone Investment Agreements*

On April 15, 2021, the Company, the Offering Shareholders and funds and accounts managed by BlackRock (collectively, ***BlackRock***) entered into a cornerstone investment agreement pursuant to which: (i) BlackRock irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €250 million, and (ii) the Offering Shareholders agreed to sell such Offer Shares to BlackRock at the Offer Price. The obligation of BlackRock under this agreement to purchase Offer Shares in the Offering is conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled or, in certain circumstances, waived by BlackRock, on or before May 31, 2021 (or such other date as the Offering Shareholders and BlackRock may agree). The agreement contains customary warranties from BlackRock and the Offering Shareholders.

On April 15, 2021, the Company, the Offering Shareholders and Henderson Global Investors Limited (***Janus Henderson Investors***) entered into a cornerstone investment agreement pursuant to which: (i) Janus Henderson Investors irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €120 million, and (ii) the Offering Shareholders agreed to sell such Offer Shares to Janus Henderson Investors at the Offer Price. The obligation of Janus Henderson Investors under this agreement to purchase Offer Shares in the Offering is conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled or, in certain circumstances, waived by Janus Henderson Investors, on or before May 31, 2021 (or such other date as the Offering Shareholders and Janus Henderson Investors may agree). The agreement contains customary warranties from Janus Henderson Investors and the Offering Shareholders.

On April 15, 2021, the Company, the Offering Shareholders and Jupiter Investment Management Limited and Jupiter Asset Management Limited (together, ***Jupiter***) entered into a cornerstone investment agreement pursuant to which: (i) Jupiter irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €200 million, and (ii) the Offering Shareholders agreed to sell such Offer Shares to Jupiter at the Offer Price. The obligation of Jupiter under this agreement to purchase Offer Shares in the Offering is conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled or, in certain circumstances, waived by Jupiter, on or before May 31, 2021 (or such other date as the Offering Shareholders and Jupiter may agree). The agreement contains customary warranties from Jupiter and the Offering Shareholders.

On April 15, 2021, the Company, the Offering Shareholders and Lazard Asset Management Limited, for and on behalf of its participating accounts (***Lazard***), entered into a cornerstone investment agreement pursuant to which: (i) Lazard irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €120 million, and (ii) the Offering Shareholders agreed to sell such Offer Shares to Lazard at the Offer Price. The obligation of Lazard under this agreement to purchase Offer Shares in the Offering is conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled or, in certain circumstances, waived by Lazard, on or before May 31, 2021 (or such other date as the Offering Shareholders and Lazard may agree). The agreement contains customary warranties from Lazard and the Offering Shareholders.

On April 15, 2021, the Company, the Offering Shareholders and Mawer Investment Management Ltd. (***Mawer***) entered into a cornerstone investment agreement pursuant to which: (i) Mawer irrevocably agreed to purchase Offer Shares in the Offering at the Offer Price, up to a maximum aggregate amount of €160 million, and (ii) the Offering Shareholders agreed to sell such Offer Shares to Mawer at the Offer Price. The obligation of Mawer under this agreement to purchase Offer Shares in the Offering is conditional upon Admission and certain other conditions being satisfied, and will terminate automatically if such conditions have not been fulfilled or, in certain circumstances, waived by Mawer, on or before May 31, 2021 (or such other date as the Offering Shareholders and Mawer may agree). The agreement contains customary warranties from Mawer and the Offering Shareholders.

The cornerstone investment agreements discussed above are collectively referred to in this Prospectus as the ***Cornerstone Investment Agreements***, and BlackRock, Janus Henderson Investors, Jupiter, Lazard and Mawer are collectively referred to in this Prospectus as the ***Cornerstone Investors***.

20.5.6 *Revolving Credit Facility*

On April 14, 2021, the Company as company and original borrower and original guarantor entered into a revolving credit facility agreement with, *inter alios*, BNP Paribas S.A., Sucursal en España, Credit Suisse AG, London Branch, Citibank N.A., London Branch, Morgan Stanley Bank International Limited, Barclays Bank PLC, Bank of America Europe Designated Activity Company, HSBC Bank plc, Banco Santander, S.A., Intesa SanPaolo S.p.A., London Branch and CaixaBank S.A. as arrangers, the financial institutions named therein as original lenders and Barclays Bank PLC as facility agent (such agreement as amended, amended and restated and/or replaced from time to time, the ***Revolving Credit Facility Agreement***).

The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of €550 million on a committed basis, available from Admission in euro, US dollars or sterling (or any other currency approved by the lenders). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings will be available to be used towards financing or refinancing the general corporate purposes of the Company and certain of its subsidiaries, other than towards the Conditional Dividend.

<u>Maturity and repayment</u>

The Revolving Credit Facility matures on April 14, 2025 (being 4 years after the signing of the Revolving Credit Facility Agreement), subject to 2 one-year extension options (at the Company's request, subject to the lenders' discretion). Each advance must be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility. Amounts repaid by the borrower on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

<u>Interest rate and fees</u>

The interest rate on cash advances under the Revolving Credit Facility is the percentage rate per annum equal to the aggregate of the applicable margin and applicable EURIBOR or LIBOR (or SONIA for sterling) (subject to a zero floor). A mechanic to switch from US dollar LIBOR to compounding in arrears SOFR has been included. The initial margin at the date of the Revolving Credit Facility Agreement was 1.50%, subject to a margin ratchet pursuant to which the margin on the loans is adjusted depending on the credit rating (if any) of the Company. For any period during which the Company has no credit rating, the margin is 1.50%.

A commitment fee is payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility until the last day of the availability period for the Revolving Credit Facility at a rate of 35% of the then applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears.

A utilisation fee is payable on the amount of any loans drawn at a rate between 0.10% and 0.40%, depending on the proportion of the total commitments drawn. The utilisation fee is payable quarterly in arrears.

Default interest is calculated as an additional 1% on the overdue amount. Customary agency fees will also be payable to the facility agent during the life of the Revolving Credit Facility.

Guarantees

The Company is the original guarantor under the Revolving Credit Facility Agreement and there is a mechanic included to enable the Company to request that a subsidiary can accede (or subsequently resign) as a guarantor (and/or as a borrower).

Certain covenants

The Revolving Credit Facility Agreement contains a number of covenants which, among other things, restrict, subject to certain exceptions, the ability of the Company (and, in respect of certain covenants, its subsidiaries) to:

- create or incur security;
- incur indebtedness at the subsidiary level;
- incur further indebtedness at the Company level in certain circumstances;
- make disposals;
- make certain acquisitions;
- merge with other entities;
- change its business;
- declare dividends in respect of Allfunds Bank SAU profits in certain circumstances; and
- breach sanctions restrictions.

However, each of these covenants is subject to significant exceptions and qualifications.

There are customary prepayment requirements in the Revolving Credit Facility Agreement, including an individual right for each lender to be prepaid on a change of control (subject to exceptions).

Further, the Revolving Credit Facility Agreement contains certain events of default, which are subject to customary materiality or other qualifications, exceptions and baskets.

20.6 Significant Change since December 31, 2020

There has been no significant change in the financial position or financial performance of the Group since December 31, 2020 (being the end of the last financial period for which audited consolidated financial statements of the Group were published).

20.7 Litigation and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or the Group is aware) during the previous 12 months which may have, or have had in the past, significant effects on the Company or the Group's financial position or profitability.

20.8 Corporate Resolutions

The Company will prior to Settlement obtain all necessary consents, approvals and authorisation in the United Kingdom and the Netherlands in connection with the Offering and Admission.

20.9 Options or Preferential Rights in respect of Shares

The Company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

20.10 No Incorporation of Website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website, or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus.

20.11 Availability of Documents and Available Information

Copies of the Articles of Association, in English, are available at the offices of the Company during business hours and can be obtained free of charge from the Company's website (https://investors.allfunds.com/ipo/wp-content/uploads/2021/04/Allfunds-Group-PLC_Articles-of-Association.pdf).

Subject to any applicable selling and transfer restrictions (see Section 18 (*Selling and Transfer Restrictions*)), copies of this Prospectus, any supplement to this Prospectus, the Articles of Association, the Board Rules and the Pricing Statement may be obtained free of charge from the Company's website (https://investors.allfunds.com/ipo/key-documents) for a period of 12 months following the date of this Prospectus.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution.

21. Definitions and Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise:

Term	Definition
2010 Law	Luxembourg Law of December 17, 2010 relating to undertakings for collective investment
2016-2017 Financial Information	certain selected financial information of AFB for the years ended December 31, 2017 and 2016
2018 Financial Statements	the consolidated financial statements of the Company as of and for the year ended December 31, 2018
2019 Financial Statements	the consolidated financial statements of the Company as of and for the year ended December 31, 2019
2020 Financial Statements	the consolidated financial statements of the Company as of and for the year ended December 31, 2020
4th Anti-Money Laundering Directive	Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC
5th Anti-Money Laundering Directive	Directive (EU) 2018/843 of the European Parliament and of the Council of May 30, 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU
ACPR	*Autorité de contrôle prudentiel et de resolution*, a French authority that regulates the activities of AFB French Branch
Acquisition	the acquisition of the Group from Santander and IMI – Intesa Sanpaolo by H&F and Eiffel, which was completed on November 21, 2017
Additional Shares	up to 24,547,628 additional Shares sold by the Offering Shareholders pursuant to the Over-Allotment Option
Additional Tier 1 Capital	has the meaning provided in Articles 51 *et seq.* of CRR
Adjusted cash tax expense	has the meaning given to it in paragraph 7.4.1
Adjusted EBITDA	profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net revenue
Adjusted employee compensation and benefits	employee compensation and benefits adjusted to exclude separately disclosed items

Term	Definition
Adjusted other expenses	other expenses adjusted to exclude separately disclosed items
Adjusted profit after tax	profit /(loss) before tax less Adjusted cash tax expenses, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) before tax
Adjusted profit before tax	profit /(loss) for the year after tax, adjusted to exclude tax credits /(expenses), separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back to profit /(loss) for the year after tax
AFB	Allfunds Bank S.A.U.
AFB Banking Group	AFB and each of its subsidiaries from time to time, together with Liberty
AFB French Branch	AFB's branch in France
AFBI	Allfunds Bank International, S.A., a public limited liability company incorporated under the laws of Luxembourg
AFBI Swiss Branch	the Swiss branch of AFB's Luxembourg subsidiary
AFM	the Netherlands Authority for the Financial Markets
Allfunds AG	Allfunds International Schweiz AG
Allfunds Bank	Allfunds Bank S.A.U.
Allfunds Platform	the Group's open-architecture fund distribution platform
Allfunds Sweden	Allfunds Sweden AB
Allocation	the allocation of the Offer Shares
Allotment Resolution	has the meaning given to it in paragraph 15.7
AMF	*Autorité des marchés financiers*, an authority that regulates the activities of AMF French Branch
AML	anti-money laundering
Anti-Corruption Laws	the FCPA and the Bribery Act
Articles of Association	the articles of association of the Company adopted with effect from Admission
AuA	Assets under Administration, being the total market value of the volume of units or shares of UCIs which are managed by Fund Houses

Term	Definition
Audited 2018-2020 Financial Statements	the audited consolidated financial statements of the Company as of and for the financial years ended December 31, 2020, 2019 and 2018, included in the Prospectus
B2B	business-to-business
Banca Corrispondente Carve-Out Financial Statements	the audited carve-out financial statements of the Banca Corrispondente business as of October 2, 2020 and for the period from January 1, 2020 to October 2, 2020
Banco Santander	Banco Santander, S.A.
Bank Competitors	UBS, Julius Baer, J.P. Morgan, Morgan Stanley, Goldman Sachs, HSBC, Deutsche Bank, Citigroup, Bank of America, Barclays and their respective affiliates
Barclays	Barclays Bank Ireland PLC
Basel III	a global, voluntary regulatory framework on bank capital adequacy, stress testing, and market liquidity risk.
BCP	business continuity plan
Beneficiaries	for purposes of Dutch income and corporate income tax, the beneficiaries of the Settlor
BlackRock	funds and accounts managed by BlackRock
blockchain technology	refers to distributed ledger or digital asset technologies
BNPP Acquisition	the contribution by BP2S of the BNPP LPA Business and the contribution by BNPP AM of the BNPP Platform Services Right, in consideration for the issuance to BP2S and BNPP AM Holding of shares in AFB, which were ultimately rolled up into shareholdings in the Company of 25,491,756 and 9,913,476, Shares, respectively, such that BP2S and BNPP AM held 16.2% and 6.3%, respectively, of the issued Shares in the Company following the BNPP Acquisition Closing, which Shares held by BNPP AM have since been transferred to BNPP AM Holding as permitted transferee
BNPP Acquisition Closing	the implementation of the BNPP Acquisition on October 2, 2020
BNPP AM	BNP Paribas Asset Management France S.A.S., a company incorporated as a "*societé par actions simplifiée*" under the laws of France, having its registered office at 1 boulevard Haussmann 75009 Paris, France, and registered under number 319 378 832 RCS Paris
BNPP AM Holding	BNP Paribas Asset Management Holding, a "*société anonyme*" organised under the laws of France, having its registered office at 1 boulevard Haussmann 75009 Paris, France, and registered with Paris "*Registre du Commerce et des Sociétés*" under the number 682 001 904 RCS
BNPP Investment Agreement	the investment agreement dated October 20, 2019, entered into by, amongst others, AFB, BP2S and BNPP AM

Term	Definition
BNPP LPA Business	the entire *Banca Corrispondente*, or local paying agent, business division which was contributed by BP2S to AFB pursuant to the BNPP Acquisition, which was engaged in, amongst others, transfer agency, paying agency, investor relations management and tax and foreign exchange agency activities
BNPP Platform Services Right	the right for Allfunds to offer fund distribution services and certain other products or services to certain entities within the Relevant BNPP Distributors and AFB's right to present itself and act vis-à-vis UCITS and Fund Houses as the distributor of funds to the Relevant BNPP Distributors
BNPP Sub-Distribution Framework Agreement	the framework agreement into by AFB, BNPP AM and BP2S on October 20, 2019, in connection with the BNPP Platform Services Right
BNPP TSA	the transitional services agreement entered into between AFB and BP2S in connection with the BNPP Acquisition, which provides, amongst other things, for the performance of certain services or obligations by BP2S for the benefit of the Group for a transitional period following the BNPP Acquisition
Board	the board of directors of the Company
Board Rules	the rules to be adopted by the Board prior to Admission governing its principles and best practices, division of tasks and responsibilities between the members of the Board, description of specific responsibilities for the chair of the Board and further details on procedures for holding meetings, decision making and overall functioning of the Board, including maintaining internal governance arrangements, processes and mechanisms that are consistent, well-integrated and conducive to the alignment of the respective business objectives, strategies and risk management framework of the Company and its Group, including AFB
BofA Securities	BofA Securities Europe SA, a stock corporation with its registered seat in 51 rue La Boétie, 75008 Paris, France. Registered under number 842 602 690 RCS Paris
BP2S	BNP Paribas Securities Services
BP2S Outsourcing Agreement	the outsourcing agreement entered into by AFB and BP2S on October 2, 2020
bps	basis points
Brexit	the United Kingdom's withdrawal from the EU
Bribery Act	United Kingdom Bribery Act of 2010
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012

Term	Definition
BRRD II	Directive (EU) 2019/879 of the European Parliament and of the Council of May 20, 2019, as amended, superseded or supplemented, from time to time
Business Day	one full day on which banks are generally open for business in the Netherlands
CAGR	compound annual growth rate
CaixaBank BPI	CaixaBank S.A.
CET	Central European Time
CFT	combatting the financing of terrorism
Circular 2/2016	Bank of Spain Circular 2/2016 of February 2 to credit institutions on supervision and solvency, which completes the adaptation of the Spanish legal system to CRD IV and CRR
Circular 4/2017	Bank of Spain Circular 4/2017, of November 27, to credit institutions on public and confidential financial reporting rules and standard financial statements
Citigroup	Citigroup Global Markets Europe AG
City Code	UK City Code on Takeovers and Mergers, as issued and administered by the Takeover Panel
clients	references to the Group's clients in this documents refers to Fund Houses and Distributors
Common Equity Tier 1 or ***CET1***	has the meaning given in Articles 26 *et seq.* of CRR
Company	Allfunds Group Limited (previously Allfunds (UK) Limited and, prior to that, LHC4 (UK) Limited), to be re-registered and renamed Allfunds Group plc prior to Admission
Conditional Dividend	on April 14, 2021, the shareholders of the Company, by ordinary resolution upon the recommendation of the directors of the Company at such time, declared a dividend of €185 to be paid in cash to the Existing Shareholders upon the satisfaction of certain conditions, as described in paragraph 5.3 of Section 5 (*Dividend Policy*)
Cornerstone Investment Agreements	the cornerstone investment agreements entered into between the Company, the Offering Shareholders and the Cornerstone Investors, each on April 15, 2021, as described in paragraph 20.5.5 of Section 20 (*General Information on the Company*)
Cornerstone Investors	BlackRock, Janus Henderson Investors, Jupiter, Lazard and Mawer
COVID-19	a novel strain of coronavirus (SARS-CoV-2)
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 on 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

Term	Definition
CRD IV Package	CRD IV and CRR as amended from time to time
CRD V	Directive (EU) 2019/878 of the European Parliament and of the Council of May 20, 2019 amending the CRD IV, as amended, superseded or supplemented, from time to time
Credit Suisse	Credit Suisse Securities, Sociedad de Valores, S.A
CRR	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
CRR II	Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019, as amended, superseded or supplemented, from time to time
CS AG	Credit Suisse AG
CS InvestLab Acquisition	the acquisition of CS AG's open-architecture B2B investment fund platform by Allfunds AG
CSSF	the Luxembourg Commission de Surveillance du Secteur Financier
DCC	Dutch Civil Code (*Burgerlijk Wetboek*)
DFSA	the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)
Directors	the members of the Board
Discretionary Payments	distributions in connection with CET1 capital, obligations to pay variable remuneration or discretionary pension benefits or to pay variable remuneration if the obligation to pay was created at a time when the AFB Banking Group failed to meet the combined buffer requirements, and payments on Additional Tier 1 Capital instruments
Distribution Agreement	an agreement governing the Group's relationship with a Fund House
Distributor	a financial institution that buys and sells and/or distributes shares of UCIs on/through a fund platform, either for its own account or with a view to distributing such UCIs to its end investors. If a Distributor has entered into multiple, separate agreements for separate services, they are considered a separate Distributor under each agreement
DRP	disaster recovery plan
DTAs	Deferred Tax Assets
Dutch Governance Code	Corporate Governance Code of the Netherlands
DVP	delivery versus payment
EBA	European Banking Authority

Term	Definition
EBIT	Earnings Before Interest and Tax (operating profit)
EBITDA	Earnings Before Tax, Interest, Depreciation and Amortisation
ECB	European Central Bank
ECB Recommendations	a series of recommendations issued by the ECB in the context of the COVID-19 pandemic concerning dividend distributions, the last of which recommends that until 30 September 2021 significant credit institutions exercise extreme prudence when deciding on or paying out dividends or conducting any share buy-backs aimed at remunerating shareholders
EI Holder	the holders of interests in the Shares of the Company traded and settled through Euroclear Nederland
Eiffel	Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd
end investors	a client of a Distributor who invests in UCIs
Enterprise Chamber	the Enterprise Chamber of the Court of Appeal of Amsterdam
ESG	environmental, social and governance
ETF	Exchange-traded fund
EU	European Union
EU Banking Reforms	CRD V, BRRD II, CRR II, SRM II and the SRM Regulation
EUR or ***€***	euro
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
Euronext Amsterdam	a regulated market of Euronext Amsterdam N.V.
Eurozone	a monetary union of 19 Member States of the European Union that have adopted the euro as their primary currency and sole legal tender
Executive Manager or Executive Management Team	the members of the executive management team of the Group, comprising the individuals named in paragraph 14.6 of Section 14 (*Board and Employees*) as of the date of this Prospectus
Existing Shareholders	LHC3, CS AG, BP2S, and BNPP AM Holding
FCA	Financial Conduct Authority
FCPA	Financial Corrupt Practices Act of 1977
FGD	the Spanish Deposit Guarantee Fund
Finametrix Acquisition	AFB's January 17, 2018 acquisition of Fintech Partners, S.L., a holding company of a number of group companies, including Finametrix
FINMA	Swiss Financial Market Supervisory Authority

Term	**Definition**
FinSA	Swiss Financial Services Act of June 15, 2018
First Trading Date	the date on which trading in the Shares on an "as-if-and-when-delivered" basis on Euronext commences which, subject to acceleration or extension of the timetable for the Offering, is expected to be on or about April 23, 2021
FMFC	the French Monetary and Financial Code
FSB	Financial Stability Board
FSMA	Financial Services and Markets Act 2000, as amended
Fund Houses	a financial institution that creates, manages or distributes UCIs
Fund platform	a distribution platform where shares of UCIs can be dealt between Fund Houses and asset managers. A fund platform provides transaction, custody and execution services and provides financial institutions and advisors with access to the broader third-party UCIs market. For the avoidance of doubt, a fund platform in this Prospectus and any other references to "platforms" are not references to a "platform service provider" as defined under the Retail Distribution Review (UK)
Fundinfo Acquisition	Allfunds AG's July 17, 2019 acquisition of Fundinfo AG's Swiss fund research business, including 15 client agreements and a team of three research analysists with ESG expertise
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
General Meeting	the Company's general meeting
Group	the Company and each of its subsidiaries from time to time
H&F	funds managed by affiliates of Hellman & Friedman LLC
HMRC	HM Revenue and Customs
HSBC	HSBC Continental Europe S.A.
IASB	the International Accounting Standards Board
ICT	information and communication technology
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board and as endorsed by the EU.
IMI – Intesa Sanpaolo	Intesa Sanpaolo S.p.A
ING	ING Bank N.V.
InvestLab	Allfunds InvestLab AG
InvestLab 2	Allfunds InvestLab 2 AG

Term	Definition
InvestLab Business	InvestLab, Transferring InvestLab Employees and InvestLab Distribution Agreements
InvestLab Closing 1	the transfer of the shares in InvestLab on September 6, 2019
InvestLab Closing 2	the transfer of the shares in InvestLab 2 on March 26, 2020
InvestLab Cooperation Agreement	the cooperation agreement dated June 25, 2019, entered into by CS AG, AFB and Allfunds Bank International
InvestLab Distribution Agreements	distribution and sub-distribution agreements entered into by CS AG, as distributor, with third party or CS AG group fund houses and sub-distributors within the funds distribution network
InvestLab Merger	the merger by which InvestLab and InvestLab 2 were absorbed by Allfunds AG
InvestLab SPA	the share purchase agreement dated June 25, 2019, entered into by, amongst others, CS AG and Allfunds AG in respect of the InvestLab Acquisition
investment research and investment solutions departments	the Group's departments which provide its Distributors with general investment analysis on the basis of quantitative and qualitative analysis
IRS	the U.S. Internal Revenue Service
ISA	International Standards on Auditing
ISIN Code	International Securities Identification Number Code
IT	Information Technology
Italian AML Decree	Italian Legislative decree No. 231 of November 7, 2007 as last amended by Legislative decree No. 125 of October 4, 2019
Janus Henderson Investors	Henderson Global Investors Limited
Joint Bookrunners	the Joint Global Coordinators and Banco Santander, Barclays, BofA Securities, CaixaBank BPI, HSBC, IMI – Intesa Sanpaolo and ING
Joint Global Coordinators	BNP PARIBAS, Credit Suisse, Citigroup and Morgan Stanley
Jupiter	Jupiter Investment Management Limited and Jupiter Asset Management Limited
KPIs	key performance indicators
KYC	"know your customer"
Law 10/2010	Law 10/2010, of April 28 prevention of money laundering and terrorism financing
Law 10/2014	Law 10/2014, of June 26, on the management, supervision and solvency of credit institutions

Term	**Definition**
Lazard	Lazard Asset Management Limited, for and on behalf of its participating accounts
LCR	liquidity coverage ratio
LEI	legal entity identifier
LFS	Luxembourg law of April 5, 1993 on the financial sector, as amended
LHC3	LHC3 Plc, a company incorporated under the laws of Jersey with its registered office at Third Floor, 37 Esplanade, St Helier, Jersey JE1 1AD
LHC3 Loan Agreement	the loan agreement entered into between LHC3 as borrower and AFB as lender, dated July 30, 2020
Liberty	Liberty Partners, S.L.U
Listing and Paying Agent	ING
Loan Amount	the amount loaned by AFB to LHC3 pursuant to the LHC3 Loan Agreement
LTIP	long-term incentive plan
Market Abuse Regulation or ***MAR***	Regulation (EU) 596/2014
Market Data	market, economic and industry data, made up of the Company's estimates, using underlying data from independent third parties, including from the third parties identified in 2 (*Important Information*) – *"Market, economic and industry data"*
Mawer	Mawer Investment Management Ltd.
Maximum Distributable Amount	the discretionary payments maximum distributable amount as per Article 48.2 of Law 10/2014 and Article 73 of Royal Decree 84/2015
Member State	a member state of the European Union
MEP	management equity plan
MiFID II	Markets in Financial Instruments Directive 2014/65/EU
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures
Morgan Stanley	Morgan Stanley Europe SE
MREL	minimum requirement for Own Funds and eligible liabilities (as determined by the relevant resolution authority), a regulatory risk-based ratio calculated as the aggregate amount of Own Funds and eligible liabilities and expressed as a percentage of the total liabilities of an institution
NFM	Nordic Fund Market

Term	Definition
NFM Acquisition	AFB's acquisition of NFM from Nasdaq Technology AB
Non-Rebate Model	a fee model whereby fixed fees are charged to the Fund House for distribution and/or intermediation services as bps on AuA and are linked to the various serviced provided by the fund platform to the Fund House
OFAC	Office of Foreign Asset Control
Offer Price	the price per Offer Share at which Offer Shares are to be sold under the Offer
Offer Price Range	the expected price range of €10.50 to €12.00 per Offer Share
Offer Shares	the 163,650,850 existing Shares to be sold by the Offering Shareholders pursuant to the Offering, together with, unless the context indicates otherwise, the Additional Shares
Offering	the offer of Shares to certain institutional and other investors described in Section 16 (*The Offering*)
Offering Period	subject to acceleration or extension of the timetable for the Offering, the period from 9:00 CET on April 16, 2021 to 14:00 CET on April 22, 2021
Offering Shareholders	LHC3, CS AG and BP2S
Order	(Financial Promotion) Order 2005
Over-Allotment Option	the option granted by the Offering Shareholders pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require the Offering Shareholders to sell Additional Shares at the Offer Price
Own Funds	a measure of a bank's financial strength from a regulatory perspective. It consists of the sum of Tier 1 Capital and Tier 2 Capital, as further defined in CRD IV
PEPs	politically exposed persons
PFIC	passive foreign investment company
PFSA	Polish Financial Supervisory Authority
Platform Service Fee	the fee a Fund Platform receives in connection with the provision of services from the Fund House in both the Rebate Model and the Non-Rebate Model
PRA	UK Prudential Regulation Authority
Pricing Memorandum	the pricing memorandum between the Company, the Offering Shareholders and the Underwriters determining the Offer Price, the exact number of Offer Shares offered and the maximum number of Additional Shares, expected to be entered into on or around April 22, 2021
Pricing Statement	the press release in which the Offer Price, the exact number of Offer Shares offered and the maximum number of Additional Shares will be set out

Term	Definition
Principal Shareholders	LHC3, CS AG and BNPP
Pro forma Adjusted EBITDA	unaudited Pro forma profit for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items, impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations. Such adjustments relate to costs and income that the Group believes are not reflective of the ongoing performance of the business and are thus added back
Pro forma normalised free cash flow	Pro forma profit /(loss) for the year after tax, excluding net interest expense, tax credit /(expense), and depreciation and amortisation, adjusted to exclude separately disclosed items (as described above), impairment losses, losses on disposal and amortisation of intangible assets acquired as a result of business combinations, net of Underlying capital expenditures, Pro forma rental expenses, Pro forma net interest expense and Pro forma illustrative taxes (assuming a 27% effective tax rate)
Prospectus	this document
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union of June 14, 2017 and any relevant delegated regulations
QEF	qualified electing fund
QIBs	as defined in Rule 144A under the US Securities Act
RD 84/2015	Royal Decree 84/2015, of February 13, developing Law 10/2014, of June 26, 2014, on the management, supervision and solvency of credit institutions
Rebate Model	a fee model whereby a Fund House charges an investor a management fee when the investor invests in one of the Fund House's UCIs and then pays a portion of this management fee (a "rebate") through the Group's Fund Platform to the one of the Group's Distributors that serves as the fund distribution channel to that investor
Regulation S	Regulation S under the US Securities Act
Relationship Agreement	the relationship agreement entered into on or around the date of this Prospectus between the Company and (i) LHC3, (ii) CS AG, (iii) BP2S, (iv) BNPP AM Holding and (v) Hellman & Friedman Capital Partners VIII, L.P., Hellman & Friedman Capital Partners VIII (Parallel), L.P., HFCP VIII (Parallel-C), L.P., H&F Executives VIII, L.P., H&F Associates VIII, L.P., H&F Liberty Partners H, L.P., H&F Liberty Partners F, L.P., H&F Liberty Partners L, L.P., H&F Liberty Partners V, L.P. and Eiffel Investment Pte Ltd
Relevant BNPP Distributors	certain entities within the BNPP group
Revolving Credit Facility	the revolving credit facility established pursuant to the Revolving Credit Facility Agreement
Revolving Credit Facility Agreement	the revolving credit facility agreement entered into on April 14, 2021 between the Company as company and original

Term	Definition
	borrower and original guarantor and, *inter alios*, BNP Paribas S.A., Sucursal en España, Credit Suisse AG, London Branch, Citibank N.A., London Branch, Morgan Stanley Bank International Limited, Barclays Bank PLC, Bank of America Europe Designated Activity Company, HSBC Bank plc, Banco Santander, S.A., Intesa SanPaolo S.p.A., London Branch and CaixaBank S.A. as arrangers, the financial institutions named therein as original lenders and Barclays Bank PLC as facility agent (as amended, amended and restated and/or replaced from time to time)
Risk Appetite Framework	the Group's risk appetite framework, which was last revised by the AFB Board in the first quarter of 2020
Risk-Weighted Assets or ***RWAs***	a measure of a bank's assets and off balance sheet exposures, weighted according to risk, which is used as part of the determination of a bank's regulatory capital requirements
Royal Decree 217/2008	Royal Decree 217/2008, of February 15, on the legal regime for investment service companies and other entities providing investment services and partially amending the Regulations of Law 35/2003, of November 4, on Collective Investment Institutions, approved by Royal Decree 1309/2005, of November 4, and other Royal Decrees on the securities market
Rule 144A	Rule 144A under the US Securities Act
SDRT	Stamp Duty Reserve Tax
Separated Private Assets	for purposes of Dutch income and corporate income tax, Shares legally owned by a Third Party which may under certain circumstances have to be allocated to the Settlor, or upon the death of the Settlor, the Beneficiaries in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement
Separately disclosed items	has the meaning given to it in paragraph 7.4.1
Settlement	payment (in euro) for, and delivery of, the Offer Shares
Settlement Date	on or about April 27, 2021
Settlor	for purposes of Dutch income and corporate income tax, the (deemed) settlor, grantor or similar originator
SFC	HK Securities and Finance Commission
SFSA	Swedish Financial Supervisory Authority
Share Pledge Exception	the further exception from the lock-ups contained in section 17 (*Plan of Distribution – "Existing Shareholders lock-up*"), with respect to the right retained by the Existing Shareholders to enter into margin facilities in respect of their Shares, to permit the Existing Shareholders to grant share pledges to one or more finance providers
Shareholders	holders of Shares (either directly or through Euroclear Nederland)
Shares	ordinary shares of €0.0025 each in the capital of the Company

Term	Definition
Spanish Act on Data Protection	Spanish Act on Data Protection and safeguarding employees' digital rights
Spanish AML Rules	Law 10/2010 and Royal Decree 304/2014, which implemented Directive 2005/60/EC of the European Parliament and of the Council of October 26, 2005 and Directive 2006/70/EC of the European Parliament and of the Council of August 1, 2006 on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing
Spanish Bail-in Power	any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD and any other instruments, rules or standards made in connection therewith, pursuant to which any obligations of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period)
Spanish Companies Act	The Spanish Companies Act, approved by Royal Legislative Decree 1/2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital*)
Spanish regulatory financial reporting	the regulatory financial reporting framework applicable to the Bank of Spain
Spanish Securities Markets Act	the Spanish Securities Markets Act as amended and restated by Royal Legislative Decree 4/2015, of October 23, approving the amended and restated text of the Market Securities Law
SRB	the board of the Bank of Spain that determined the AFB Banking Group's MREL requirements
SREP	supervisory review and evaluation process
SRM	the Single Resolution Mechanism
SRM II	Regulation (EU) 2019/877 of the European Parliament and of the Council of May 20, 2019, as amended, superseded or supplemented, from time to time, as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms
SRM Regulation	Regulation (EU) 806/2014 of the European Parliament and of the Council of July 15, 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund
SSM Framework Regulation	the SSM Regulation and the Regulation (EU) No. 468/2014 of the European Central Bank of April 16, 2014 establishing the framework for cooperation within the SSM between the European Central Bank and national competent authorities and with national designated authorities
SSM Regulation	Council Regulation (EU) No 1024/2013 of October 15, 2013 conferring specific tasks on the European Central Bank

Term	Definition
	concerning policies relating to the prudential supervision of credit institutions
Stabilisation Manager	Morgan Stanley
Stock Lending Agreement	the stock lending agreement entered into between the Stabilisation Manager and the Offering Shareholders in connection with the Offering
STP	Straight Through Processing
Sub-Advisory Platform	an investment outsourcing and sub-advisory B2B solutions platform in Luxembourg, currently being developed by the Group, aimed at banks, wealth managers and institutional investors, including funds of mandates and portfolio management solutions
Swiss Banking Act	the Swiss Federal Banking Act of November 8, 1934 (as amended)
Takeover Directive	Directive on Takeover Bids (2004/25/EC)
Takeover Panel	the supervisory authority that carry out certain regulatory functions in relation to takeovers and merger transactions pursuant to the Takeover Directive
TAMP	US Turnkey Asset Management Platform
Target Market Assessment	a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
Third Party	for purposes of Dutch income and corporate income tax, a third party such as a trustee, foundation or similar entity or arrangement
TPR	Temporary Permissions Regime
Transferring InvestLab Employees	the employees of InvestLab transferred as part of the InvestLab Acquisition
Transitional Services Agreement	the transitional services agreement between AFB and BP2S, which provides, amongst other things, for the performance of certain services or obligations by BP2S for the benefit of the Group for a transitional period following the BNPP Acquisition
Treaty	the income tax treaty between the United States and the United Kingdom
UCIs	Undertakings for Collective Investment
UCITS	undertakings for the collective investment in transferable securities
UK or ***United Kingdom***	United Kingdom

Term	Definition
UK Companies Act	the Companies Act 2006
UK Market Abuse Regulation	Onshored Regulation (EU/596/2014) as it forms part of the law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018
Unaudited Pro Forma Financial Information	an unaudited pro forma combined statement of profit or loss for the year ended December 31, 2020
Underlying capital expenditures	the sum of purchase of property, plant and equipment additions and intangible asset additions, less property, plant and equipment disposals and right-of-use asset additions as required by IFRS 16
Underwriters	the Joint Global Coordinators and the Joint Bookrunners
Underwriting Agreement	underwriting agreement entered into on April 16, 2021 between the Company, the Offering Shareholders and the Underwriters, with respect to the offer and sale of the Offer Shares in connection with the Offering
US or ***U.S.***	United States of America
US Exchange Act	the US Securities Exchange Act of 1934, as amended
US GAAP	the generally accepted accounting principles in the United States
US Holder	a beneficial owner of Offer Shares that is, for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source
US Securities Act	the US Securities Act of 1933, as amended
USD or ***$***	United States dollar

22. Historic Financial Information

Independent auditor's report to the members of Allfunds (UK) Limited (formerly LHC4 (UK) Limited)
Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Allfunds (UK) Limited (formerly LHC4 (UK) Limited) (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss and parent company's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statement of financial position;
- the consolidated and parent company statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 47.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information

contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in accordance with, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant provisions of the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organization for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it, are described below:

- The group is exposed to the risk of the incorrect accounting and recording of the amount related to fee and commission income arising from marketing of investment funds. Our audit procedures included obtaining and understanding and testing of the relevant controls (including information system controls) supporting the completeness of the fees and commissions, as well as the fee and commission income accounting and recognition procedures. We involved our internal technology and systems specialists in performing certain procedures. Our work also included the following substantive procedures:
  - Circularisation of third-party confirmation letters for a sample of fund management companies to agree the amount of fee and commission income earned. Where responses had not been received, we reviewed documents evidencing receipt of fees and commissions from the fund management companies; and
  - Re-computation of the fee and commission income earned during the year, for a sample of agreements to assess whether it had been calculated accurately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the group strategic report or the directors' report.

Matters on which we are required to report by exception

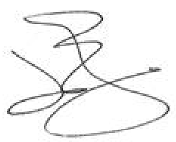
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Clacy, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Helier, Jersey
26 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020	2019
			Re-presented*
		EUR '000s	EUR '000s
Non-current assets			
Goodwill	9	1,015,982	643,824
Intangible assets	9	1,308,167	1,006,942
Property, plant and equipment	8	29,301	28,248
Financial assets held at amortised cost	11	868	927
Deferred tax assets	12	55,112	20,964
Total non-current assets		2,409,430	1,700,905
Current assets			
Financial assets at fair value through profit or loss	6	900	1,002
Financial assets held at amortised cost	11	225,810	312,110
Tax assets	12	9,020	11,119
Other assets	13	442,448	341,184
Cash and cash equivalents	14	1,848,905	1,044,371
Total current assets		2,527,083	1,709,786
Total Assets		4,936,513	3,410,691
Non-current Liabilities			
Deferred tax liabilities	17	320,549	277,767
Tax liabilities	17	-	1,538
Non-current lease liabilities	32	12,188	12,977
Total non-current liabilities		332,737	292,282
Current Liabilities			
Financial liabilities at fair value through profit or loss	6	213	749
Financial liabilities held at amortised cost	15	1,800,408	1,168,268
Current lease liabilities	32	7,289	5,188
Tax liabilities	17	15,145	2,525
Other liabilities	16	405,461	337,745
Total current liabilities		2,228,516	1,514,475
Total Liabilities		2,561,253	1,806,757
Equity attributable to equity holders of the parent entity			
Share capital	18	1,574	1,099
Share premium	18	2,060,156	1,276,839
Retained earnings		312,998	325,505
Foreign currency translation reserve		532	491
Total equity		2,375,260	1,603,934
Total liabilities and equity		4,936,513	3,410,691

* For further details on the representations, please refer to Note 3(p).

Company registration No. 10647359 (England and Wales)

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (CONTINUED)

AS AT 31 DECEMBER 2020

The consolidated financial statements were approved and authorised by the Directors of the Company on 26 March 2021 and were signed on its behalf by:

Director
Allfunds (UK) Limited (formerly LHC4 (UK) Limited)

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	1 Jan 2020 to 31 Dec 2020 EUR '000s	1 Jan 2019 to 31 Dec 2019 Re-presented* EUR '000s
Fee, commission and service revenue	21	1,589,363	1,331,419
Fee, commission and service expense	22	(1,280,065)	(1,103,248)
Net Revenue**	5	309,298	228,171
Employee compensation and benefits	23	(75,591)	(54,968)
Other expenses	24	(89,901)	(82,005)
Other operating income/(expense)	25	5,537	(901)
Amortisation and depreciation relating to other intangible assets and property, plant and equipment	8,9	(18,426)	(13,351)
Amortisation of intangible assets acquired as a result of business combinations	9	(111,607)	(92,307)
Profit/(loss) before net interest expense, impairment loss and tax expense		19,310	(15,361)
Interest income	26	3,451	4,041
Interest expense	27	(6,024)	(10,912)
Net interest expense		(2,573)	(6,871)
Impairment loss on financial assets held at amortised cost	28	(1,550)	(319)
Profit/(loss) before tax		15,187	(22,551)
Tax expense	29	(15,230)	(7,950)
Loss for the year after tax		(43)	(30,501)
Basic and diluted earnings/(loss) per share (not in 000's)	30	(0.0003)	(0.2776)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		59	564
Taxes		(18)	(169)
Other comprehensive income for the year		41	395
Total comprehensive loss for the year		(2)	(30,106)

* For further details on the respresentations, please refer to Note 3(p).

** Net revenue is comprised of fee, commission and service revenue recognized under IFRS 15 less fee, commission and service expense. Net revenue is a gross profit measure. The Group labels this gross profit subtotal as Net revenue because the Directors believe it reflects the integral interrelationship between revenue generated and the expenses concurrently incurred, whilst also being comparable to measures used by peers.

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Attributable to the owners of Allfunds (UK) Limited (formerly LHC4 (UK) Limited)				
	Notes	Share capital EUR '000s	Share premium EUR '000s	Retained earnings /(losses) EUR '000s	Foreign currency translation reserve EUR '000s	Total equity EUR '000s
Balance as at 1 January 2019		1,000	1,905,730	(373,121)	96	1,533,705
Loss for the year		-	-	(11,311)	-	(11,311)
Other comprehensive income:						
Currency translation differences		-	-	-	564	564
Taxes		-	-	-	(169)	(169)
Total comprehensive loss for the year		-	-	-	-	(10,916)
Transactions with owners of the Company						
Share issue during the year	18	99	171,109	-	-	171,208
Capital reduction	18	-	(800,000)	800,000	-	-
Dividends	19	-	-	(70,873)	-	(70,873)
Balance as at 31 December 2019		1,099	1,276,839	344,695	491	1,623,124
Balance as at 1 January 2020 as previously reported		1,099	1,276,839	344,695	491	1,623,124
Adjustment to prior year balances in relation to the re-measurement of net assets acquired as a result of a business combination	3p,10	-	-	(19,654)	-	(19,654)
Re-presented balance as at 1 January 2020		1,099	1,276,839	325,041	491	1,603,470
Loss for the year		-	-	(43)	-	(43)
Other comprehensive income:	19					
Currency translation differences		-	-	-	59	59
Taxes		-	-	-	(18)	(18)
Total comprehensive loss for the year		-	-	-	-	(2)
Transactions with owners of the Company						
Share issue during the year	18	475	783,317	-	-	783,792
Dividends	19	-	-	(12,000)	-	(12,000)
Balance as at 31 December 2020		1,574	2,060,156	312,998	532	2,375,260

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	1 Jan 2020 to 31 Dec 2020 EUR '000s	1 Jan 2019 to 31 Dec 2019 EUR '000s Re-presented*
Operating activities			
Loss for the year after tax		(43)	(30,501)
Adjustment for:			
Depreciation and amortisation	8,9	130,033	105,658
Impairment loss on financial assets held at amortised cost	28	1,550	319
Net exchange differences	25	(428)	729
Net (losses)/gains on financial assets and liabilities at FVTPL	25	(295)	139
Interest income	26	(3,451)	(4,041)
Interest expense	27	6,024	10,912
Tax charge	29	15,230	7,950
		148,620	91,165
Net (increase)/decrease in operating assets			
Financial assets at amortised cost		530,839	75,772
Financial assets at fair value through profit and loss		102	(265)
Other operating assets		(88,033)	(16,510)
		442,908	58,997
Net increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit and loss	6	(536)	536
Financial liabilities at amortised cost		185,972	276,516
Other operating liabilities		80,985	41,266
		266,422	318,318
Payments of corporation taxes		(22,280)	(25,296)
Net cash flows from operating activities		835,670	443,184
Investing activities			
Purchase of property, plant and equipment	8	(9,397)	(4,224)
Purchase of intangible assets	9	(19,109)	(22,796)
Net cash acquired as a result of business combinations	10	29,684	-
Cash consideration (paid) on acquisition of subsidiaries	9	(29,272)	(9,057)
Net cash flows used in investing activities		(28,094)	(36,077)
Financing activities			
Cash payments on principal portion of lease liabilities	32	(6,105)	(4,571)
Payment of interim dividend	19	(12,000)	(70,873)
Proceeds from issuance of share capital and share premium	10	14,636	-
Net cash flows used in financing activities		(3,469)	(75,444)
Net increase in cash and cash equivalents		804,107	331,663
Effect of exchange rate changes on cash and cash equivalents		428	(729)
Cash and cash equivalents at the start of the year		1,044,371	713,437
Cash and cash equivalents at the end of the year		1,848,905	1,044,371

* For further details on the representations, please refer to the Note below.

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Non-Cash disclosures

As described in Note 10, the Group made non-cash equity contributions in the following amounts:

- EUR 171,208 thousand on 6 September 2019 in relation to the acquisition of Credit Suisse InvestLab AG;
- EUR 190,000 thousand on 26 March 2020 in relation to the acquisition of Credit Suisse InvestLab 2 AG;
- EUR 18,792 thousand on 26 March 2020 in relation to the deferred consideration for the 2019 acquisition of Credit Suisse InvestLab AG;
- EUR 414,000 thousand on 2 October 2020 in relation to the BC Acquisition; and
- EUR 146,364 thousand on 2 October 2020 in relation to the purchase of the PAM intangible asset.

As described in Note 15, the liabilities arising from financing activities increased EUR 781,985 thousand mainly due to higher balances deposited in cash accounts opened by clients in Allfunds Bank. Below are the primary drivers of this change:

- Deposits from customers: EUR 650,534 thousand;
- Tax collection accounts: EUR 46,242 thousand; and
- Commissions for the commercialization of shares in Collective Investment Institutions held in fiduciary accounts that were pending transfer: EUR 53,132 thousand.

Re-presentation on the cashflow

As described in note 3(p) a number of re-presenations were made due to the completion of the PPA exercises on the Groups investment. The effect of these changes on the cashflow are described below;

- An increase in the depreciation and amortisation charge for the period of EUR 4,040 thousand, resulting in a movement from EUR 101,618 thousand to EUR 101,658 thousand.
- An increase in the tax charge for the period of EUR 15,150 thousand, resulting in a movement from a tax credit adjustment of EUR 7,200 thousand to a tax charge adjustment of EUR 7,950 thousand.

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

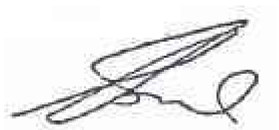
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 EUR '000s	2019 EUR '000s
Non-current assets			
Investments held at cost less impairment losses	33	2,876,424	1,898,424
Total non-current assets		2,876,424	1,898,424
Current assets			
Other assets		270	-
Cash and cash equivalents		334	1,843
Total current assets		604	1,843
Total Assets		2,877,028	1,900,267
Current Liabilities			
Other liabilities	42	1,710	21,280
Income tax payable		-	1,615
Intercompany payable	43	13,536	4,839
Total current liabilities		15,246	27,734
Equity attributable to equity holders of the parent entity			
Share capital	18	1,574	1,099
Share premium	18	2,060,156	1,276,839
Retained earnings		800,052	594,595
Total equity		2,861,782	1,872,533
Total liabilities and equity		2,877,028	1,900,267

Company registration No. 10647359 (England and Wales)

The Company financial statements were approved and authorised by the Directors of the Company on 26 March 2021 and were signed on its behalf by:



Director
Allfunds (UK) Limited (formerly LHC4 (UK) Limited)

(The notes on pages 32 to 97 form an integral part of these financial statements)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	1 Jan 2020 to 31 Dec 2020 EUR '000s	1 Jan 2019 to 31 Dec 2019 EUR '000s
Employee compensation and benefits	44	(2,361)	-
Other expenses	45	(8,015)	(7,107)
Other income		268	-
Reversal of impairment loss on financial assets held at cost	33	213,000	149,000
(Loss)/profit before interest income, interest expense and income taxes		202,892	141,893
Dividend income	46	14,590	63,404
Interest income		-	9,086
Interest expense	43	(25)	-
Net interest (expense)/income		(25)	9,086
Profit before tax		217,457	214,383
Tax expense		-	(1,615)
Profit for the year after tax		217,457	212,768
Total comprehensive income for the year		217,457	212,768

(The notes on pages 32 to 97 form an integral part of these financial statements)

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2020

	Notes	Attributable to the owners of Allfunds (UK) Limited (formerly LHC4 (UK) Limited)			
		Share capital EUR '000s	Share premium EUR '000s	Retained earnings EUR '000s	Total equity EUR '000s
Balance as at 1 January 2019		1,000	1,905,730	(347,299)	1,559,431
Profit for the year		-	-	212,767	212,767
Total comprehensive income for the year					212,767
Transactions with owners of the Company					
Share issue during the year	18	99	171,109	-	171,208
Capital reduction	18	-	(800,000)	800,000	-
Dividends	19	-	-	(70,873)	(70,873)
Balance as at 31 December 2019		1,099	1,276,839	594,595	1,872,533
Balance as at 1 January 2020		1,099	1,276,839	594,595	1,872,533
Profit for the year		-	-	217,457	217,457
Total comprehensive income for the year					217,457
Transactions with owners of the Company					
Share issue during the year	18	475	783,317		783,792
Dividends	19	-	-	(12,000)	(12,000)
Balance as at 31 December 2020		1,574	2,060,156	800,052	2,861,782

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	1 Jan 2020 to 31 Dec 2020 EUR '000s	1 Jan 2019 to 31 Dec 2019 EUR '000s
Operating activities		
Profit for the year after tax	217,457	212,767
Adjustment for:		
Impairment on financial assets at amortised cost	(213,000)	(149,000)
Net Interest income	-	(9,086)
Tax charge	-	1,615
	4,457	56,296
Net (increase)/decrease in operating assets		
Increase in debtors	(269)	8,126
Increase in creditors	6,303	(6,274)
	6,034	1,852
Net cash flows from operating activities	10,491	58,148
Financing activities		
Dividend paid	(12,000)	(70,873)
Loan interest received	-	14,113
Net cash flows from financing activities	(12,000)	(56,760)
Net decrease in cash and cash equivalents	(1,509)	1,388
Cash and cash equivalents at the start of the year	1,843	455
Cash and cash equivalents at the end of the year	334	1,843

As described in Note 10, the Company made non-cash equity contributions in the following amounts:

- EUR 171,208 thousand on 6 September 2019 in relation to the acquisition of Credit Suisse InvestLab AG;
- EUR 190,000 thousand on 26 March 2020 in relation to the acquisition of Credit Suisse InvestLab 2 AG;
- EUR 18,792 thousand on 26 March 2020 in relation to the deferred consideration for the 2019 acquisition of Credit Suisse InvestLab AG;
- EUR 414,000 thousand on 2 October 2020 in relation to the BC Acquisition; and
- EUR 161,000 thousand on 2 October 2020 in relation to the purchase of the PAM intangible asset.

(The notes on pages 32 to 97 form an integral part of these consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Allfunds (UK) Limited (formerly LHC4 (UK) Limited) is a private company limited domiciled in England and Wales, United Kingdom. The address of the registered office is at 2 Fitzroy Place, 8 Mortimer Street, London, United Kingdom, W1T 3JJ.

The activities that the Group ultimately undertake are as follows:

- The performance of all kinds of activities, transactions and services of the banking business in general, related thereto or permitted under current legislation and financial reporting framework applicable to the Bank of Spain;
- The acquisition, holding, use, administration and disposal of Spanish and foreign marketable securities, shares and equity interests in companies, in accordance with current legislation; and
- The provision of investment services and any applicable supplementary activities under current legislation.

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd ("Eiffel"), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 plc, the Company's direct parent. LHC Manco Limited, a company owned by senior employees of Allfunds Bank Group, also holds a minority interest in LHC1 Limited.

These consolidated financial statements have been prepared as at and for the year from 1 January 2020 to 31 December 2020.

Comparative figures have been represented where necessary to conform to the current year's presentation, with details of the changes included in Note 3(p).

2. BASIS OF ACCOUNTING

a. Statement of compliance

The consolidated and individual financial statements have been prepared on a going concern basis and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

In preparing the Company financial statements together with the Group consolidated financial statements, the Company has consistently applied the accounting policies of the Group to all Company level information.

The Directors have made enquiries and having considered the current economic climate at the time of approving the consolidated financial statements, as well as the expected working capital requirements that both the Group and Company will have for the coming period, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of these consolidated financial statements, in conformity with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), requires the use of accounting estimates and exercise of judgement (see Note 4) by the management while applying the Group's accounting policies. These estimates are based on the management's best knowledge of the events which existed at the Consolidated Statement of Financial Position date. However, the actual results may differ from these estimates.

New standards and amendments issued and effective for the financial period beginning 1 January 2020 which have been adopted by the Group

In 2020 the following Standards and Interpretations adopted by UK Law and the Group have come into force:

IFRS 3 amendment - Business definition

The IFRS 3 amendment included clarifications to the IFRS 3 business definition to facilitate the identification of a business combination or an acquisition of assets in the framework.

For an integrated set of activities and assets that are considered as a business, it must at least involve some inputs and a substantive process that significantly contribute to the entity’s ability to provide outputs.

The entry into force of this standard on 1 January 2020 has not had a significant impact on the Group’s audited annual consolidated financial statements.

Changes to IAS 1 and IAS 8 - Definition of materiality

These amendments clarify the definition of “material” to assist with its understanding.

Following the amendment, in accordance with IAS 1, information is material if it could reasonably be assumed that omitting, misstating or obscuring it could influence the decisions of the primary users of the financial information may adopt over what is contained in the financial statements.

The definition of material in IAS 8 has been replaced with a reference to IAS 1.

The entry into force of this standard on 1 January 2020 has not had a significant impact on the Group’s audited annual consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 - IBOR Reform

IBOR Reform (Phase 1) refers to the amendments issued by the IASB to IFRS 9, IAS 39 and IFRS 7 to avoid certain hedge accounting having to be discontinued in the period before the reform of the benchmark rates actually takes place.

In certain cases, and/or jurisdictions, there may be uncertainty as to the future of certain benchmarks or their impacts on the contracts held by an entity, which leads directly to uncertainty as to the timing or the amounts of the cash flows of the hedged item or the hedging instrument. Due to such uncertainty, some entities may be required to discontinue hedge accounting or may not be able to designate new hedging relationships.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7 - IBOR Reform (continued)

Therefore, the amendments include several transitional simplifications to hedge accounting requirements that apply to all hedging relationships affected by the uncertainty arising from the Reform.

A hedging relationship is affected by the reform if it generates uncertainty as to the timing or amount of the cash flows of the hedged item or of the hedging instrument that are linked to the specific benchmark.

Since the purpose of the amendments is to provide temporary exceptions from applying certain specific hedge accounting requirements, these exceptions will cease to apply once the uncertainty has been resolved or the hedge no longer exists in October. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

COVID-19-related Rent Concessions – Amendments to IFRS 16

Owing to the Covid-19 pandemic, certain lessees are renegotiating their lease payments with lessors in order to obtain reductions, remissions or other incentives, including payment holidays and deferral of lease payments.

Since a case-by-case analysis of the leases affected by these concessions could be complex and costly, this amendment optionally exempts lessees from having to analyse agreements on a case-by-case basis in order to assess whether a Covid-19-related rent concession is a lease modification.

This regulatory change was adopted by UK law in October 2020 and is effective for annual reporting periods beginning on or after 1 June 2020; it does not have an impact on the Group's audited annual consolidated financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of the Group.

New standards and amendments issued but not yet effective for the financial period beginning 1 January 2020 which have not been early adopted by the Group

As of the date of preparation of these audited annual consolidated financial statements, the following standards, interpretations or modifications have been published by the IASB, which have been approved under UK law, although to date they are not mandatory. Although in some cases, the IASB allows the application of the amendments prior to their entry into force, the Group has not proceeded to introduce them in the consolidated audited annual consolidated financial statements for financial year 2020.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation (continued)

As the result of Brexit from 1 January 2021 the UK ceases to be subject of the EU law and there is IFRS as adopted by the UK which starts out as a carbon copy of "IFRS as adopted by the EU". It's expected that EU and UK endorsed IFRS will stay the same (or very close) although there may be a small timing difference (the UK endorses before the EU or vice versa) but it is also possible they may diverge.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Amendments to Interest Rate Benchmark Reform – Phase 2

These amendments provide specific guidance on how entities should recognise financial assets and liabilities where the basis for determining the contractual cash flows changes as a result of interest rate benchmark reform.

The practical expedient introduced by the IASB requires an entity to recognise the impact of the change in the basis for determining the contractual cash flows prospectively by revising the effective interest rate. This practical expedient only applies when the change in the basis for determining the contractual cash flows is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change.

The same prospective adjustment to the effective interest rate indicated for financial assets and liabilities applies to lease liabilities in IFRS 16 when the basis for determining the lease payments is changed as a consequence of interest rate benchmark reform and the change is done on an economically equivalent basis. Similarly, if additional modifications are made to lease contracts, the general requirements of IFRS 16 shall be applied.

Also, an exception is introduced to the existing hedge accounting requirements so that changes in the formal designation and documentation of a hedge accounting relationship that are needed to reflect the changes required by interest rate benchmark reform do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. These amendments are not expected to have a material impact on the Group.

IFRS 4, Amendments to Extension of the Temporary Exemption from Applying IFRS 9

In June 2020 the IASB issued certain amendments to IFRS 17 including, inter alia, a deferral of the initial application date by two years; it will now apply to the financial statements for annual reporting periods beginning on or after 1 January 2023.

In line with this amendment, the IASB also resolved to defer the ending date of the temporary exemption from applying IFRS 9, and, accordingly, entities will be obliged to apply this IFRS for annual reporting periods beginning on or after 1 January 2023.

This regulatory change is effective for annual reporting periods beginning on or after 1 January 2021 and does not have a material impact on the Group’s audited annual consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently in these consolidated financial statements unless otherwise indicated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the parent company has control. The investor (parent company) controls an investee if and only if the investor has all of the following: a) power over the investee; b) exposure, or rights, to variable returns from its involvement with the investee; and c) the ability to use its power over the investee to affect the amount of the investor´s returns. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are derecognised from the date that control ceases. The acquisition method is used by the Group to account for business combinations.

When the parent company has less than a majority of the voting rights of an investee, they consider that they have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

b. Foreign currency translation

i. Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the ''functional currency''). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. The statement of financial position balances are translated using the spot rate as at 31 December 2020. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Consolidated Statement of Comprehensive Income on a net basis within other operating income/(expense).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as financial assets at fair value through other comprehensive income, are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

b. Foreign currency translation (continued)

iii. Group foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency and all resulting exchange differences are recognised in other comprehensive income as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

c. Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets and investments

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost;
- those to be measured subsequently at fair value, either through Other Comprehensive Income ("FVOCI");
- those to be measured subsequently at fair value through profit or loss (“FVTPL")

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expense), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments (continued)

Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling them, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other operating income/(expense). Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income/(expense) and impairment losses are presented as separate line item in the statement of comprehensive income.

Financial assets at fair value through profit and loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in comprehensive income and presented net within other operating income/(expense) in the period in which it arises.

ii. Impairment of financial assets

A financial asset is considered to be impaired and therefore its carrying amount is adjusted to reflect the effect of impairment when there is objective evidence that events have occurred which:

- In the case of debt instruments, give rise to an adverse impact on the future cash flows that were estimated at the transaction date.
- In the case of equity instruments, mean that their carrying amount may not be fully recovered.

The impairment shall be calculated according to whether or not there has been a significant increase in the credit risk since initial recognition and whether or not default has occurred. Accordingly, the impairment hedging shall be equal to:

- The expected twelve-month credit losses when the risk of default has not significantly increased since initial recognition.
- The lifetime expected credit losses if the risk of default has significantly increased since initial recognition.
- Expected credit losses when default has occurred.

Financial instruments are grouped into three categories based on the impairment method applied, in accordance with the following structure:

- Stage 1 – Normal risk: those transactions the credit risk of which has not significantly increased since initial recognition. Impairment shall be equal to the twelve-month expected credit losses. Interest revenue shall be calculated applying the effective interest rate to the gross carrying amount of the transaction.
- Stage 2 – Normal risk under special surveillance: those transactions the credit risk of which has significantly increased since initial recognition, but without default. the impairment shall be equal to the lifetime expected credit losses of the transaction. Interest revenue shall be calculated applying the effective interest rate to the gross carrying amount of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments (continued)

ii. Impairment of financial assets (continued)

- Stage 3 – Non-performing: credit-impaired transactions, i.e. there has been default. Impairment shall be equal to the expected credit losses. Interest revenue shall be calculated by applying the effective interest rate at amortized cost (i.e. adjusted for an impairment allowance) of the financial instrument.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii. Financial liabilities

The Group initially recognises financial liabilities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group classifies financial liabilities other than derivatives at amortised cost. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

iv. Derivative financial instruments

The Group enters into derivative financial instruments, including foreign exchange spot and forward contracts, to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date, with the resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

d. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

e. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment, as part of the cash-generating unit (“CGU”) to which it belongs, at least annually. The cash generating unit is the smallest group of assets that includes the goodwill and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset’s cash generating unit involves judgement. For the purpose of impairment testing, goodwill acquired as part of a business combination is allocated to each of the Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill cannot be reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

f. Impairment of non-financial assets

Non-financial assets, other than indefinite life intangibles, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

h. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group depreciates property, plant and equipment on a straight-line basis over the following periods:

Furniture and fixtures:	10 years
Computer hardware:	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Please refer to Note 3(m) for the accounting policy for leases included on the consolidated Statement of Financial Position as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

i. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Group, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Group considers it probable that future economic benefits will be generated are recognised.

i. Internally developed intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic developments;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense cannot be recognised as assets in subsequent periods.

ii. Acquired intangible assets

The Group also has intangible assets which are acquired as part of various acquisitions and business combinations. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). See further information regarding acquired intangible assets in Note 10.

iii. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

j. Revenue recognition

i) Fee, commission and service revenue

In general terms, the Group identifies revenue to be recognized in accordance with the provisions of the agreements signed with customers. The services can be differentiated according to the type of service:

- Platform revenue - The Group considers that the service is provided (and the performance obligation satisfied) when subscription and redemption of units in Collective Investment Undertakings ("CIUs") are settled and accordingly the positions are allocated in the clients' securities accounts. The commissions agreed with clients associated with these intermediation services are calculated daily and the services are generally invoiced on a quarterly basis. Revenue is recognized in the period in which the performance obligation has been satisfied, in accordance with the volume of activity and the contractual price.

- Subscription and other revenues:
  - Financial or banking services: the service is provided (and the performance obligation satisfied) at a point in time. The commissions and fees are invoiced at the time the service is rendered according with the economic terms fixed in the agreement. The performance obligation is satisfied once the service has been performed, and revenue is recognized accordingly.
  - Information delivery services: the service is provided (and the performance obligation satisfied) over a period of time in accordance with the contract. The service is invoiced according to the conditions and fixed pricing included in the contract (monthly, quarterly or annually). The performance obligation is satisfied over a period of time as defined in the contract, and the revenue is recognized pro-rata over this same period.

For all types of services provided, payment is typically due within 45 days of the invoice date. Due to the short-term nature, the payment terms do not have a significant financing component. Furthermore, the consideration amounts do not include any variable component.

The Group recognizes contract assets and liabilities in accordance with IFRS 15 as a result of the balances generated for accrued platform fees and expenses. See Notes 13 and 16 and further information regarding the contract assets and liabilities, respectively.

ii) Fee, commission and service expense

Fee, commission and service expenses comprise expenses for third parties, distributors, and other parties. These expenses are generated as a result of a type of fee contract generally referred to as the rebate model. Under this model, the fund houses pay a portion of the management or distribution fee of the UCI, which is calculated as a margin on the volume of AuA, as a distribution fee, or rebate, to Allfunds. Allfunds then passes this rebate on to the distributor. The expense is recognized in the same accounting period as the income associated with the assets under intermediation/distribution (see above).

iiI) Net revenue

Net revenue is comprised of fee, commission and service revenue recognized under IFRS 15 less fee, commission and service expense. Net revenue is a gross profit measure. The Group labels this gross profit subtotal as Net revenue because the directors believe it reflects the integral interrelationship between revenue generated and the expenses concurrently incurred, whilst also being comparable to measures used by peers.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

k. Employee benefits

i. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within other liabilities in the consolidated statement of financial position, as long as there in no right to deferral.

Short-term employee benefits are expensed as the related service is provided.

ii. Post-employment obligations

The Group's post-employment obligations to its employees are deemed to be "defined contribution plans" when the Group makes pre-determined contributions to a separate entity and will have no legal or effective obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

At 31 December 2020 and 2019 the Group did not have any obligations which should be considered to be defined benefit obligations in accordance with applicable legislation, except for 116 employees of the Branches in Italy and Switzerland.

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise.

iii. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

l. Income tax

Current tax expense or benefit is based on the taxable profit for that year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Furthermore, the accrual for current tax includes provisions for uncertain tax positions which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenge of historical tax positions.

Current tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the date of the statement of financial position. The Group periodically evaluates positions taken in the tax returns for situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax liabilities are provided for using the liability method on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that the deductions and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each date of the statements of financial position and reduced to the extent it is no longer probable that the deferred or income tax assets will be recovered. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail in the period when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the dates of the statements of financial position.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

m. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In accordance with IFRS 16, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

m. Leases (continued)

In all other cases the lessee is required to recognise a right-of-use asset representing its right to use the leased asset under “Property, Plant and Equipment” in the consolidated statement of financial position (see Note 8), and a lease liability representing its obligation to make lease payments under “Financial Liabilities at Amortised Cost” - Other Financial Liabilities” in the consolidated statement of financial position (see Note 15). For the purposes of the consolidated statement of profit or loss, the depreciation of the right-of-use asset is recognised under “Depreciation and Amortisation" (see Note 8), and the finance cost associated with the lease liability under “Interest Expense" (see Note 27).

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, are adjusted for any initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Vehicles	4 years
Computer hardware:	5 years
Buildings	2-10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also periodically reduced by impairment losses, if any.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, however, lease payments do not include payments made before or at the commencement date. In addition to the fixed lease payment amount, the lease liabilities also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. There are no variable lease payments or expected payments under residual value guarantees.

The lease liabilities are measured at amortised cost using the effective interest method.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Since the Group has no borrowings with a bank, the incremental borrowing rate has been constructed as the country risk-free rate for a period similar to the term of the lease, plus an adjustment for the lessee's credit risk (spread), plus an adjustment for the exchange rate, in the event that the currency of the lease contract is different from the reference currency of the country in which the lessee operates, and finally the possibility of making an adjustment for the risk associated with the type of asset being leased is analysed. The Group has established individual fees for each jurisdiction, following this methodology. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term as a result of a change in the group’s assessment of whether it will exercise an extension or termination option, a change in the future lease payments arising from a change in an index or rate or if there is a revised in-substance future lease payment, or a change in the assessment of an option to purchase the underlying asset.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

m. Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

n. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand Euros unless otherwise stated.

o. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting pursuant to IFRS 3. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred and included in "Technical reports" in Other expenses.

The Group applies the IFRS 3 amendment when determining whether a transaction qualifies as a business combination or an acquisition of assets within the framework. For an integrated set of activities and assets that are considered as a business, it must at least involve some inputs and a substantive process that significantly contribute to the entity's ability to provide outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale are measured in accordance with that Standard.

Goodwill is initially recognised and measured as set out in Note 3(e) above.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (being no longer than one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

p. Comparative information

During the year ended 31 December 2020, there were three items which lead to changes in the comparative 2019 figures:

- Finalisation of the PPA exercise for the Credit Suisse acquisition
- Finalisation of the PPA exercise for the Nordic Fund Market acquisition
- We are changing the presentation due to the ongoing evolution of our business model. Such change provide more relevant and reliable presentation to stakeholders. The prior year comparatives have been restated to reflect this change.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

p. Comparative information (continued)

Following is a summarised comparison of the audited annual consolidated statement of financial position and audited annual consolidated statement of comprehensive income as at and for the year ended 31 December 2019 with re-presented figures showing the impact of the retrospective application of the PPAs in accordance with IFRS 3, along with the re-presentation of the statement of comprehensive income:

	Note	31 Dec 2019 EUR ('000s) As reported	Credit Suisse (3(p)ii) EUR ('000s) Adjustment	Nordic Fund Market (3(p)ii) EUR ('000s) Adjustment	31 Dec 2019 EUR ('000s) Re-presented
Non-current assets					
Goodwill	9	802,801	(157,415)	(1,562)	643,824
Intangible assets	9	857,043	148,330	1,569	1,006,942
Property, plant and equipment		28,248	-	-	28,248
Financial assets held at amortised cost		927	-	-	927
Deferred tax assets	12	599	20,365	-	20,964
		1,689,618	11,280	7	1,700,905
Current assets					
Financial assets at fair value through profit or loss		1,002	-	-	1,002
Financial assets held at amortised cost		312,110	-	-	312,110
Current tax assets	12	12,176	(1,057)	-	11,119
Other assets	13	340,881	-	303	341,184
Cash and cash equivalents		1,044,371	-	-	1,044,371
		1,710,540	(1,057)	303	1,709,786
Total assets		3,400,158	10,223	310	3,410,691
Non-current liabilities					
Deferred tax liabilities	17	248,044	29,399	324	277,767
Non-current lease liabilities		12,977	-	-	12,977
Non-current tax liabilities		1,538	-	-	1,538
		262,559	29,399	324	292,282
Current liabilities					
Financial liabilities at fair value through profit or loss		749	-	-	749
Financial liabilities held at amortised cost		1,168,268	-	-	1,168,268
Current lease liabilities		5,188	-	-	5,188
Current tax liabilities		2,525	-	-	2,525
Other liabilities		337,745	-	-	337,745
		1,514,475	-	-	1,514,475
Total Liabilities		1,777,034	29,399	324	1,806,757
Equity					
Share capital		1,099	-	-	1,099
Share premium		1,276,839	-	-	1,276,839
Accumulated reserves		344,695	(19,176)	(14)	325,505
Foreign currency translation reserve		491	-	-	491
		1,623,124	(19,176)	(14)	1,603,934
Total liabilities and equity		3,400,158	10,223	310	3,410,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

p. Comparative information (continued)

	31 Dec 2019	Credit Suisse (3(p)ii)	Nordic Fund Market (3(p)ii)	Realignment (3(p)i)	31 Dec 2019
	EUR ('000s) As reported	EUR ('000s) Adjustment	EUR ('000s) Adjustment	EUR ('000s) Adjustment	EUR ('000s) Re-presented
Interest income (1)	4,041	-	-	(4,041)	-
Interest expense (1)	(10,912)	-	-	10,912	-
Net interest expense (1)	(6,871)	-	-	6,871	-
Fee and commission income (2)	1,329,077	-	-	2,342	1,331,419
Fee and commission expense (2)	(1,103,248)	-	-		(1,103,248)
Net fee and commission income (2)	225,829	-	-	2,342	228,171
					-
Other operating income (3)	7,026	-	-	(7,026)	-
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss (3)	(139)	-	-	139	-
Exchange differences (net) (3)	(729)	-	-	729	-
Other operating expenses (3)	(4,717)	-	-	4,717	-
Net operating income (4)	220,399	-	-	7,772	228,171
Employee compensation and benefits	(54,968)	-	-		(54,968)
General and administrative expenses (5)	(82,005)	-	-	82,005	-
Other expenses (3)	-	-	-	(82,005)	(82,005)
Other operating income/(expense) (3)	-	-	-	(901)	(901)
Amortisation and depreciation (6)	(101,618)	(4,022)	(18)	105,658	-
Amortisation and depreciation relating to other intangible assets and property, plant and equipment (6)	-	-	-	(13,351)	(13,351)
Amortisation of intangible assets acquired as a result of business combinations (6)	-	-	-	(92,307)	(92,307)
Impairment loss on financial assets held at amortised cost (7)	(319)	-	-	319	-
Loss before net interest expense, impairment losses and income tax expense (8)	(18,511)	(4,022)	(18)	7,190	(15,361)
Interest income (1)	-	-	-	4,041	4,041
Interest expense (1)	-	-	-	(10,912)	(10,912)
Net Interest expense (1)	-	-	-	(6,871)	(6,871)
Impairment losses (7)	-	-	-	(319)	(319)
Loss before tax (8)	-	-		-	(22,551)
Tax credit/(expense)	7,200	(15,154)	4	-	(7,950)
Loss for the year after tax	(11,311)	(19,176)	(14)	-	(30,501)

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

p. Comparative information (continued)

i. Footnotes for re-presentation

(1) Beginning in the year ended 31 December 2020, interest income, interest expense and net interest expense have been reallocated below the profit / (loss) before net interest expense, impairment losses and income taxes line.

(2) Beginning in the year ended 31 December 2020, these line items have been renamed “fee, commission and service revenue”, “fee, commission and service expense” and “net revenue”, respectively. In addition, beginning in the year ended 31 December 2020, revenue attributable to Allfunds Digital, S.L.U. (formerly known as Finametrix) has been reallocated from other operating income to fee, commission and service revenue. This amounted to EUR 2,342 thousand in the year ended 31 December 2019.

(3) Beginning in the year ended 31 December 2020, other operating income, net (losses)/gains on financial assets and liabilities measured at fair value through profit or loss, exchange differences (net), losses on derecognition of financial assets and liabilities measured at fair value through profit or loss and other operating expenses have been reallocated and renamed “other operating income/(expense)”.

(4) Beginning in the year ended 31 December 2020, the Group no longer presents net operating income in its consolidated statement of comprehensive

(5) Beginning in the year ended 31 December 2020, the line item “general and administrative expenses” has been renamed to “other expenses”.

(6) Beginning in the year ended 31 December 2020, the amortisation and depreciation line has been reallocated to the separate amortisation of intangible assets acquired as a result of business combinations and amortisation and depreciation relating to property, plant and equipment and intangible assets.

(7) Beginning in the year ended 31 December 2020, impairment losses have been reallocated below the Net interest expense line.

(8) Beginning in the year ended 31 December 2020, the Group presents loss before net interest expense, impairment losses and income tax expense instead of loss before tax, to reflect the reallocation of interest income, interest expense and impairment losses below the line.

ii. Adjustments from PPA exercises

IFRS 3.49 states that during the measurement period of intangible assets arising in a business combination, the acquirer shall recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Accordingly, the acquirer shall revise comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting. Consequently, in 2020, the Group finalised the purchase price allocations on the business combinations in relation to the 2019 acquisitions of the distribution business of Credit Suisse and Nordic Fund Market, which resulted in adjustments to the audited annual consolidated financial information as at and for the year ended 31 December 2019. Thus the changes to the initial accounting have been included as adjustments to the consolidated statement of financial position at 31 December 2019, presented for comparison purposes in the audited annual consolidated financial statements at 31 December 2020, and on the consolidated income statement as at 31 December 2019. The impact recognised in the consolidated statement of financial position as at 31 December 2019, was as follows:

- An increase in total assets of EUR 10,533 thousand arising from a reduction in goodwill of EUR 158,977 thousand. A further increase in intangible assets of EUR 149,899 thousand which relates to cooperation agreements of EUR 144,705 thousand and customer relationships of EUR 5,194 thousand as detailed in Note 10. Finally, an increase in deferred tax assets relating to tax credits obtained as part of the InvestLab acquisition of EUR 19,308 thousand.
- An increase in deferred tax liabilities for EUR 29,723 thousand in relation to the intangible assets.
- A reduction in equity of EUR 19,190 thousand due to the impact on profit for 2019 from the increased amortisation charge on the intangible assets along with the increase in tax expense for the year.

Due to an increase in the amortisation charge of EUR 4,040 thousand and an increase in the tax expense of EUR 15,150 thousand. Consequently, pursuant to IFRS 3, the Group recognised adjustments to the 2019 results with a decrease to accumulated reserves amounting to EUR 19,190 thousand.

iii. Other adjustments

A further re-presentation has been made due to the conversion of foreign exchange differences on the company Allfunds International Schweiz AG to a branch of Allfunds International Bank of EUR 464 thousand.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Group's accounting policies. Detailed below is an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions being revised based on actual experience.

Critical judgements in applying the Group's accounting policies

- Classification of financial instruments - The categorization of financial instruments is dependent upon management´s application of the business model and the determination of compliance of the tests on the instruments regarding payments of principal and interest.
- Useful lives of property, plant and equipment and intangible assets with finite lives - The determination of the useful economic life of these assets, as well as the determination of the most appropriate method for depreciation/amortisation is considered a management judgment. Adjustments to the financial statements could occur as a result in changes in the expected useful life or the expected pattern of consumption of future economic benefits of the asset (see Notes 8 and 9).
- Taxes - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on taxes are disclosed in Note 12.
- Provisions, contingent liabilities and assets - When required, the Group records accruals for provisions and loss contingencies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Such determinations are subject to interpretations of current facts and circumstances, forecasts of future events and estimates of the financial impacts of such events affecting the Group and the need to recognise accruals thereon (see Note 35).
- Manco - As discussed in Note 1, LHC Manco Limited, a company owned by senior employees of Allfunds Bank Group, also holds a minority interest in LHC1 Limited. As discussed in Note 34, those senior employees purchased shares which have certain conditions attached. The determination that these shares were purchased at an amount representative of fair value is considered a significant management judgement.

Key sources of estimation uncertainty

- Business Combinations - The Company accounts for business combinations under the acquisition method. The cost of an acquired company is assigned to the tangible and intangible assets acquired and the liabilities assumed on the basis of their fair values at the date of acquisition. Any excess of purchase price over the fair value of net tangible and intangible assets acquired is allocated to goodwill. The determination of fair values of assets acquired and liabilities assumed requires management to make estimates and use valuation techniques when market values are not readily available. In the case of the BNPP acquisition, the Group utilized the attrition rate from 2019, as the rate for 2020 was not yet available when performing the provisional valuation of the customer relationship intangible asset. The 2020 rate will be utilized as part of the finalisation of the PPA exercise during the 12-month measurement period, and this could lead to a change in the original estimate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

- Impairment of non-financial assets - Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculations are based on the Discounted Cash Flow ("DCF") and Dividend Discount Model ("DDM"), depending on the CGU, and the methodology used to calculate the fair value less cost of disposal of Allfunds Bank, S.A.U. was the income approach. Forecasted performance figures do not include future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used to calculate the present terminal value of the investment and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 9.
- Provision for expected credit losses ("ECLs") of trade receivables and contract assets - The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. As the Group´s receivables have short maturities, and the simplified method under IFRS 9 has been applied, credit losses and other forward-looking information is not considered to have a significant impact; however, the assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The Group's historical credit loss experience may also not be representative of customer's actual default in the future. See further information in Note 6.

5. OPERATING SEGMENTS

The Group´s revenues are generated through its global operations, primarily in Europe and Asia. The Group reports its results of operations through the following two reportable segments: *platform revenues* and *subscription and other revenues.*

- *Platform revenue* is generated from commission-based and transaction-based revenues. These revenues are generated based on a daily fee calculated based on the amount of each Fund Manager's outstanding AuA in UCIs on the Allfunds Platform, according to the Service fee model or the Rebate Commission fee model.
- *Subscription and other revenues* include Allfunds Connect (including both annual license fees and annual membership fees) and digital add-ons, as well as the Group's Fund Research and Investment services and Legal and Compliance services. Allfunds generates income from subscription and other services based on fixed membership fees and licenses and charges for its digital solutions and tools and other investment and legal solutions.

5. OPERATING SEGMENTS (CONTINUED)

The chief operating decision makers (the Directors), regularly review the performance of each of these distinct revenue-generating services, and the Company has determined that these represent the operating segments of the group. On a segment basis, the Directors are solely reviewing net revenue in order to steer each of the operating segments. Interest expense, interest income, segment assets and segment liabilities are consistent with those included in the consolidated statement of comprehensive income and in the consolidated statement of financial position and no adjustments are required to arrive at the relevant totals for the segments; it is impracticable to split these amounts and balances between the two segments. No additional profitability or balance sheet metrics are reviewed at the segment level by the chief operating decision makers. The operating segments have not been aggregated; thus, the reportable segments are equivalent to the operating segments. Revenues, and their associated expenses for each segment are recognized in accordance with the same accounting principles and policies as those used to prepare the financial statements.

The Group previously reported its operating segments based on a product split, which was primarily considered to be a geographical segmentation. The Group´s revenues are generated through its global operations, primarily in Europe and Asia. As described elsewhere herein, the impact of the BNPP Acquisition in 2020 was significant and resulted in nearly double the level of assets under administration. This factor, along with the further integration of the 2019 acquisitions, resulted in the need for management to review the business in a different way. As a result of the M&A activities and organic expansion, the Group now has significant global operations; however, the vast majority of the business has the same purpose: to generate revenues related to an underlying volume of assets. This type of activity is distinct to the generation of revenues from other types of services that the company provides, services such as membership and joining fees, which are not related to underlying assets, thus, management must separately evaluate and manage this sector of the business. As such, the Directors have changed their approach and applied a different segmentation beginning in 2020. The 2019 comparative segment information has been re-presented accordingly.

The information in the following tables is derived from the Group's internal financial reporting used for corporate management purposes.

	2020	2019*
	EUR '000s	**EUR '000s**
Platform revenue	1,575,356	1,319,507
Fee, commission and service expense	(1,280,065)	(1,103,248)
Net platform revenue	295,291	216,259
Subscription and other revenues	14,007	11,912
Subscription and other expenses	-	-
Net subscription and other revenues	14,007	11,912
Total Net Revenue	309,298	228,171

*** The 2019 figures have been re-presented to align with the change in segment presentation as described above.**

No single customer contributed 10 per cent or more to the Group's revenue in either 2020 or 2019.

6. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is carried out by the Directors of the Company and each of the Company's subsidiaries. As such, this risk management function has been delegated to the relevant department within a specific Group company. The Directors or the relevant department identify, evaluate and hedge financial risks.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group´s derivatives do not meet the hedging criteria and are classified as FVTPL and are accounted for at FVTPL also. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period. The Group has the following derivative financial instruments:

	2020		2019	
	Notional EUR '000s	Fair Value EUR '000s	Notional EUR '000s	Fair Value EUR '000s
Current assets				
Foreign currency forward contracts -FVTPL	152,049	397	102,546	526
Foreign currency spot contracts - FVTPL	55,635	110	35,494	83
	207,684	507	138,040	609
Current liabilities				
Foreign currency forward contracts - FVTPL	54,103	154	112,655	707
Foreign currency spot contracts - FVTPL	36,409	59	28,506	42
	90,512	213	141,161	749

The notional and/or contractual amounts of the aforementioned contracts do not reflect the actual risk assumed by the Group, since the net position in these financial instruments is the result of offsetting and/or combining them. This net position is used by the Group basically to hedge the currency risk.

a. Market Risk

Market risk is defined as the risk to which the Group is exposed in terms of a potential adverse impact on its statement of comprehensive income due to fluctuations in interest rates, currency exchange rates and the market prices of instruments included in the Group's trading portfolio, where they exist.

The Group has decided to abide by a policy of low risk tolerance. Consequently, the Group does not have positions on or off the statement of financial position that might be affected by fair value risk relating to interest rate and price risks, except those that are strictly necessary for compliance with regulatory requirements in connection with liquidity and currency exchange derivative hedging to mitigate the risk in the main currencies to which it is exposed.

i. Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As the Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through the Risk Control Unit of Allfunds Bank Group which forecasts likely foreign currency expenditure. In addition, the management of Allfunds Bank Group receive daily reports on the exposure and impact on the statement of comprehensive income of Allfunds Bank Group due to currency fluctuations and any measures implemented to mitigate open risks.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market Risk (continued)

i. Foreign exchange risk (continued)

In order to strengthen the aforementioned foreign exchange risk mitigation mechanisms, Allfunds Bank Group, which has the largest exposure to non-reporting currencies within the Group, have set a cap on the net positions in foreign currencies.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euros, was as follows:

	2020			2019		
	EUR 000's			EUR 000's		
	USD	GBP	Other	USD	GBP	Other
Assets						
Cash, and cash equivalents	166,162	101,475	124,133	185,105	97,696	71,965
Financial assets held at amortised cost	56,455	21,501	12,290	8,979	1,351	26,522
Other assets	66,176	3,729	53,926	48,886	5,858	10,209
Liabilities						
Financial Liabilities at amortised cost	(213,893)	(124,208)	(68,181)	(193,536)	(103,179)	(39,751)
Other liabilities	(54,902)	(12,804)	(52,389)	(42,006)	(11,403)	(6,133)
	19,998	(10,307)	69,779	7,428	(9,677)	62,812

Sensitivity

As shown in the table above, the Group is exposed to USD, GBP and several other currencies which result in a foreign currency risk. This can be seen through a number of different asset and liability types that are held in currencies other than Euros.

Should the net asset value subject to currency risk be subject to a 10% increase/decrease, a movement deemed reasonably possible, the impact on the Statement of Financial Position and Statement of Comprehensive Income would be an increase/decrease in the value of EUR 7,947 thousand (2019: EUR 25,573 thousand).

ii. Interest rate risk

Interest rate risk is the risk that the value or the future cash flows of a financial instrument will fluctuate due to changes in interest rates.

The Group's receivables are held at amortised cost.

As the Group's exposure to interest rates are fixed, the Group does not manage its cash flow interest rate risk as it does not deem its other exposures to interest rate risk to be significant as other exposures are either repayable on demand or have a short maturity. As a result, no sensitivity analysis is provided as the Group does not deem its residual interest rate risk to be significant.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market Risk (continued)

ii. Interest rate risk (continued)

The following table analyses the interest rate composition of the Group's net assets categorised by maturity dates:

	2020			
	Cash	Financial instruments held at amortised cost	Financial instruments held at FVTPL	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Financial Assets:				
6 months or less	1,848,905	225,458	900	2,075,263
6-12 months	-	352	-	352
1-5 years	-	653	-	653
Over 5 years	-	215	-	215
	1,848,905	226,678	900	2,076,483
Financial Liabilities:				
6 months or less		1,804,168	213	1,804,381
6-12 months	-	3,529	-	3,529
1-5 years	-	11,890	-	11,890
Over 5 years	-	298	-	298
	-	1,819,885	213	1,820,098

	2019			
	Cash	Financial instruments held at amortised cost	Financial instruments held at FVTPL	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Financial Assets:				
6 months or less	1,044,371	51,972	1,002	1,097,345
6-12 months	-	260,138	-	260,138
1-5 years	-	713	-	713
Over 5 years	-	214	-	214
	1,044,371	313,037	1,002	1,358,410
Financial Liabilities:				
6 months or less		1,170,873	749	1,171,622
6-12 months	-	2,583	-	2,583
1-5 years	-	12,161	-	12,161
Over 5 years	-	816	-	816
	-	1,186,433	749	1,187,182

iii. Price risk

The Group is exposed to equity securities price risk which arises from investments held by the Group and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

As the Group's exposure to equity securities is not material or its core business, the Group does not manage its price risk as it does not deem the exposures to be significant.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk

Credit risk is the possibility of loss stemming from the failure of customers or counterparties to meet their payment obligations to the Group. Specifically, the material exposure is to regulated institutions (which are the only authorised customers of Allfunds Bank Group) to which the Group has granted credit lines tied to the settlement of brokerage transactions.

In order to manage and control this risk, the Risk Control Unit has implemented a system of counterparty limits by the counterparty based on an internal rating assignment methodology which results in a probability of default for each counterparty. This assigned probability is reviewed and measured at least once a year, so that the limits can be adjusted to each customer's risk profile. Counterparty limits are controlled through an integrated system operating in real time, enabling the Group to be aware at all times of the unused credit line for each counterparty.

Given the type of business conducted by the Allfunds Bank Group, namely the distribution and intermediation of third-party collective investment schemes, the Group does not perform any active lending activity, and nor is that its purpose.

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or based on the internal rating assignment methodology and these are analysed below:

Financial assets at amortised cost- current and non-current balances

Counterparties with external credit ratings	31 Dec 2020	31 Dec 2019
	EUR '000s	EUR '000s
AAA	2,471	1,695
A+	-	-
A	1,500	4,099
A-	3,802	130,000
AA-	-	-
BBB+	37,077	-
BBB	6,192	132,867
BB-	-	-
Not rated	175,636	44,376
	226,678	313,037

The liquidity of the entity is deposited in current accounts in entities of high credit quality and in view of the specific activity of the bank, the credit risk exposure is focused exclusively on the financial services sector, specifically in highly solvent entities. The entity follows a criterion of reducing the exposure to concentration risk, diversifying the counterparts so as not to incur into additional capital needs for this risk. The Group evaluates and monitors credit risk by geographical distribution and by type of exposure.

The Group's exposure to credit risk is through its cash, cash balances with Central Banks and other demand deposits and financial assets at amortised cost balances. As at 31 December 2020 the maximum exposure is EUR 2,075,583 thousand (2019: EUR 1,357,408 thousand).

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

Individual receivables which are known to be uncollectable are written off by reducing their carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:
- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the consolidated statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of comprehensive income.

No individually impaired trade receivables were held during the year.

Movement for impairment of trade receivables that are assessed for impairment collectively are as follows:

	31 Dec 2020 EUR '000s	31 Dec 2019 EUR '000s
Brought forward	1,806	805
Additions net of recoveries	1,135	1,001
Carried forward	2,941	1,806

Past due but not impaired
As at 31 December 2020, trade receivables of EUR 86,596 thousand were past due but not impaired (2019 EUR 18,478 thousand). These relate to outstanding commission income due to the Allfunds Bank Group. The amounts were overdue between 1 and 90 days.

Per IFRS 9, the expected credit loss model has been applied to the relevant receivables as at 31 December 2020 and 1 January 2020. The expected credit loss model measures the pattern of improvement or deterioration in the credit quality of the instruments. The measurement basis consists of two categories, stage 1: Expected credit losses (12 months) and stage 2: Lifetime expected credit losses.

For Trade and other receivables lifetime expected credit losses are applied. For these instruments operational simplifications can be applied (simplified approach under IFRS 9), hence it eliminates the need to calculate a 12-month expected credit losses or to measure increases in credit risk for the instrument. For trade receivables the loss allowance is measured at initial recognition, and throughout the total duration equal to lifetime expected credit losses. See the below maturity table where this is analysed:

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

	31 Dec 2020			1 Jan 2020		
	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s
Less than 6 months	50%	1,102	309	50%	935	468
Between 6 to 9 months	60%	555	320	60%	236	142
Between 9 to 12 months	70%	490	222	70%	166	116
Between 12 to 15 months	85%	139	110	85%	147	125
Between 15 to 18 months	90%	187	167	90%	64	58
More than 18 months	100%	468	453	100%	258	258
Total		2,941	1,581		1,806	1,167

c. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Risk Control Unit has developed a methodology to dynamically calculate the exposure to liquidity risk through static and dynamic ratios and set a limit in terms of a liquidity buffer. The Group also periodically performs stress scenario analysis and uses back-testing to measure these scenarios. Additionally, Allfunds Bank, S.A.U.'s Board of Directors have established a contingency procedure to cater for possible losses from this type of risk.

To supplement the monitoring performed by the Allfunds Group Risk Control Unit, the Settlement Department of the Transaction Area of Allfunds Group performs ongoing follow-up of order settlement processes in each of the currencies in which the Group operates, thus providing a twofold control of the Group's liquidity.

Maturities of financial assets

The table below analyses the Group's financial assets into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2020				
	Financial assets held at amortised cost EUR '000s	Other assets EUR '000s	Cash EUR '000s	Financial assets at FVTPL EUR '000s	Total EUR '000s
Financial Assets:					
6 months or less	225,458	442,448	1,848,905	900	2,517,711
6-12 months	352	-	-	-	352
1-5 years	653	-	-	-	653
Over 5 years	215	-	-	-	215
	226,678	442,448	1,848,905	900	2,518,931

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c. Liquidity Risk (continued)

Maturities of financial assets (continued)

2019

	Financial assets held at amortised cost EUR '000s	Other assets EUR '000s	Cash EUR '000s	Financial assets at FVTPL EUR '000s	Total EUR '000s
Financial Assets:					
6 months or less	51,972	341,184	1,044,371	1,002	1,438,529
6-12 months	260,138	-	-	-	260,138
1-5 years	713	-	-	-	713
Over 5 years	214	-	-	-	214
	313,037	341,184	1,044,371	1,002	1,699,594

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2020

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Financial liabilities at FVTPL EUR '000s	Total EUR '000s
Financial Liabilities:				
6 months or less	1,804,168	405,461	213	2,209,842
6-12 months	3,529	-	-	3,529
1-5 years	11,890	-	-	11,890
Over 5 years	298	-	-	298
	1,819,885	405,461	213	2,225,559

2019

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Financial liabilities at FVTPL EUR '000s	Total EUR '000s
Financial Liabilities:				
6 months or less	1,170,873	337,745	749	1,509,367
6-12 months	2,583	-	-	2,583
1-5 years	12,161	-	-	12,161
Over 5 years	816	-	-	816
	1,186,433	337,745	749	1,524,927

7. CAPITAL MANAGEMENT

Risk Management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce its cost of capital.

In order to maintain or adjust its capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The capital structure of the Group consists of equity attributable to equity holders of the ultimate parent, comprising issued capital, share premium, retained earnings and a foreign currency translation reserve as disclosed in the Consolidated Statement of Changes in Equity.

Consistent with industry practice, the Group monitors its capital on the basis of the Total Capital Ratio pursuant to Regulation (EU) 575/2013 of it's operation subsidiary Allfunds Bank, S.A.U.:

	31 Dec 2020 EUR '000s	31 Dec 2019 EUR '000s
Total eligible capital	320,686	208,738
Exposure for capital adequacy purposes	1,318,365	934,400
Total Capital Ratio	24.32%	22.34%

Risk-Weighted Assets are a measure of a Group's assets and off-balance sheet exposures, weighted according to risk, which is used as part of the determination of a Group's regulatory capital requirements. The proportion of total Risk-Weighted Assets corresponding to each of credit and counterparty risk, market risk and operational risk can be derived by multiplying the capital requirement for each category of risk by 8%.

Subsidiaries within the Group have capital adequacy requirements imposed primarily by the Bank of Spain along with other regulatory bodies. Group entities are required to report on certain capital adequacy ratios on a periodic basis. The ratio is calculated as being the percentage of capital to assets, based on the regulators' definitions of capital and assets. This ratio is required at all times to be above a benchmark percentage provided by each of the regulators. The Group has been in compliance with the capital adequacy requirements in respect of the period ended 31 December 2020, as has Allfunds Bank Group, an indirect subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2020			
	Furniture and fixtures	Computer Hardware	Right-of-use Assets*	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Cost:				
Brought forward 1 Jan 2020	11,555	2,267	22,911	36,733
Additions	1,201	724	7,562	9,487
Disposals	(181)	-	-	(181)
Carried forward 31 Dec 2020	12,575	2,991	30,473	46,039
Accumulated depreciation:				
Brought forward 1 Jan 2020	(2,521)	(874)	(5,090)	(8,485)
Charge for the year	(1,526)	(616)	(6,202)	(8,344)
Disposals	91	-	-	91
Carried forward 31 Dec 2020	(3,956)	(1,490)	(11,292)	(16,738)
Net Book Value	8,619	1,501	19,181	29,301
Fully depreciated assets	3,113	-	-	3,113

*** Right-of-use assets are further detailed in Note 32.**

	31 Dec 2019			
	Furniture and fixtures	Computer Hardware	Right-of-use Assets*	Total
Cost:	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Brought forward 1 Jan 2019	9,310	1,174	-	10,484
Additions	3,131	1,093	22,911	27,135
Disposals	(886)	-	-	(886)
Carried forward 31 Dec 2019	11,555	2,267	22,911	36,733
Accumulated depreciation:				
Brought forward 1 Jan 2019	(1,113)	(440)	-	(1,553)
Charge for the year	(1,408)	(434)	(5,090)	(6,932)
Carried forward 31 Dec 2019	(2,521)	(874)	(5,090)	(8,485)
Net Book Value	9,034	1,393	17,821	28,248
Fully depreciated assets	1,477	1,174	-	2,651

*** Right-of-use assets are further detailed in Note 32.**

There were no impairment losses during the year for property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9. GOODWILL AND INTANGIBLE ASSETS

The Group has made the following acquisitions:

Business Acquired	Acquisition	Percentage	Goodwill on purchase EUR '000s	Impairment EUR '000s	Goodwill 31 Dec 2020 EUR '000s
Allfunds Bank, S.A.U.	21 Nov 2017	100%	962,412	(362,000)	600,412
Fintech Partners, S.L.U.	17 Jan 2018	100%	6,704	-	6,704
Credit Suisse Investlab AG	6 Sept 2019	100%	18,556	-	18,556
Nordic Fund Market	31 Oct 2019	100%	18,155	-	18,155
Credit Suisse Investlab 2 AG	26 Mar 2020	100%	139,708	-	139,708
BNP - BC Business (Note 10(d))	2 Oct 2020	100%	232,447	-	232,447
Total			1,377,982	(362,000)	1,015,982

Presented in the table on the following page is an analysis of Goodwill and Other Intangible Assets as at 31 December 2020.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

				31 Dec 2019 - Re-presented*					
	Goodwill	IT developments	IT technological platform	Current relations with clients	Cooperation agreement	Brand name	Subdistribution agreement * *	Exclusivity agreement	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s			EUR '000s
Cost:									
Brought forward 1.1.19	969,113	21,375	184,474	371,311	409,682	47,603	-	-	2,003,558
Additions	-	22,796	-	-	-	-	-	-	22,796
Acquired intangibles	195,688	-	-	-	-	-	-	-	195,688
	1,164,801	44,171	184,474	371,311	409,682	47,603	-	-	2,222,042
Prior year adjustments (Note 3(p))	(158,977)	-	-	5,304	148,635	-	-	-	(5,038)
Carried forward 31.12.19	1,005,824	44,171	184,474	376,615	558,317	47,603	-	-	2,217,004
Accumulated amortisation:									
Brought forward 1.1.19	-	(7,680)	(40,056)	(27,018)	(27,550)	(3,201)	-	-	(105,505)
Charge for:									
Acquired Intangibles	-	-	(36,182)	(24,372)	(24,829)	(2,884)	-	-	(88,267)
Other intangible assets	-	(6,419)	-	-	-	-	-	-	(6,419)
	-	(14,099)	(76,238)	(51,390)	(52,379)	(6,085)	-	-	(105,505)
Prior year adjustments	-	-	-	(110)	(3,930)	-	-	-	(4,040)
Carried forward 31.12.19	-	(14,099)	(76,238)	(51,500)	(56,309)	(6,085)	-	-	(109,545)
Impairment losses:									
Brought forward 1.1.19	(362,000)	(7)	-	-	-	-	-	-	(362,007)
Charge for the year	-	-	-	-	-	-	-	-	-
Carried forward 31.12.19	(362,000)	(7)	-	-	-	-	-	-	(362,007)
Net book value	643,824	30,065	108,236	325,115	502,008	41,518	-	-	1,745,452
Fully amortised intangible assets	-	3,475	-	-	-	-	-	-	3,475
Cost:					31 Dec 2020				
Brought forward 1.1.20	1,005,824	44,171	184,474	376,615	558,317	47,603	-	-	2,217,004
Additions	-	17,680	-	-	-	-	-	-	17,680
Acquired intangibles	372,158	-	24,159	91,168	13,629	-	175,636	101,404	778,154
Disposals	-	(93)	-	-	-	-	-	-	(93)
Carried forward 31.12.20	1,377,982	61,758	208,633	467,783	571,946	47,603	175,636	101,404	3,012,745
Accumulated amortisation:									
Brought forward 1.1.20	-	(14,099)	(76,238)	(51,500)	(56,309)	(6,085)	-	-	(204,232)
Charge for:									
Acquired Intangibles	-	-	(37,540)	(26,732)	(38,181)	(2,893)	(4,391)	(1,870)	(111,607)
Other intangible assets	-	(10,082)	-	-	-	-	-	-	(10,082)
Disposals	-	82	-	-	-	-	-	-	82
Carried forward 31.12.20	-	(24,099)	(113,778)	(78,232)	(94,490)	(8,978)	(4,391)	(1,870)	(325,839)
Impairment losses:									
Brought forward 1.1.20	(362,000)	(7)	-	-	-	-	-	-	(362,007)
Charge for the year	-	-	(750)	-	-	-	-	-	(750)
Carried forward 31.12.20	(362,000)	(7)	(750)	-	-	-	-	-	(362,757)
Net book value	1,015,982	37,652	94,105	389,551	477,456	38,625	171,245	99,534	2,324,149
Fully amortised intangible assets	-	5,563	-	-	-	-	-	-	5,563

* For further details on the representations, please refer to Note 3(p).

** Includes EUR 29,272 thousand corresponding to VAT.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

As at 31 December 2020, the Group has estimated that the useful economic life of each intangible asset amortised on a straight line basis, are as follows:

	IT developments	IT technological platforms	Current relations with clients	Cooperation /exclusivity agreements	Brand name
			31 Dec 2020		
Allfunds Bank, S.A.U	5 years	5.1 years	15.2 years	16.5 years	16.5 years
Fintech Partners, S.L.U.	*	5 years	20 years	*	*
Allfunds InvestLab AG	*	*	13.4 years	12 years	*
Allfunds InvestLab 2 AG	*	*	*	12 years	*
Allfunds Sweden AB	*	*	14.95 years	*	*
BNP Banca Correspondente	*	5 years	11.9 years	13.5 years	*
			31 Dec 2019		
Allfunds Bank, S.A.U	5 years	5.1 years	15.2 years	16.5 years	16.5 years
Fintech Partners, S.L.U.	*	5 years	20 years	*	*
Allfunds InvestLab AG	*	*	13.4 years	*	*

* there are no intangibles within this category for this acquisition

Impairment Testing

At least once per year (or whenever there is any indication of impairment), the Group reviews goodwill for impairment (i.e., a potential reduction in its recoverable amount to below its carrying amount) (see Note 3e). The first step that must be taken in order to perform this analysis is the identification of the cash-generating units, i.e. the Group's smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying amount of each cash-generating unit is determined taking into consideration the carrying amount (including any fair value adjustment arising on the business combination) of all the assets and liabilities of all the independent legal entities composing the cash-generating unit, together with the related goodwill. The carrying amount of the cash-generating unit to be recovered is compared with its recoverable amount in order to determine whether there is any impairment.

The carrying amount of goodwill acquired through business combinations has been allocated to the CGUs below, which are all included within the Platform Revenue operating and reportable segment.

Business Acquired	CGU Assigned	Goodwill 31 Dec 2020 EUR '000s
Allfunds Bank, S.A.U.	Allfunds Bank	600,412
Fintech Partners, S.L.U.	Fintech Partners	6,704
Credit Suisse Investlab AG	Allfunds Investlab	18,556
Nordic Fund Market	Allfunds Sweden	18,155
Credit Suisse Investlab 2 AG	Allfunds Investlab	139,708
BNP - BC Business*	BNP Banca Correspondente CGU	232,447
Total		1,015,982

*** For the analysis of the potential impairment of BNP's Banca Correspondente business CGU, given that the transaction was executed on 2 October 2020, the Group performed the PPA analysis as described in Note 10.**

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Impairment Testing (continued)

The Group's directors assess the existence of any indication that might be considered to be evidence of impairment of the cash-generating unit by reviewing information including the following: (i) certain macroeconomic variables that might affect its investment (political situation and economic situation, among others) and (ii) various microeconomic variables comparing the Group's investment with the financial services industry of the country in which the cash-generating unit carries on most of its business activities (off-balance-sheet intermediated funds, net fees and commissions, earnings, among others). Regardless of whether there is any indication of impairment, every year the Group calculates the recoverable amount of each cash-generating unit to which goodwill has been allocated and, to this end, it uses internal estimates and appraisals performed by independent experts. The Group performed its annual impairment test in December 2020.

The recoverable amount of an asset is the higher of the asset's or CGU's fair value less costs of disposal and its value in use. The value in use has been calculated using discounted cash flow projections or the dividend discount model (DDM), depending upon the CGU. The purpose of impairment testing is to determine whether the recoverable amount is greater than the carrying amount. If it is greater - based on either fair value less costs of disposal or value in use - then there is no requirement to refine the determination of the recoverable amount to a single number. However, if it is not greater, then more detailed work is required to determine the recoverable amount in order to calculate the impairment loss. Therefore, it is not always necessary to determine both a CGU's fair value less costs of disposal and value in use. Note that in the case of all four of the CGUs tested for impairment, the value in use of the CGU is greater than its carrying amount, thus only the value in use has been calculated.

See below for further details on the impairment testing methodology performed for each CGU:

CGU	Value in Use	Discount Rate	Ke / WACC	Growth Rate
Allfunds Bank	Dividend discount model (DDM)	Cost of equity (Ke)	11.10%	1.90%
Allfunds Investlab	Discounted cash flow method (DCF)	Weighted average cost of capital (WACC)	10.80%	1.90%
Fintech Partners	Discounted cash flow method (DCF)	Weighted average cost of capital (WACC)	10.20%	1.30%
Allfunds Sweden	Dividend discount model (DDM)	Cost of equity (Ke)	12.90%	1.90%

For comparative purposes, the discount rate used for the 2019 impairment test of Allfunds Bank was 10.1% with a growth rate of 1.5% and for Fintech Partners a growth rate of 9.9% and growth rate of 1.6%. No impairment test was completed for Allfunds Investlab or Allfunds Sweden in 2019.

The dividend discount model was determined to be best suited to valuing the Allfunds Bank and Allfunds Sweden CGUs, while the discounted cash flow method was determined to be the best valuation method for the Allfunds Investlab and Fintech CGUs. The dividend discount model is best suited for financial institution. In order to obtain the actual value of the business, the income is discounted to a present date at a discount rate based on the cost of equity. The discounted cash flow method is accepted by valuation experts from both a theoretical and a practical perspective, as it effectively incorporates all the factors that affect the value of a business into the result of the valuation. The discounted cash flow method considers the operating results as well as the capital expenditures and working capital policies to calculate a business capacity of generating free cash flow. In order to obtain the actual value of the business, free cash flows are discounted to a present date at a weight average cost of capital (WACC).

In all cases, valuation has been done following a mid-year discounting assumption as it is considered that there is no special seasonality in the business. Furthermore, although limitations in comparability exist, value in use calculated is within the range of comparable listed companies and comparable transactions analysed.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Impairment Testing (continued)

Assumptions

Discount rate
The present value of the future distributable dividends has been calculated using a discount rate for the cost of capital of the Business (Ke). Such rate reflects the yield demanded by investors for investments with a similar risk to the business being valued. For its determination the CAPM method ("Capital Asset Pricing Model") has been used. When discounting future distributable dividends, only a post-tax discount rate could be used.

In determining value in use, projected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The WACC shown above and applied to the DCF models has been determined specific to projected future cash flows to be generated by the relevant CGUs and it has been considered that this discount rate is a discount rate that a market participant would use.

Perpetual growth rate
The determination of the Perpetual growth for the calculation of the terminal value in the DDM and DCF has been prepared based on market data. Management´s experts have reviewed broker reports of listed comparable companies belonging to the asset management industry, which have been issued close to the valuation date, in order to obtain a market consensus of the perpetuity growth rates assumed by analysts on their valuations.

Other business assumptions

AuM evolution
The volume flows have been estimated by the Company according to its best estimate of its capacity to capture assets under management, both from migrations of other clients as well as from organic growth of current clients (including former shareholders). The market effect has been estimated by the Company in line with the rest of AFB's branches, based on their best understanding of the overall expected performance evolution of the equities and fixed income.

Fee and commissions income
The fee evolution has been forecasted by Allfunds Bank based on their best estimate of the margin and remunerated AuAs. In addition, this takes into account the movement in some CGUs from a revenue model based on set-up fees toward a new model based on recurring revenue.

Expenses
Expenses have been projected by Allfunds Bank considering the current cost structure of the Company and are expected to evolve considering Company's needs, improved efficiency driven by the digitalization of services and forecasted inflation.

Company's capital requirements (applicable only to Allfunds Bank and Allfunds Sweden CGUs where the DDM model has been applied)

- Allfunds Bank CGU - The Company's capital necessities and the target CET ratio has been projected to be 17.5% plus the required counter cyclical buffer, in line with Company's commitment and consensual agreement with Bank of Spain.
- Allfunds Sweden CGU - The Company's capital has been projected based on the Capital Requirement Regulation and the local regulatory scheme (25% over total operating expenses of n-1 years).

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Impairment Testing (continued)

Sensitivity

The Directors note that the estimations regarding the cost of equity (ke) and perpetual growth rate (g) figures could move and therefore have deemed it appropriate to consider the below sensitivity analysis for each CGU:

Allfunds Bank	Increase in Ke of 0.5%	Decrease in Ke of 0.5%	Increase in g of 0.4%	Decrease in g of 0.4%
Cost of equity percentage	11.6%	10.6%	2.3%	1.5%
Recoverable value (EUR 000s)	1,873,000	2,085,000	2,039,000	1,912,000
Impairment?	No	No	No	No

Allfunds Investlab	Increase in WACC of 0.7%	Decrease in WACC of 0.8%	Increase in g of 0.5%	Decrease in g of 0.4%
WACC percentage	11.5%	10.0%	2.4%	1.5%
Recoverable value (EUR 000s)	394,000	444,800	422,200	389,800
Impairment?	No	No	No	No

Fintech Partners	Increase in WACC of 0.5%	Decrease in WACC of 0.5%	Increase in g of 0.5%	Decrease in g of 0.5%
WACC percentage	10.7%	9.7%	1.8%	0.8%
Recoverable value (EUR 000s)	21,036	23,421	23,033	21,384
Impairment?	No	No	No	No

Allfunds Sweden	Increase in Ke of 0.6%	Decrease in Ke of 0.4%	Increase in g of 0.5%	Decrease in g of 0.4%
Cost of equity percentage	13.5%	12.5%	2.4%	1.5%
Recoverable value (EUR 000s)	29,000	31,600	31,400	29,700
Impairment?	No	No	No	No

Recoverable amount

As the carrying amount of a CGU should be determined in a way that is consistent with the way that the recoverable amount of the CGU is determined. For Allfunds Bank and Allfunds Sweden, the recoverable amount of the CGU has been determined using the Dividend Discount Model, based on income statement projections, and the carrying amount of all the assets and liabilities allocated to the cash-generating unit should be used in determining the cash-generating unit's carrying amount. For Allfunds Investlab and Fintech, the cash flow projections include outflows and inflows in respect of tangible assets, intangible assets and working capital. Therefore, the carrying amount of the CGU that is used to determine the recoverable amount includes the related assets and liabilities.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Impairment Testing (continued)

Recoverable amount

As shown below, the recoverable amount exceeds the carrying amount of the investments for all CGUs and therefore no impairment is required.

	31 Dec 2020 EUR 000's		
CGU	**Current carrying value**	**Recoverable amount**	**Impairment required on goodwill**
Allfunds Bank	1,706,000	1,973,000	-
Allfunds Investlab	322,535	405,332	-
Fintech Partners	11,807	22,163	-
Allfunds Sweden	23,644	30,942	-

Furthermore, due to the covenants under IAS 36 it is not possible to reverse the previous impairment against the goodwill of the Allfunds Bank CGU, therefore there is no effect on the consolidated audited financial statements.

The next impairment tests will take place by 31 December 2021.

10. BUSINESS COMBINATIONS

10a. Credit Suisse InvestLab AG

In connection with the CS InvestLab Acquisition, AFB, Allfunds Bank International and Credit Suisse AG entered into the CS InvestLab Cooperation Agreement on 25 June 2019 pursuant to which CS AG undertook, subject to certain conditions and exceptions, to use Allfunds on an exclusive basis in respect of (a) specified distribution activities undertaken by CS AG in specified jurisdictions and (b) specified services procured by CS AG from Allfunds, in each case in relation to UCIs specified in the CS Investlab Cooperation Agreement.

On 6 September 2019, the Group acquired 100% of the issued share capital of Credit Suisse InvestLab AG (name changed to Allfunds InvestLab AG). Allfunds incorporated Credit Suisse InvestLab, one of the world's leading B2B fund platforms, to generate synergies by combining Credit Suisse's open architecture investment fund activities with those of Allfunds. The combined business was set to distribute more than 78,000 funds and ETFs to over 700 distributors in 45 countries and assets under management of more than EUR 500 billion. The acquisition will allow Allfunds Bank Group to increase the distributed AUA, enhance existing capabilities and achieve further combined business growth. The below assets and liabilities were recognised at the purchase date:

	6 Sep 2019
Assets:	**EUR '000s**
Cash, cash balances at central bank and other demand deposits	24,386
Financial assets at amortised cost	1,201
Other Assets*	9,158
Total Assets	34,745
Liabilities:	
Financial Liabilities at amortised cost	(576)
Tax Liabilities	(5,247)
Other Liabilities	(1,167)
Total Liabilities	(6,990)
Net Assets	27,755

* this amount represents accrued receivables related to platform fees pending to be invoiced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10. BUSINESS COMBINATIONS (CONTINUED)

10a. Credit Suisse InvestLab AG (continued)

This business combination gave rise to certain assets as a result of the price paid being higher than the value of the net assets acquired. The goodwill arising from the acquisition represents the expected benefits of combining the acquired business with that of the Group, allowing for greater access to key market areas for an increase in future revenue. The goodwill is not deductible for income tax purposes.

As a result of the finalisation of the purchase price allocation exercise pursuant to IFRS 3.49 for Credit Suisse InvestLab AG, the Group has retroactively adjusted the provisional valuation of the assets to reflect the following valuation as of the acquisition date:

Goodwill	**6 Sep 2019** **EUR '000s**
Non-Cash Consideration (Equity instrument - ordinary shares of Allfunds (UK) Limited (formerly LHC4 (UK) Limited))	171,208
Deferred Consideration - see non-cash disclosures	18,792
Exclusivity Fee Paid	14,783
	204,783
Net Assets Acquired	(27,755)
Initial Goodwill from Business Combination	177,028
Cooperation Agreement	148,635
Customer Relationships	3,717
Deferred Tax Assets	25,647
Deferred Tax Liabilities	(30,249)
Other Assets	10,722
Final Goodwill from Business Combination	18,556

Pursuant to IFRS 3.49, the Group retrospectively recognised adjustments to the provisional amounts of the intangible assets recognised at 31 December 2019, including adjustments in the depreciation and amortisation charge with an impact of EUR 19,176 thousand on the profit for the year ended 31 December 2019. The changes to the provisional accounting have been included as adjustments to the consolidated statement of financial position at 31 December 2019, and on the consolidated statement of comprehensive income as at 31 December 2019, presented for comparison purposes in the audited annual consolidated financial statements at 31 December 2020.

The changes in assets with finite useful lives and the related deferred tax liabilities, since the acquisition date were as follows:

		EUR '000s	**EUR '000s**	**EUR '000s**
2020	**Useful Life**	**Initial Balance**	**Amortisation**	**Final Balance**
Cooperation Agreement	12.0	144,701	(12,411)	132,290
Customer Relationships	13.4	3,629	(278)	3,351
Deferred Tax Liability	13.0	(29,399)	2,684	(26,715)
2019	**Useful Life**	**Initial Balance**	**Amortisation**	**Final Balance**
Cooperation Agreement	12.0	148,635	(3,934)	144,701
Customer Relationships	13.4	3,717	(88)	3,629
Deferred Tax Liability	13.0	(30,249)	850	(29,399)

10. BUSINESS COMBINATIONS (CONTINUED)

10a. Credit Suisse InvestLab AG (continued)

Fair value of receivables acquired
The fair value of acquired receivables is 1,201 EUR thousand. The gross contractual amount for trade receivables is EUR 1,201 thousand, of which zero EUR is expected to be uncollectable.

Revenue and profit contribution
The acquired business contributed revenues of EUR 12,805 thousand and net profit of EUR 22,262 thousand to the Group for the period from the date of acquisition of 6 September to 31 December 2019.

Acquisition related costs
Information on acquisition related costs can be found in Note 10(b).

10b. Credit Suisse InvestLab 2 AG
On 26 March 2020, the Group acquired 100% of the issued share capital of Credit Suisse InvestLab 2 AG, obtaining control of Credit Suisse InvestLab 2 AG. Credit Suisse InvestLab 2 AG (name changed to Allfunds InvestLab 2 AG) provides fund platform services to companies in collective investment undertakings and qualifies as a business as defined in IFRS 3 Business Combinations. As is detailed in the first part of this operation (Credit Suisse Investlab 1 AG), although the transaction was structured in two parts, the primary driver for both acquisitions was for Allfunds to incorporate one of the world’s leading B2B fund platforms and combine Credit Suisse’s open architecture investment fund activities with those of Allfunds.

	26 Mar 2020
Goodwill	**EUR '000s**
Non-Cash Consideration (Equity instrument - ordinary shares of Allfunds (UK) Limited (formerly LHC4 (UK) Limited))	190,000
Net Assets Acquired	(93)
Initial Goodwill from Business Combination	189,907
Cooperation Agreement	13,629
Deferred Tax Assets	39,268
Deferred Tax Liabilities	(2,698)
Final Goodwill from Business Combination	139,708

The goodwill arising from the acquisition represents the expected benefits of combining the acquired business with that of the Group, allowing for greater access to key market areas for an increase in future revenue. The goodwill is not deductible for income tax purposes.

The changes in assets with finite useful lives and the related deferred tax liabilities, since the acquisition date were as follows:

		EUR '000s	EUR '000s	EUR '000s
2020	**Useful Life**	**Initial Balance**	**Amortisation**	**Final Balance**
Cooperation Agreement	12.0	13,629	(871)	12,758
Deferred Tax Liability	13.0	(2,698)	184	(2,514)

Fair value of receivables acquired
The fair value of acquired receivables is EUR zero thousand.

Revenue and profit contribution
The acquired business contributed revenues of EUR 2,755 thousand and net profit of EUR 2,380 thousand to the Group for the period from the date of acquisition of 26 March 2020 to 31 December 2020.

10. BUSINESS COMBINATIONS (CONTINUED)

10b. Credit Suisse InvestLab 2 AG (continued)

Acquisition related costs

The acquisition costs related to the Credit Suisse Investlab AG and Credit Suisse Investlab 2 AG acquisitions were EUR 10,149 thousand, of which EUR 737 thousand were incurred in 2020 and EUR 9,412 thousand were incurred in 2019.

10c. Nordic Fund Market

On 24 March 2019, Allfunds Bank S.A.U., signed an agreement to acquire Nordic Fund Market ("NFM") through the purchase of all the shares of Allfunds Sweden AB (former Nasdaq Broker Services AB) from its shareholder Nasdaq Technology AB. NFM is one of the main providers of fund services in Sweden. The company has an investment license for Sweden, is regulated by the Swedish "Finansinspektionen" authority and is authorised to operate in Finland and Norway. Allfunds acquired NFM in order to solidify its presence and industry leadership in the Nordic countries. The acquisition of Allfunds Sweden's customer base has boosted Allfunds' presence in the Nordic countries, benefiting existing customers with value-added solutions, increased efficiency and advanced technology. These customers will join Allfunds' distribution network in the region, which already includes entities in Sweden, Norway, Finland, Denmark, Iceland and the Baltic countries. The agreement will benefit local financial institutions that are increasing outsourcing relationships with specialised and global-scale providers, fostering efficiency, leveraging state-of-the-art technology and increasing service supply to meet industry challenges. With the closing of the deal, Allfunds officially has an office in Stockholm. On 31 October 2019 Allfunds Bank, S.A.U., acquired all the shares of Allfunds Sweden AB and obtained control of the entity on that date. On 31 October 2019, Allfunds paid Nasdaq Technology AB EUR 29,363 thousand for the acquisition of Allfunds Sweden AB. The below assets and liabilities were recognised at the purchase date:

	31 Oct 2019
Assets:	**EUR '000s**
Cash, cash balances at central bank and other demand deposits	9,670
Other financial assets	197
Tax assets	1,321
Prepayments and accrued income	20
Other assets	4
Total Assets	11,212
Liabilities:	
Other financial liabilities	(119)
Tax Liabilities	(1,012)
Prepayments and accrued income	(127)
Other Liabilities	(5)
Total Liabilities	(1,263)
Net Assets	9,949

This business combination gave rise to certain assets as a result of the price paid being higher than the value of the net assets acquired. The goodwill arising from the acquisition represents the expected benefits of combining the acquired business with that of the Group, allowing for greater access to key market areas for an increase in future revenue. The goodwill is not deductible for income tax purposes.

10. BUSINESS COMBINATIONS (CONTINUED)

10c. Nordic Fund Market (continued)

As a result of the finalisation of the purchase price allocation exercise pursuant to IFRS 3.49 for Allfunds Sweden AB, the Group has retroactively adjusted the provisional valuation of the assets to reflect the following valuation as of the acquisition date:

Goodwill	**31 Oct 2019**
	EUR '000s
Cash consideration transferred to Nasdaq Technology AB	29,363
Net Assets Acquired	(9,949)
Initial Goodwill from Business Combination	19,414
Customer relationships	1,587
Deferred tax liabilities	(328)
Final Goodwill from Business Combination	18,155

As a result of the changes to the provisional amounts of the intangible assets, the Group also retrospectively recognised adjustments in the depreciation and amortisation charge with an impact of EUR 14 thousand on the profit for the year ended 31 December 2019. The changes to the provisional accounting have been included as adjustments to the consolidated statement of financial position at 31 December 2019, and on the consolidated statement of comprehensive income as at 31 December 2019, presented for comparison purposes in the audited annual consolidated financial statements at 31 December 2020.

The changes in assets with finite useful lives and the related deferred tax liabilities, since the acquisition date were as follows:

		EUR '000s	**EUR '000s**	**EUR '000s**
2020	**Useful Life**	**Initial Balance**	**Amortisation**	**Final Balance**
Customer relationships	14.95	1,569	(106)	1,463
Deferred tax liabilities	14.95	(324)	23	(301)

Fair value of receivables acquired
The fair value of acquired receivables is EUR 197 thousand. The gross contractual amount for trade receivables is EUR 206 thousand, of which EUR 9 thousand is expected to be uncollectable.

Revenue and profit contribution
The acquired business contributed revenues of EUR 248 thousand and net losses of EUR 186 thousand to the Group for the period from the date of acquisition of 31 October 2019 to 31 December 2019.

Acquisition related costs
The acquisition costs related to the Nordic Fund Market acquisition were EUR 782 thousand, all of which were incurred in 2019.

10. BUSINESS COMBINATIONS (CONTINUED)

10d. BNP

On 20 October 2019, AFB entered into an investment agreement, as amended (the "BNPP Investment Agreement") with, amongst others, BNP Paribas Securities Services ("BP2S") and BNP Paribas Asset Management ("BNPP AM") pursuant to the terms of which AFB acquired: (i) the Banca Correspondente Business from BP2S; (ii) the BNPP Platform Services Right ("PAM") from BNPP AM; and (iii) the fund dealing services outsourcing activities of BP2S ("FDS") (together, the BNPP Acquisition). Consideration for the BNPP Acquisition was satisfied by the issuance to BP2S and BNPP AM of shares in Allfunds Bank S.A.U., which were ultimately rolled up into shareholdings in the Company of 25,491,756 and 9,913,476 Shares, respectively, such that BP2S and BNPP AM held 16.2% and 6.3%, respectively, of the issued Shares in the Company following the BNPP Acquisition Closing.

The BNPP Acquisition was completed on 2 October 2020 (the "BNPP Acquisition Closing"). As a result of the BNPP Acquisition, the Group opened new offices in Paris and Warsaw and doubled its operations in Italy, reinforcing its Banca Correspondente business. Additionally, the former FDS and Banca Correspondente back office teams were transferred from BP2S to the Group, mainly in Poland and Italy, contributing to the Group’s geographic expansion. The shares held by BNPP AM have since been transferred to BNPP AM Holding, as a permitted transferee.

The BNPP Acquisition was pursued to enable Allfunds to combine the expertise of the Italian Banca Correspondente business, methods of working and client relationships to provide more efficient support services regarding the distribution of mutual funds and related services provided by Allfunds to its clients. The BNPP Acquisition further aimed to allow Allfunds to reinforce its expertise and capabilities, offering more efficient solutions to distributors and final investors both for international and Italian domestic funds. With this addition to the Group’s business, the Group further expanded its leadership position in the Italian market and complemented its existing range of local fund distribution services, providing additional upselling opportunities and new sales channels.

In addition, the BNPP Acquisition has provided the Group with opportunity to create additional operational synergies through greater scale, while increasing the Group’s access to a larger universe of 700 additional Fund Distributors through the services provided to them via BP2S pursuant to the BP2S Outsourcing Agreement, which provides opportunities for cross-selling additional platform and services, as well as providing a new sales channel for the Group via BP2S as custodian.

The PAM activity consists of:

- The right of AFB, acting primarily through its French branch, to access certain entities for the exclusive purpose of offering them a) Funds Distribution Services and b) other products or services not competing with products sold by the BNPP Group, and
- The right to present itself and act vis-à-vis UCITS and fund managers as the distributor of funds to certain entities acting through PAM, pursuant to the SDAs.

Under IFRS 3 Business Combinations, the BC Business and the FDS outsourcing activities qualify as a business, while the PAM activity qualifies as an asset.

In connection with and as a consequence of the BNPP Acquisition, management expects to incur costs under the BNPP transition services agreement ("TSA") of EUR 82.6 million over the upcoming 3 years. The BNPP TSA covers the temporary provision of certain transitionary services, integration and restructuring activity by BP2S until the Group is ready to integrate the assets acquired pursuant to the BNPP Acquisition onto its own platform. Allfunds expects the incremental recurring costs assumed at the expiry of the BNPP TSA will be largely offset by cost synergies generated from the integration over the next two years.

10. BUSINESS COMBINATIONS (CONTINUED)

10d. BNP (continued)

The below assets and liabilities of the BC Business and the FDS outsourcing activities business combinations were recognised at the purchase date:

BNP - BC Business

	02 Oct 2020
Assets:	**EUR '000s**
Cash, cash balances at central bank and other demand deposits	-
Financial assets at amortised cost	441,736
Other assets	6,030
Total Assets	447,766
Liabilities:	
Financial liabilities at amortised cost	(440,144)
Tax Liabilities	-
Other Liabilities	(5)
Total Liabilities	(440,149)
Net Assets	7,617

Goodwill	**02 Oct 2020**
	EUR '000s
Non-Cash Consideration (Equity instrument - ordinary shares of Allfunds (UK) Limited (formerly LHC4 (UK) Limited))	414,000
Cash transferred from BP2S to Allfunds Bank, S.A.U.	(29,684)
Net Assets Acquired	(7,617)
Initial Goodwill from Business Combination	376,699
Cooperation agreement	101,404
Customer relationships	91,168
Technological Platform	22,730
Deferred tax assets	-
Deferred tax liabilities	(71,050)
Other assets	-
Liability cancellation with Public Administration Authorities	-
Final Goodwill from Business Combination	232,447

The goodwill arising from the acquisition represents the expected benefits of combining the acquired business with that of the Group, allowing for greater access to key market areas for an increase in future revenue. The goodwill is not deductible for income tax purposes.

The changes in assets with finite useful lives and the related deferred tax liabilities, since the acquisition date were as follows:

2020	**Useful Life**	**EUR '000s Initial Balance**	**EUR '000s Amortisation**	**EUR '000s Final Balance**
Cooperation agreement	13.5	101,404	(1,870)	99,534
Customer relationships	11.90	91,168	(1,908)	89,260
Technological platform	5.00	22,730	(1,130)	21,600
Deferred tax liabilities	*	(71,050)	1,620	(69,430)

* deferred tax liabilities have the same useful life as their associated intangible assets

10. BUSINESS COMBINATIONS (CONTINUED)

10d. BNP (continued)

BNP - FDS

On 2 October 2020, the Group received cash to the sum of EUR 452 thousand from BP2S, and in exchange, assumed a liability in the equivalent amount in order to take ownership of the FDS business.

Fair value of receivables acquired

For the entirety of the business combinations resulting from the BNP transaction, the fair value of acquired receivables is EUR 3,054 thousand. The gross contractual amount for trade receivables is EUR 3,320 thousand, of which EUR 266 thousand is expected to be uncollectable.

Revenue and profit contribution

The BC business contributed revenues of EUR 23,364 thousand and net profit of EUR 10,738 thousand to the Group for the period from the date of acquisition of 2 October to 31 December 2020. If the combination had taken place at the beginning of the year, revenue contributed by the BC business would have been EUR 87,258 thousand and net profit contributed by the BC business would have been EUR 43,898 thousand for the year ended 31 December 2020.

Acquisition related costs

The acquisition costs related to the BNPP acquisition were EUR 11,380 thousand, of which EUR 5,702 thousand were incurred in 2020 and EUR 5,678 thousand were incurred in 2019.

11. FINANCIAL ASSETS HELD AT AMORTISED COST

	31 Dec 2020	31 Dec 2019
Non-Current Assets	EUR '000s	EUR '000s
Receivables from customers	868	927
	868	927
Current Assets		
Receivables from credit institutions	43,426	270,807
Receivables from customers	169,919	35,224
Receivables from central banks	12,465	6,079
	225,810	312,110
Total	226,678	313,037

The balance of receivables from credit institutions has been reduced due to the maturity of short-term deposits amounting to EUR 260 million, partially offsetting with new weekly bank deposits of EUR 37 million in USD and GBP.

The balance of "receivables for customer" as at 31 December 2020 includes balances as a result of additional activity related to:

- financial operations pending settlement (settled at the date of issuance of the current annual accounts) of EUR 24,385 thousand
- higher amounts on commissions for the marketing of units in collective investment undertakings receivable at those dates of EUR 70 million of which EUR 51,249 thousand are deposited in fiduciary accounts that were pending transfer to bank accounts in the Group's name

The balance in Receivables from central banks increased in order to comply with Regulation (EU) 2021/378 of the European Central Bank of 22 January 2021 on the application of minimum reserve requirements.

11. FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

The amount of the financial assets held at amortised cost and collectively estimated to be impaired due to credit risk at 31 December 2020 was EUR 2,941 thousand (2019: EUR 1,806 thousand) and is reflected within receivables from customers. To calculate the expected credit loss, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Specifically, the impact of COVID-19 was taken into account and determined not to have a significant impact on the impairment losses recognized.

The Group has not calculated a loss allowance for receivables from credit institutions and central banks, due to low perceived risk of default given that the balances are held at credit institutions with high credit ratings.

Fair value of financial assets held at amortised cost

The fair value of the assets held at amortised cost were EUR 233,573 thousand (2019: EUR 313,797 thousand).

12. TAX ASSETS

Included within the tax assets are the below balances:

	31 Dec 2020 EUR '000s	31 Dec 2019 EUR '000s
Current tax assets:		
Allfunds Bank, S.A.U. - Spanish branch	4,137	1,168
Allfunds Bank, S.A.U. - Italian branch	-	2,753
Allfunds Bank, S.A.U. - Singapore branch	3,492	764
Allfunds InvestLab AG	-	5,336
Allfunds Sweden AB	1,077	756
Other	314	342
	9,020	11,119
Deferred tax assets:		
Non-deductible depreciation and amortisation	251	313
Non-tax-deductible provisions	182	182
Business combination	54,608	20,398
Other tax credits of subsidiaries	71	71
	55,112	20,964
Total	64,132	32,083

"Deferred Tax Assets - Business combination" includes the tax assets arising in the business combination through which the distribution business of Credit Suisse was acquired (EUR 54,388 thousand). The tax assets arising from the acquisition of the business of Credit Suisse amounted to EUR 64,915 thousand, of which EUR 5,245 thousand and EUR 5,282 thousand have been amortized in 2019 and 2020.

	Balance at 31 Dec 2019 EUR '000s	Impact in SOFP EUR '000s	Impact in SOCI EUR '000s	Acquisition for the year EUR '000s	Balances at 31 Dec 2020 EUR '000s
Non-deductible depreciation and amortisation	313	(62)	-	-	251
Non-tax-deductible provisions	182	-	-	-	182
Business combinations	20,398	(19)	(5,245)	39,474	54,608
Other tax credits of subsidiaries	71	-	-	-	71

***DTA increased in 2020 as a consequence of the acquisition of Credit Suisse Investlab 2 AG.**

The company has not recognized a deferred tax asset for tax losses in Singapore (EUR 11,935 thousand in 2020; EUR 6,017 thousand in 2019)), Spain – Liberty Partners, S.L.U., (EUR 62,138 thousand both in 2020 and 2019) and Switzerland (EUR 36,458 thousand in 2020; EUR 28,322 thousand in 2019).

13. OTHER ASSETS

	31 Dec 2020	31 Dec 2019
Current assets:	EUR '000s	EUR '000s
Accrued fees and commissions receivable	418,517	333,690
Other revenues outstanding	17,360	3,682
Sundry accounts	5,560	3,062
Prepaid expenses	1,011	447
	442,448	340,881
Prior year adjustments (see Note 3(p))	-	303
Total	442,448	341,184

Accrued fees and commissions receivable represent contract assets pursuant to IFRS 15; these represent accrued fees related to the marketing of units in CIU services rendered to asset management houses. These amounts were pending to be invoiced as at 31 December 2020 and 2019. As at 31 December 2020, the outstanding amount includes balances related to the incremental activity as a result of the Credit Suisse Investlab AG and Credit Suisse Investlab 2 AG acquisitions (see Note 10).

Other revenues outstanding are accrued fees related to custody services and fund intermediation services rendered to clients pending to be invoiced as of 31 December 2020 and 2019. As at 31 December 2020, the outstanding amount includes balances related to the incremental activity as a result of the acquisition of the Banca Correspondente business in Italy (see Note 10).

14. CASH AND CASH EQUIVALENTS

	31 Dec 2020	31 Dec 2019
	EUR '000s	EUR '000s
Cash at bank and in hand	358	1,871
Cash balances at Central Banks	1,232,995	538,609
Other demand deposits	615,552	503,891
	1,848,905	1,044,371

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand; there are no restricted cash amounts.

15. FINANCIAL LIABILITIES AT AMORTISED COST

	31 Dec 2020	31 Dec 2019
	EUR '000s	EUR '000s
Current liabilities:		
Deposits from credit institutions	1,181,627	531,093
Deposits from customers	266,760	428,647
Other financial liabilities	352,021	208,528
	1,800,408	1,168,268

The balance on deposits from credit institutions increased by 650,534 thousand euro mainly driven by the contribution of the “Banca Correspondente” made by BNP Paribas Securities Services

15. FINANCIAL LIABILITIES AT AMORTISED COST (CONTINUED)

Customers other than credit institutions reduced the balances deposited in current accounts opened in the Group by EUR 161,887 thousand.

The liabilities arising from other financial liabilities increased EUR 143,493 thousand mainly due to the following:

- Tax collection accounts: EUR 46,242 thousand; and
- Commissions for the commercialization of shares in Collective Investment Institutions held in fiduciary accounts that were pending transfer: EUR 53,132 thousand

Other financial liabilities

Other financial liabilities contains funds temporarily held on behalf of clients due to orders of transfers of investments in collective investment undertakings received, which were yet to be settled at year end, tax collection accounts, other payment obligations and lease liabilities (see Note 32). Also included in other financial liabilities is the payment obligation in relation to the TSA of EUR 10,516 thousand.

16. OTHER LIABILITIES

	31 Dec 2020 EUR '000s	31 Dec 2019 EUR '000s
Accrued fees and commissions payable	352,159	276,713
Accrued variable remuneration costs	22,350	11,785
Trade payables	18,721	6,467
Other payables	12,231	42,780
	405,461	337,745

Accrued fees and commissions payable represent contract liabilities pursuant to IFRS 15; these represent accrued expenses and unexpired costs at year end related to a type of fee contract generally referred to as the rebate model (see note 3j). The accrued liability represents the net amount to be paid to the distributors, after the Group has kept a margin on the gross amount paid by the fund house. These amounts were pending to be settled with the distributors as at 31 December 2020 and 2019.

Accrued variable remuneration costs represent the accrual for the portion of employee compensation which is dependent upon performance during the year and is paid in a lump-sum on an annual basis, subsequent to calendar year-end.

Trade payables relate to commission expenses. They are unsecured and are usually paid within 30 days of recognition. The carrying value of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Within other payables is a balance of EUR 6,194 thousand. Allfunds (UK) Limited (formerly LHC4 (UK) Limited) elected to claim losses of EUR 1,615 thousand incurred during 2019 by its parent company (LHC3 plc) in order to offset its own tax liability for the year ended 31 December 2019. As a result, as at 31 December 2020 Allfunds (UK) Limited (formerly LHC4 (UK) Limited) is due to pay EUR 6,194 thousand (2019: EUR 6,454 thousand) of intercompany amounts to LHC3 plc and these amounts will be settled post year end.

17. TAX LIABILITIES

The detail of current and deferred tax liability balances as at 31 December 2020 and 31 December 2019 are as follows:

	31 Dec 2020	31 Dec 2019
	EUR '000s	EUR '000s
Non-current tax liabilities	-	1,538
Current tax liabilities	15,145	2,525
Deferred tax liabilities		
Arising in business combinations (Note 10)		
Allfunds Bank, S.A.U.	220,278	246,600
Fintech Partners, S.L.U.	1,051	1,243
Allfunds Bank International S.A.	29,229	29,399
Allfunds Sweden AB	301	324
Banca Correspondente business of BNP	69,430	-
Other	260	201
	320,549	277,767
Total	335,694	281,830

The balance of "Tax Liabilities - Current Tax Liabilities" in the accompanying consolidated statement of financial position includes mainly the income tax payable generated in Luxembourg, Italy and France.

18. SHARE CAPITAL & SHARE PREMIUM

The Company's total share capital was EUR 1,574 thousand as at 31 December 2020 (2019: EUR 1,099 thousand) comprising only 157,356,587 ordinary shares at a par value of one Euro cent per share (EUR 0.01). Each share has identical voting rights and all of the Company's allotted shares are fully paid up.

During the year the Company issued 47,466,355 ordinary shares which resulted in an increase in the share premium balance as shown in the table below.

	31 Dec 2020	31 Dec 2019
Share Capital	EUR '000s	EUR '000s
At 1 January	1,099	1,000
Issued during the year	475	99
At 31 December	1,574	1,099
Share Premium		
At 1 January	1,276,839	1,905,730
Premium arising on equity share issuance	783,317	171,109
Premium reallocation to reserves	-	(800,000)
At 31 December	2,060,156	1,276,839

19. DIVIDENDS

Amounts recognised as dividends to equity holders:

	31 Dec 2020	31 Dec 2019
	EUR '000s	EUR '000s
Interim dividend paid during 2019 of 11.3 cents per share	-	11,250
Interim dividend paid during 2019 of 59.6 cents per share	-	59,623
Interim dividend paid during 2020 of 10.9 cents per share	12,000	-
	12,000	70,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20. OFF BALANCE SHEET ITEMS

"Off Balance Sheet Items" relates to balances at 31 December 2020 and 2019 representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions performed by the Group although they may not impinge on its net assets.

Contingent obligations held by the Group which may result in the recognition of financial assets refer in their entirety to those available to third parties. The detail thereof at 31 December 2020 and 2019 is as follows:

	31 Dec 2020	31 Dec 2019
Available to third parties:	**EUR '000s**	**EUR '000s**
Credit Institutions	49,092	42,434
Other resident sectors	2,250	1,250
Other non-resident sectors	14,743	13,539
	66,085	57,223

Also, at 31 December 2020, the Group held off-balance-sheet funds under management relating to units in collective investment undertakings (CIUs) amounting to EUR 1,158,453,206 thousand (2019: EUR 425,339,602 thousand).

21. FEE, COMMISSION AND SERVICE REVENUE

Fee, commission and service revenue has been generated from the following segments by Allfunds Bank, S.A.U. and its subsidiaries in accordance with IFRS 15:

	2020	2019*
	EUR '000s	**EUR '000s**
Platform revenue	1,575,356	1,319,507
Subscription and other revenues	14,007	11,912
Total revenue	1,589,363	1,331,419

*** The 2019 figures have been re-presented to align with the change in segment presentation as described above.**

Platform revenue includes fees and commissions related with the fund intermediation services, primarily from:

- the marketing of units in collective investments undertakings to asset management houses;
- foreign currency exchange services;
- ETFs intermediation activity;
- correspondent bank services;
- sub-custody services;
- intermediation services to customers where the fees are calculated applying a percentage to the daily assets under administration or distribution held for the account of the Group's customers;
- transaction fees on subscriptions and redemption orders in units of collective investments undertakings.

Subscription and other revenues is revenue that is not driven by fund intermediation activity, primarily:
- information and research services;
- administration and legal services; and
- use of technological financial tools.

The nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers are described in Note 3(j).

22. FEE, COMMISSION AND SERVICE EXPENSE

Fee, commission and service expense has been generated from by Allfunds Bank, S.A.U. and its subsidiaries:

	2020 EUR '000s	2019 EUR '000s
Total expenses	1,280,065	1,103,248

23. EMPLOYEE COMPENSATION AND BENEFITS

	2020	2019
Average number of employees during the year:	516	512

	2020 EUR '000s	2019 EUR '000s
Personnel expenses include the following expenses:		
Wages and salaries	63,808	44,436
Social security costs	8,013	6,793
Expense for defined contributions pension funds	1,540	993
Termination benefits	441	1,117
Training expenses	238	318
Other staff costs	1,551	1,311
Total	75,591	54,968

24. OTHER EXPENSES

	2020 EUR '000s	2019 EUR '000s
Subcontracted administrative services*	32,782	8,741
Technical reports**	16,549	35,419
Information technology	14,548	11,591
Legal & professional expenses	13,178	10,664
Communications	5,073	4,868
Property, fixtures and supplies	2,362	2,753
Levies and taxes	1,853	1,802
Transportation costs	890	2,582
Insurance and self-insurance premiums	731	680
Advertising and publicity	695	911
Association membership	457	428
Surveillance and cash courier services	129	113
Contributions to foundations	123	178
Governing and Control Bodies	109	89
Other expenses	422	1,186
Total	89,901	82,005

* Includes EUR 13,241 thousand and EUR 157 thousand for the year ended 31 December 2020 that corresponds to the collaboration agreement and TSA agreement between the Group and Credit Suisse AG. Likewise, for the year ended 31 December 2020, EUR 10,516 thousand and EUR 1,800 thousand are included, respectively, corresponding to the temporary services agreement ("TSA") between Allfunds Bank, SAU, and BNP and the Sub Distribution Agreement between PAM and Allfunds Bank, SAU, respectively, both signed in the framework of the operation carried out.

**Included in Technical reports are amongst others, the fees for audit and other services provided by the auditor of the group. The breakdown of which is included below:

24. OTHER EXPENSES (CONTINUED)

	2020 EUR '000s	2019 EUR '000s
Audit services	932	762
Other assurance services	218	191
Tax services	14	11
Other services	1	30
Total audit and related services	1,165	994

25. OTHER OPERATING INCOME/(EXPENSES)

	2020 EUR '000s	2019 EUR '000s
Other operating income	9,338	4,684
Other operating expenses	(4,524)	(4,717)
Net (losses)/gains on financial assets and liabilities at FVTPL	295	(139)
Net exchange differences	428	(729)
Other operating income/(expenses)	5,537	(901)

The balance of “Other Operating Income” in the accompanying consolidated statement of comprehensive income relates mainly to income from capitalization of internal staff costs and from proceeds of insurance compensation.

The balance of “Other Operating Expenses” in the accompanying consolidated statement of comprehensive income relates mainly to expenses from operational incident losses and from contributions to the Single Resolution Board, the central resolution authority within the banking union.

26. INTEREST INCOME

	2020 EUR '000s	2019 EUR '000s
Loans and advances to credit institutions	1,081	3,512
Loans and advances to customers	1,324	525
Other finance income	1,046	4
Total	3,451	4,041

27. INTEREST EXPENSE

	2020 EUR '000s	2019 EUR '000s
Deposits from credit institutions	4,544	2,204
Cash balances from central banks	1,108	2,301
Lease liabilities	346	353
Other	26	6,054
Total	6,024	10,912

28. IMPAIRMENT LOSSES

	2020 EUR '000s	2019 EUR '000s
Impairment loss on non-financial assets	750	-
Impairment loss on financial assets held at amortised cost	800	319
	1,550	319

29. TAX EXPENSE

The tax expense recognised by the Group for the year was accrued by Allfunds Bank, S.A.U. in Spain, Allfunds Bank - Italian branch, Allfunds Bank International S.A., Allfunds International, Schweiz AG and also Allfunds (UK) Limited (formerly LHC 4 (UK) Limited) as follows:

	2020 EUR '000s	2019 EUR '000s
Allfunds Bank, S.A.U. - Spanish branch	10,432	6,768
Allfunds Bank, S.A.U. - Italian branch	20,203	14,948
Allfunds Bank, S.A.U. - French branch	3,955	-
Allfunds Bank International S.A*	7,138	2,235
Allfunds International, Schweiz AG**	-	15,529
Allfunds InvestLab AG**	-	(10,715)
Allfunds (UK) Limited (formerly LHC 4 (UK) Limited)	-	1,615
Other	(52)	460
less:		
Reversal of tax relief accounted for in 2019	-	8,024
Liberty Partners, S.L.U.	(124)	(4,664)
Deferred tax on intangible assets	(26,322)	(26,250)
Tax expense	15,230	7,950

* Including Allfunds Bank International, S.A. Swiss branch

** Companies absorbed by Allfunds Bank International, S.A. in the financial year 2020

	Current tax expense/ (income) EUR '000s	Adjustment in respect of current income tax of prior years EUR '000s	Deferred tax relating to origination al reversal of temporary differences (*) EUR '000s	Total Tax (credit)/ expense EUR '000s
Allfunds Bank - Spanish branch	10,798	(366)	-	10,432
Allfunds Bank - Italian branch	20,814	(611)	-	20,203
Allfunds Bank - French branch	3,955	-	-	3,955
Allfunds Bank International S.A	4,658	-	2,480	7,138
Allfunds International, Schweiz AG	-	-	-	-
Allfunds InvestLab AG	-	-	-	-
Allfunds (UK) Limited (formerly LHC 4 (UK) Limited)	-	-	-	-
Other	158	5	(215)	(52)
Reversal of tax relief accounted for in 2019	-	-	-	-
less:				
Tax relief from Liberty Partners, S.L.U. to Allfunds Bank, S.A.U.	(124)	-	-	(124)
Deferred tax on intangible assets	(26,322)	-	-	(26,322)

* Related mainly to the decrease in the DTAs and DTLs arising at a consolidating level as a result of the PPA in the business combinations performed.

29. TAX EXPENSE (CONTINUED)

The effective tax rate used in order to arrive at the tax expense is as follows:

	2020	2019
	EUR '000s	EUR '000s
Profit/(loss) before tax	15,187	(22,551)
Tax expense	15,230	7,950
Effective tax rate	100.28%	-35.25%

30. EARNINGS PER SHARE ("EPS")

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

As the Company has solely ordinary shares in issue with no dilutive potential, diluted EPS equates to basic EPS.

	2020	2019
	EUR '000s	EUR '000s
Loss attributable to ordinary holders of the parent	(43)	(30,501)
	31 Dec 2020	31 Dec 2019
	Thousands	Thousands
Number of ordinary shares	157,357	109,890
EPS (EUR)	(0.0003)	(0.2776)

31. RECOGNISED FAIR VALUE MEASUREMENT

The methodology used to calculate fair value for each class of financial assets and liabilities is as follows:

- Cash, cash balances at central banks and other demand deposits: relate to financial assets convertible into cash on demand and, accordingly, their fair value was considered to coincide with their carrying amount.
- Trading derivatives (assets and liabilities): the fair value of the trading derivatives was obtained by discounting estimated cash flows based on the forward curves of the respective underlyings, quoted in the market.
- Financial assets not designated for trading compulsorily measured at fair value through profit or loss: the amount recognized in this line item relates to equity instruments not listed on organised markets and for which no other valid references for the estimation of fair value were available, as a result of which the Bank recognized them at cost in the consolidated statement of financial position since it was not possible to estimate their fair value reliably. In these cases, the Bank estimated the potential impairment of these instruments on the basis of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement.
- Financial assets at amortized cost: the fair value of financial assets at amortized cost was obtained using the present value model, which discounts future cash flows to the present, using interest rates based on directly or indirectly observable market data to calculate the discount rate.
- Financial liabilities at amortized cost: these relate to financial liabilities at amortized cost at a fixed interest rate and maturing at less than one year and, accordingly, it was considered that their fair value coincided with their carrying amount since there were no significant differences.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards issued by the International Accounting Standards Board. An explanation of each level is as follows:

31. RECOGNISED FAIR VALUE MEASUREMENT (CONTINUED)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and held at fair value through profit or loss securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on equity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The following table summarises the valuation of the Group's financial instruments by the fair value hierarchy as detailed above as at 31 December 2020:

		31 Dec 2020	
	Level 1	**Level 2**	**Level 3**
	EUR '000s	**EUR '000s**	**EUR '000s**
Derivative financial instruments	-	294	-
Cash, cash balances at Central Banks & other deposits	-	-	1,848,905
Financial assets at FVTPL	-	393	-
Financial assets at amortised cost	-	-	233,573
Financial liabilities at amortised cost	-	-	(1,812,599)
	-	687	269,879

		31 Dec 2019	
	Level 1	**Level 2**	**Level 3**
	EUR '000s	**EUR '000s**	**EUR '000s**
Derivative financial instruments	-	(139)	-
Cash, cash balances at Central Banks & other deposits	-	-	1,044,371
Financial assets at FVTPL	-	393	-
Financial assets at amortised cost	-	-	313,797
Financial liabilities at amortised cost	-	-	(1,186,433)
	-	254	171,735

Transfers between Levels

During the year ended 31 December 2020, the Group did not transfer any financial instruments between levels 1, 2 or 3.

32. LEASES

The Group has lease contracts for buildings, vehicles, and computer hardware. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets.

The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

32. LEASES (CONTINUED)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Vehicles	Buildings	Computer Hardware	Total
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
As at 1 January 2019	-	-	-	-
Additions (Note 8)	842	22,069	-	22,911
Depreciation charge for the year	(223)	(4,867)	-	(5,090)
As at 31 December 2019	619	17,202	-	17,821
Additions (Note 8)	312	3,960	3,290	7,562
Depreciation charge for the year	(270)	(5,294)	(692)	(6,202)
As at 31 December 2020	661	15,868	2,598	19,181

Set out below are the maturities of the lease liabilities as at 31 December 2020:

	31 Dec 2020	31 Dec 2019
	EUR 000s	EUR 000s
6 months or less	3,760	2,605
6-12 months	3,529	2,583
Total current liabilities	7,289	5,188
1-5 years	11,890	12,161
Over 5 years	298	816
Total non-current liabilities	12,188	12,977
Total Liabilities	19,477	18,165

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2020	2019
	EUR '000s	EUR '000s
Depreciation expense of right-of-use assets	6,202	5,090
Interest expense on lease liabilities	344	354
Expenses relating to short-term and low value leases	574	822
Total	7,120	6,266

The Group had cash outflows for leases of EUR 6,105 thousand for principal payments and EUR 344 thousand of interest payments in 2020 (2019: Principal: EUR 4,571 thousand and interest EUR 354 thousand).

33. INVESTMENT IN SUBSIDIARY

The company owns 100% of the share capital of Liberty Partners, S.L.U., a holding company, and therefore indirectly, its subsidiaries.

Investment in subsidiary is held at cost less accumulated impairment losses.

	31 Dec 2020	31 Dec 2019
	EUR 000s	EUR 000s
Investment at cost	1,329,138	1,329,138
Additions	1,547,286	782,286
Impairment on Investment	-	(213,000)
Total investment in Subsidiary as at 31 December 2020	2,876,424	1,898,424

On 26 March 2020, as part of the business combination made by the Group as described in Note 10b, the Company increased its holding within Liberty Partners, S.L.U. by EUR 190,000 thousand to complete the second phase of the Credit Suisse transaction.

33. INVESTMENT IN SUBSIDIARY (CONTINUED)

Furthermore, on 13 November 2020, as part of the business combination made by the Group as described in Note 10(d), the Company further increased its holding in Liberty Partners, S.L.U. by a total of EUR 575,000 thousand through the non-monetary contribution by BP2S and PAM in consideration for the newly issued shares within the Company.

Further to the annual impairment review carried out by an external advisor, the Board have agreed it is prudent to lower the provision against the investment from EUR 213,000 thousand to EUR nil from the previous impairment against the investment in order to better represent the investment position as at 31 December 2020.

34. RELATED PARTY TRANSACTIONS

Relationships
The shareholders of the Company are LHC3 plc, Credit Suisse AG (CS AG), BNP Paribas Securities Services (BP2S) and BNP Paribas Asset Management Holding S.A. The Company is 63.55% owned by LHC3 plc as at 31 December 2020. The remaining 36.45% is owned by Credit Suisse AG and BNP Paribas.

LHC3 plc is in turn wholly owned by LHC2 Limited. The controlling party is LHC1 Limited which indirectly owns the Company through LHC2 Limited and LHC3 plc. LHC1 Limited is ultimately jointly controlled by Hellman & Friedman LLC and its affiliates ("H&F"), and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd ("Eiffel"), with a minority holding held by LHC Manco Limited, a company owned by senior employees of Allfunds Bank Group.

Acquisition-related agreements
Please see Note 10 for further information regarding the contracts that the Group has entered into with its shareholders, BNP Paribas and Credit Suisse.

As a result of the agreements described in Note 10 and above, there are revenues, expenses, and asset and liability balances generated between the Group and these parties.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Please refer to Note 43 for information on the intercompany payables.

During the year, group entities entered into the following transactions with related parties who are not members of the Group:

	Revenues		Expenses	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	EUR 000s		EUR 000s	
LHC3 plc	38	-	67	350
Credit Suisse AG	17,168	-	96,058	4,769
BNP Paribas	7,825	-	16,707	-

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	EUR 000s		EUR 000s	
LHC3 plc	15,325	-	6,251	4,896
Credit Suisse AG	30,094	-	46,827	22,972
BNP Paribas	242,656	-	18,011	-

34. RELATED PARTY TRANSACTIONS (CONTINUED)

Acquisition-related agreements
The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel
The remuneration of the Group´s senior executives, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24. There were 27 individuals considered to be senior executives in 2020 and 25 in 2019.

The Board of Directors of the Company have received no remuneration, advances, credit and guarantees from the Company during the year ended 31 December 2020 (year ended 31 December 2019: Nil).

	2020	2019
	EUR '000s	EUR '000s
Short-term employee benefits	11,544	10,846
Post-employment benefits	293	190
Termination benefits	436	1,117
Total:	12,273	12,153

There were no other long-term benefits or share-based payment plans provided to the senior executives.

Management equity plan
In addition, certain employees of the Group have invested in the Management Equity Plan of LHC Manco Limited. Together, the employees through LHC Manco Limited indirectly own 0.48% of Allfunds (UK) Limited (formerly LHC4 (UK) Limited), of which key personnel own 0.18%. The employees voluntarily bought in to the shares at a fair market value. There are a number of conditions attached to the ownership of these shares restricting the ability and price at which these shares can be disposed of.

As the shares have been issued and acquired at fair market value, there was no difference between the value that the employee received and the value paid by the employee. Consequently no expense has been accounted for in these consolidated financial statements.

35. COMMITMENTS AND CONTINGENCIES

Legal Claim Contingency
On 3 March 2011, Fairfield Sentry Limited and Fairfield Sigma Limited, both in liquidation and affected by the so-called Madoff case, filed a claim at the United States Bankruptcy Court for the Southern District of New York against a distributor company outside the Bank and against Allfunds Bank S.A.U. As a result of the reimbursements made by the Bank to the participants in these funds prior to December 2008, in accordance with the instructions of the above mentioned distributor company because, in the opinion of the liquidators of the funds, among other reason, incorrect payments had been made and unjust enrichment had resulted from such reimbursements to the amount of USD 3,505 thousand (approx. EUR 2,857 thousand).

In August 2016, the plaintiff also suspended certain claims from the Court of the British Virgin Islands. The Court of the British Virgin Islands denied the request for dismissal (although the Bank is not sued in the British Virgin Islands, there is a possibility that such claims will be reviewed in New York).

On 13 January 2017, the group of defendants, which include Allfunds Bank, S.A.U., filed an application for dismissal of the claim. On 6 December 2018 the Court found in favour of the defendants with respect to their contractual claims, except in the cases which the defendants were aware that the applicable net asset value at the time the redemptions were made was erroneous due to the investments of the funds held through Madoff. In this situation, the plaintiff could take action against the defendants and where the Bank is not included.

35. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Claim Contingency (continued)

After the decision on 6 December 2018, the parties (plaintiffs and defendants) agreed to close the claims in order to execute that decision. After this decision was presented to the Court, on 4 April 2019, the Court accepted the closing of the claims in relation to Allfunds. Subsequently, the plaintiffs have appealed the decision of the Court on 6 December 2018 (including the closing order regarding Allfunds), this has not been resolved by the Court at the date of issuance of these consolidated financial statements.

On 19 July 2019, the plaintiff submitted an amendment to the claim against Allfunds, where all claims dismissed under the December 2018 decision are eliminated, except the claims related to the British Virgin Islands lawsuit on which it will submit a request for dismissal (although the Bank is not sued in the British Virgin Islands).

On 16 March 2020, the group of defendants has filed a new withdrawal action against the claim and the amendment of the claim (renewed motion).

On 20 March 2020, several Spanish defendants filed a supplement to the new withdrawal action seeking to demonstrate that the Spanish defendants, including Allfunds, are financial institutions eligible for the "free port" or safe harbour exemption under U.S. law by providing the necessary documentation.

On 29 May 2020, the Liquidators filed their opposition to Defendants' Renewed Motion and the Supplemental MOL, and Defendants filed a consolidated reply on 19 June 2020. The U.S. Bankruptcy Court determined that it will use two representative complaints (filed against Citibank NA London and HSBC Private Bank (Suisse) SA) to decide certain issues presented in the Renewed Motion, including whether (i) the majority of redemption payments were paid "to" or "for" the benefit of a covered entity under the U.S. Bankruptcy Code's safe harbour defence and (ii) whether the Liquidators' claims against Defendants who are parties to the Hague Convention ("Hague Defendants") must be dismissed for insufficient service of process, respectively. The Hague Defendants, including the Bank, did not permit or authorize the Liquidators to serve their complaints by international mail.

On 14 December 2020, the U.S. Bankruptcy Court issued a favourable decision on the merits of the Renewed Motion ("Fairfield III"). Specifically, the U.S. Bankruptcy Court dismissed the BVI Avoidance Claims against all defendants, including the Bank. The U.S. Bankruptcy Court declined to dismiss the constructive trust claims (i.e., the Liquidators' conclusory allegations that certain "Knowledge Defendants," knew the net asset value was inflated at the time of the redemptions). However, the Liquidators intend to appeal Fairfield III to the same District Court judge who is handling the appeal of Fairfield II. The new appeal will be consolidated with the Liquidators' appeals of Judge Bernstein's previous Fairfield decisions. On 24 February 2021, the order implementing the U.S. Bankruptcy Court's Fairfield III decision for the Bank was entered. On 12 March 2021, a final judgment was entered, dismissing the Bank from the case, with prejudice. As noted, the Liquidators intend to appeal this order to the District Court. On 26 February 2021, Judge Bernstein retired from the U.S. Bankruptcy Court and was replaced by Chief Bankruptcy Judge Cecelia G. Morris, who will preside over the litigation going forward.

The Group considers that, ultimately, it will not have to bear the possible adverse consequences of the aforementioned proceeding, since it considers that it acted merely as an intermediary without benefiting, on any occasion, from the redemptions made, and that it was not irrefutably aware that the applicable net asset value at the time the redemptions were made was erroneous, and, accordingly, no provision was recognized in this connection at 31 December 2020 and 2019.

No provision was recognised in the consolidated financial statements as at 31 December 2020 (2019: NIL).

35. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments

As at 31 December 2020 the Group and its subsidiaries had the following commitments as explained in Note 10 Business Combinations:

- BNPP TSA with a cost of EUR 82,600 thousand, over a three year period;
- PAM subdistribution agreement with a cost of EUR 9,800 thousand over 10 years; and
- Credit Suisse cooperation agreement, which includes:
    - Other relationship services to be provided by Credit Suisse with a cost of EUR 11,000 thousand for each of the first three years and EUR 6,500 thousand for each subsequent year until such moment that a shareholder wishes to withdraw from the agreement; and
    - Joint conferences to be held with Credit Suisse (up to eight in total) for which the Group will have to pay an amount of EUR 5,000 thousand for each event

36. COVID-19

The appearance of the Coronavirus ("COVID-19") in China in January 2020 and its recent global expansion to a large number of countries caused the viral outbreak to be classified as a pandemic by the World Health Organization on 11 March 2020. This brought the global economy to a halt. Global industrial output decreased by 4% relative to the previous year and international trade by 5%. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures are, among other things, severely restricting global economic activity, which is disrupting supply chains, lowering asset and equity market valuations, significantly increasing unemployment and underemployment levels, decreasing liquidity in markets for certain securities and causing significant volatility and disruption in the financial markets.

The perceived risks of infection and health risk associated with COVID-19 and the number of people infected in the markets in which the Group operates or has Fund Distributors, and across the world generally, has resulted in various restrictive measures being taken by governmental authorities to stop the spread of COVID-19. Fear of COVID-19-related risks as well as measures taken to fight the pandemic has affected and could continue in the longer term to affect the economies and financial markets of many countries globally, and could ultimately result in an economic downturn that could materially adversely affect Group's business and results of operations. However, governments have spent significant resources to protect jobs and have issued credit guarantees to businesses. Although this caused a sharp deterioration in public finances, interest rates barely rose. European government leaders eased fears of a repeat of the euro crisis by reaching agreement on a European Stability Fund. In the meantime, central banks expanded their monetary policy by providing additional liquidity to banks, lowering their official interest rates, increasing bond-buying budgets and relaxing banks' capital requirements. There was scope for these measures because falling demand kept inflation on a downward trend. Eurozone inflation in 2020 was 0.3%, well below the ECB's target level.

In response to the exceptional and challenging circumstances of Covid-19, the ECB recommended temporary suspension of all cash dividends and share buy-backs in March 2020. The revised ECB recommendation of December 2020 expects banks to exercise extreme prudence with regard to dividends and share buy-backs until 30 September 2021. In addition, ECB extended its expectation to banks to adopt extreme moderation with regard to variable remuneration until 30 September 2021. On 15 December 2020, the Bank of Spain published on its website their decision to extend this recommendation to the credit institutions under its direct supervision, including the Spanish less significant supervised groups (such as the Group). A similar position has been taken by other banking authorities in order to safeguard banks' capacity to absorb losses and lend to support the economy. This guidance could have a material adverse effect on the ability of the Group to pay dividends or make distributions to Shareholders.

36. COVID-19 (CONTINUED)

More recently it seems COVID-19 is weakening its grip on the situation with vaccine programs being rolled out throughout the Eurozone and elsewhere. This might offer some much needed societal and personal stability after a year of measures attempting to contain the virus. Although it will remain unsure to tell when everything will return to normal, the first signs are present.

The Group has continued trading and has taken precautionary measures intended to minimise the risk of the COVID-19 pandemic to its employees and the communities in which it operates, including temporarily closing offices, facilitating and requiring employees to work remotely in many instances and cancelling travel plans and business meetings. The Group has not had any rental concessions as a result of the pandemic, thus there is no impact as a result of the current period amendment to IFRS 16 (see Note 2 to the consolidated financial statements). Furthermore, the Group has not received any governmental assistance.

The Group is exposed to volatility in the financial markets caused by the COVID-19 pandemic with respect to the market value of AuA on its platform, which can have a materially negative impact on the Group's financial condition and results of operations. During the initial period of the outbreak and the associated market volatility, the value of the Group's AuA declined by approximately 10% between 29 February 2020 and 15 March 2020, relative to an approximately 22% decline of the EURO STOXX 50 index over the same period. However, an improvement in confidence and in the performance of the financial markets resulted in an increase to intermediated funds of 34.4% in the second and third quarter of 2020 (not including the intermediated assets resulting from the inorganic acquisitions made in Sweden and Switzerland at the end of 2019 and beginning of 2020), mainly due to an appreciation in the valuation of intermediated assets of EUR 69.8 billion, the entry of new customers and increased activity from existing customers amounting to EUR 61.3 billion. While the value of the Group's AuA has rebounded in full since this decrease, the Group may in the future be exposed to further market volatility brought about by the COVID-19 pandemic or other regional or global events.

The directors and management of the Group have conducted an assessment of the current situation, based on the best available information. The following aspects of the results of this assessment are worthy of note:

- Liquidity risk: the general situation of the markets may lead to an overall increase in liquidity constraints in the economy, as well as a contraction in the credit market. In this connection, the Group has sufficient liquidity (see Note 14), which, together with the implementation of specific plans for the improvement and efficient management of liquidity will enable these constraints to be overcome. Additionally, liquidity has increased 77% when compared to 31 of December 2019 (see Note 14).
- Operational risk: the changing and unpredictable nature of events could lead to a risk of temporary interruption of the off-balance sheet resources under administration at collective investment undertakings and of the relationship with management companies and distributors. The Group has procedures aimed at monitoring and managing the evolution of its operations at all times, in order to minimise the impact of this situation on its operations.
- Risk of changes in certain financial aggregates: the factors mentioned above, together with other specific factors, may lead to a decrease in the amounts of relevant headings for the Group in subsequent financial statements, such as "Fee and Commission Income" and "Fee and Commission Expenses", or of the off-balance sheet resources under administration, even though the decrease in the net commissions as of 31 December 2020 when compared to the budget approved before Covid-19 has not been significant.

36. COVID-19 (CONTINUED)

- Risk of measurement of assets and liabilities: a change in the evolution future business figures could have an adverse impact on the carrying amount of certain assets (goodwill, other assets, loans and advances - customers) and on the need to recognise certain provisions or other types of liabilities. However, at the date of issuance of these consolidated financial statements, it was not apparent that the current situation arising from the pandemic would have an adverse impact on the measurement of these assets. As soon as sufficient and reliable information becomes available, the appropriate analyses and calculations will be made to allow, if necessary, the re-measurement of those assets and liabilities.
- Going concern risk: in assessing whether the Group is a going concern, management have run a severe but plausible stress scenario to assess whether there is a reasonable expectation that the Group is able to meet its liabilities as they fall due given this level of uncertainty. On the basis of this analysis, the Directors have a reasonable expectation that the Company and the Group continue to remain a Going Concern.

The magnitude and duration of the pandemic and its future direct and indirect effects on the global economy and our businesses, results of operations and financial condition are highly uncertain and depend on future developments that cannot be predicted, including the likelihood of further surges of COVID-19 cases and the spread of more easily communicable variants of COVID-19, the timing and availability of effective medical treatments and vaccines, future actions taken by governmental authorities, including stimulus legislation, and/or other third parties in response to the pandemic. The pandemic may cause prolonged global or national negative economic conditions or longer lasting effects on economic conditions than currently exist, which could have a material adverse effect on our businesses, results of operations and financial condition.

37. GOING CONCERN

The Directors have made enquiries and having considered the current economic climate at the time of approving the consolidated financial statements, as well as the expected working capital requirements that both the Group and Company will have for the coming period, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

38. SUBSEQUENT EVENTS

Corporation Tax amendment
Further to the announcement by the Chancellor of changes in Corporation Tax rates on 3 March 2021, management are assessing the impact and at present have not been able to undertake a full analysis of these changes, which may be material to the Group.

Appointment of Directors
Following a Board meeting on 25 March 2021, a number of appointments to the Board of Directors was agreed with an effective appointment date of 29 March 2021. The individuals and their positions on the Board are listed below:

- Juan Alcaraz López - Director and Chief Executive Officer (CEO)
- Amaury Dauge - Director and Chief Financial Officer (CFO)
- David Vaillant - Director
- Lisa Dolly - Independent Director
- Sofia Mendes - Independent Director
- J.P. Rangaswami - Independent Director
- David Perez Renovales - Independent Director
- Ursula Schliesser - Independent Director
- Delfín Rueda - Independent Director

38. SUBSEQUENT EVENTS (CONTINUED)

Appointment of Company Secretary

On 25 March 2021, the Company appointed Marta Oñoro Carrascal as Company Secretary at a meeting of the Board of Directors.

Name Change

As at the date of signing these consolidated financial statements the Board of Directors have recommended a name change which is subject to approval by all shareholders and the Companies House for the Company to be changed from Allfunds (UK) Limited to Allfunds Group Limited.

As at the date of issuance of these consolidated financial statements, there are no further significant events after the reporting date of 31 December 2020.

39. LIST OF SUBSIDIARIES

Name of entity	Place of business/country of incorporation	Ownership	Principal activities
Liberty Partners, S.L.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Asset holding
Allfunds Bank, S.A.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Banking and investment services
Allfunds Bank International S.A. 30, Boulevard Royal L-2449 Luxembourg	Luxembourg	100%	Institutional brokerage services for the purchase and sale of units in CIUs
Allfunds Nominee Limited 2 Fitzroy Place, 8 Mortimer Street 6th floor, London, W1T 3JJ	United Kingdom	100%	Asset holding
Allfunds Bank Brasil Representacoes Ltda. Rua Tabapuâ, 1227, Itaim Bibi, Sâo Paulo, Brasil	Brazil	100%	Representation services
Fintech Partners, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Holding company
Allfunds Digital, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Nextportfolio, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Allfunds Sweden AB Engelbrektsgatan 9-11, 114 32, Stockholm, Sweden.	Sweden	100%	Institutional brokerage services for the purchase and sale of units in CIUs
Allfunds Blockchain, S.L. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Computer programming activities and technology development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

39. LIST OF SUBSIDIARIES (CONTINUED)

Name of entity	Place of business/country of incorporation	Ownership	Principal activities
Allfunds Hong Kong Limited 30th Floor, One Taikoo Place, 979 Kings's Road, Hong Kong	Hong Kong	100%	No activity
MyFundmatch 7 Rue Meyerbeer, 75009, Paris, France	France	100%	Institutional intermediation

40. ULTIMATE HOLDING COMPANY

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd ("Eiffel"), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 plc. LHC Manco Limited, a company owned by senior employees of Allfunds Bank Group, also holds a minority interest in LHC1 Limited.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

41. COMPANY SIGNIFICANT ACCOUNTING POLICIES

The standalone financial statements for the Company have been prepared under the same accounting treatments as described in the Group accounting policies in Notes 2 and 3 of the Notes to the Consolidated Financial Statements, where applicable.

42. OTHER LIABILITIES

	2020 EUR '000s	2019 EUR '000s
Deferred consideration	-	18,792
Accrued variable remuneration costs	1,093	-
Trade payables	617	2,488
Total	1,710	21,280

43. INTERCOMPANY PAYABLE

	2020 EUR '000s	2019 EUR '000s
LHC3 plc	6,194	4,839
Allfunds Bank, S.A.U.	6,985	-
Credit Suisse Investlab AG	357	-
Total	13,536	4,839

The balance payable to LHC3 plc in relation to the tax credits received is discussed in Note 16.

On 30 July 2020, the Company entered into a loan agreement with Allfunds Bank, S.A.U. in order to provide funds to settle outstanding expenses incurred by the Company. The loan was provided on an arm length basis and has a maturity date of 30 July 2021 with an interest rate of 0.73%. As at 31 December 2020 EUR 25 thousand of interest was payable on the loan.

44. EMPLOYEE COMPENSATION AND BENEFITS

	2020 EUR '000s	2019 EUR '000s
Employee compensation and benefits include the following expenses:		
Wages and salaries	1,763	-
Expense for defined contributions pension funds	554	-
Training expenses	12	-
Other staff costs	32	-
Total	2,361	-

45. OTHER EXPENSES

	2020 EUR '000s	2019 EUR '000s
Legal & professional expenses	7,466	6,118
Rental expenses	133	-
Subcontracted administrative services	79	72
Audit Costs	9	10
Other expenses	329	907
Total	8,015	7,107

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

46. DIVIDENDS RECEIVED

During the year to 31 December 2020, the Company received dividends from Liberty Partners, S.L.U. its direct subsidiary, as detailed below:

	2020	2019
	EUR '000s	EUR '000s
Interim dividend received during 2019 of 58.4 cents per share	-	58,404
Interim dividend received during 2019 of 4.5 cents per share	-	5,000
Interim dividend received during 2020 of 13.3 cents per share	14,590	-
	14,590	63,404

47. TAX EXPENSE

	2020	2019
	EUR '000s	EUR '000s
Profit/loss for the year before tax	217,457	214,383
Adjustment for:		
Impairment reversal	(213,000)	(149,000)
Dividend income	(14,590)	(63,404)
Non-tax deductible expenses	7,852	6,520
Taxable profit/(loss)	(2,281)	8,499
Tax rate	19%	19%
Tax expense	-	1,615

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED

OPINION

In our opinion:

- the financial statements of LHC4 (UK) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statements of financial position;

- the consolidated statement of comprehensive income;

- the consolidated and parent company statements of changes in equity;

- the consolidated and parent company cash flow statements; and

- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Clacy, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Helier, Jersey
Date: 29 April 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 EUR '000s	2018 EUR '000s
Non-current assets			
Goodwill	9	802,801	607,113
Intangible assets	9	857,043	928,933
Tangible assets	8	28,248	8,931
Other assets	12	-	4,916
Financial assets held at amortised cost	11	927	130,839
Deferred tax assets		599	575
Total non-current assets		1,689,618	1,681,307
Current assets			
Financial assets at fair value through profit or loss	6	1,002	737
Financial assets held at amortised cost	11	312,110	253,047
Tax assets		12,176	7,379
Other assets	12	340,881	310,076
Cash and cash equivalents	13	1,044,371	713,437
Total current assets		1,710,540	1,284,676
Total Assets		3,400,158	2,965,983
Non-current Liabilities			
Deferred tax liabilities	16	248,044	274,317
Tax liabilities	16	1,538	1,177
Financial liabilities held at amortised cost	14	12,977	-
Total non-current liabilites		262,559	275,494
Current Liabilities			
Financial liabilities at fair value through profit or loss	6	749	213
Financial liabilities held at amortised cost	14	1,173,456	875,399
Tax liabilities	16	2,525	1,716
Other liabilities	15	337,745	279,456
Total current liabilites		1,514,475	1,156,784
Total Liabilities		1,777,034	1,432,278
Equity attributable to equity holders of the parent entity			
Share capital	17	1,099	1,000
Share premium	17	1,276,839	1,905,730
Retained earnings		344,695	(373,121)
Foreign currency translation reserve		491	96
Total equity		1,623,124	1,533,705
Total liabilities and equity		3,400,158	2,965,983

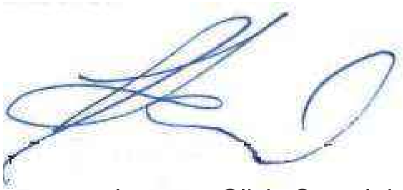
Company registration No. 10647359 (England and Wales)

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (CONTINUED)

AS AT 31 DECEMBER 2019

The consolidated financial statements were approved and authorised by the Directors of the Company on 28th April 2020 and were signed on its behalf by:



Director Leonora Olivia Saurel de Sola
LHC4 (UK) Limited

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	1 Jan 2019 to 31 Dec 2019 EUR '000s	1 Jan 2018 to 31 Dec 2018 EUR '000s
Interest income	20	4,041	2,118
Interest expense	21	(10,912)	(2,134)
Net interest expense		(6,871)	(16)
Fee and commission income	22	1,329,077	1,333,535
Fee and commission expense	23	(1,103,248)	(1,116,134)
Net fee and commission income		225,829	217,401
Other operating income		7,026	5,099
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss		(139)	140
Exchange differences (net)		(729)	33
Losses on derecognition of financial assets and liabilities measured at fair value through profit or loss		-	(352)
Other operating expenses		(4,717)	(1,891)
Net operating income		220,399	220,414
Employee compensation and benefits	24	(54,968)	(47,079)
General and administrative expenses	25	(82,005)	(44,272)
Amortisation and depreciation	8, 9	(101,618)	(92,769)
Impairment loss on non-financial assets	9	-	(362,007)
Impairment loss on financial assets held at amortised cost	6	(319)	(404)
Loss before tax		(18,511)	(326,117)
Tax credit/(expense)	26	7,200	(11,137)
Loss for the year after tax		(11,311)	(337,254)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		564	161
Taxes		(169)	(48)
Other comprehensive income for the year		395	113
Total comprehensive loss for the year		(10,916)	(337,141)

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Attributable to the owners of LHC4 (UK) Limited				
		Share capital	Share premium	Retained earnings/(losses)	Foreign currency translation reserve	Total equity
		EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Balance as at 1 January 2019		1,000	1,905,730	(373,121)	96	1,533,705
Loss for the year		-	-	(11,311)	-	(11,311)
Share issue during the year	17	99	171,109	-	-	171,208
Capital reduction	17	-	(800,000)	800,000	-	-
Other comprehensive income for the year		-	-	-	395	395
Dividends (note 18)	18	-	-	(70,873)	-	(70,873)
Balance as at 31 December 2019		1,099	1,276,839	344,695	491	1,623,124
Balance as at 1 January 2018		1,000	1,905,730	(22,567)	(17)	1,884,146
Loss for the year		-	-	(337,254)	-	(337,254)
Other comprehensive loss		-	-	-	113	113
Dividends	18	-	-	(13,300)	-	(13,300)
Balance as at 31 December 2018		1,000	1,905,730	(373,121)	96	1,533,705

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	1 Jan 2019 to 31 Dec 2019 EUR '000s	1 Jan 2018 to 31 Dec 2018 EUR '000s
Operating activites			
Loss for the year after tax		(11,311)	(337,254)
Adjustment for:			
Depreciation and amortisation		101,618	92,769
Interest expense	21	10,912	2,134
Net unrealised loss on financial assets and liabilities at fair value through profit or loss		139	(140)
Losses on derecognition of financial assets and liabilities measured at fair value through profit or loss		-	352
Impairment loss on non-financial assets	9	-	362,007
Impairment on financial assets at amortised cost	6	319	404
Tax charge	26	(7,200)	11,137
Adjusted profit		94,477	131,409
Net (increase)/decrease in operating assets			
Financial assets at amortised cost		71,731	20,790
Financial assets at fair value through profit and loss		(265)	-
Other operating assets		(16,510)	(1,867)
		54,956	18,923
Net increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss	6	536	(52)
Financial liabilities at amortised cost		276,516	(99,924)
Other operating liabilities		37,424	(14,340)
Tax liabilities		-	(33,464)
		314,476	(147,780)
Payments of corporation taxes		(25,296)	-
Net cash flows from operating activities		438,613	2,552
Investing activities			
Purchase of tangible assets	8	(4,224)	(3,364)
Purchase of intangible assets	9	(22,796)	(9,309)
Net cash consideration acquired/(paid) on acquisition of subsidiary	10	(9,057)	(11,970)
Net cash flows used in investing activities		(36,077)	(24,643)
Financing activities			
Payment of interim dividend	18	(70,873)	(13,300)
Net cash flows used in financing activities		(70,873)	(13,300)
Effect of exchange rate changes on cash and cash equivalents		(729)	33
Net increase/(decrease) in cash and cash equivalents		330,934	(35,357)
Cash and cash equivalents at the start of the year		713,437	748,794
Cash and cash equivalents at the end of the year		1,044,371	713,437

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 EUR '000s	2018 EUR '000s
Non-current assets			
Investments held at cost less impairment losses	29	1,898,424	967,138
Financial assets held at amortised cost		-	590,188
Total non-current assets		1,898,424	1,557,326
Current assets			
Financial assets held at amortised cost		-	8,126
Cash and cash equivalents		1,843	455
Total current assets		1,843	8,581
Total Assets		1,900,267	1,565,907
Current Liabilities			
Other liabilities		21,280	6,476
Income tax payable		1,615	
Intercompany payable		4,839	-
Total current liabilities		27,734	6,476
Equity attributable to equity holders of the parent entity			
Share capital	17	1,099	1,000
Share premium	17	1,276,839	1,905,730
Retained earnings		594,595	(347,299)
Total equity		1,872,533	1,559,431
Total liabilities and equity		1,900,267	1,565,907

Company registration No. 10647359 (England and Wales)

The Company reported a profit for the financial year from 1 January 2019 to 31 December 2019 of 212,767 EUR thousand.

The Company financial statements were approved and authorised by the Directors of the Company on 28th April 2020 and were signed on its behalf by:

Director Leonora Olivia Saurel de Sola
LHC4 (UK) Limited

(The notes on pages 24 to 72 form an integral part of these financial statements)

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	Notes	Attributable to the owners of LHC4 (UK) Limited			
		Share capital EUR '000s	Share premium EUR '000s	Retained earnings EUR '000s	Total equity EUR '000s
Balance as at 1 January 2019		1,000	1,905,730	(347,299)	1,559,431
Profit for the year		-	-	212,767	212,767
Share issue during the year	17	99	171,109	-	171,208
Capital reduction	17	-	(800,000)	800,000	-
Dividends	18	-	-	(70,873)	(70,873)
Balance as at 31 December 2019		1,099	1,276,839	594,595	1,872,533
Balance as at 1 January 2018		1,000	1,905,730	8,310	1,915,040
Loss for the year		-	-	(342,309)	(342,309)
Dividends Paid	18	-	-	(13,300)	(13,300)
Balance as at 31 December 2018		1,000	1,905,730	(347,299)	1,559,431

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	1 Jan 2019 to 31 Dec 2019 EUR '000s	1 Jan 2018 to 31 Dec 2018 EUR '000s
Operating activites			
Proft/(Loss) for the year after tax		212,767	(342,309)
Adjustment for:			
Impairment on financial assets at amortised cost		(149,000)	362,000
Net Interest income		(9,086)	(24,623)
Tax charge		1,615	4,869
Adjusted profit		56,296	(63)
Net (increase)/decrease in operating assets			
Decrease in debtors		8,126	-
Increase in creditors		(6,274)	2
		1,852	2
Net increase/(decrease) in operating liabilities			
Other operating liabilities		-	8
		-	8
Net cash flows from operating activities		58,148	(53)
Investing activities			
Distribution Received		-	1,100
Net cash flows used in investing activities		-	1,092
Financing activities			
Dividend paid		(70,873)	(13,300)
Loan interest received		14,113	12,216
Net cash flows used in financing activities		(56,760)	(1,084)
Net increase in cash and cash equivalents		1,388	(45)
Cash and cash equivalents at the start of the year		455	500
Cash and cash equivalents at the end of the year		1,843	455

(The notes on pages 24 to 72 form an integral part of these consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

LHC4 (UK) Limited is a private company limited domiciled in England and Wales, United Kingdom. The address of the registered office is at 2 Fitzroy Place, 8 Mortimer Street, London, United Kingdom, W1T 3JJ.

The activities that the Group ultimately undertake are as follows:

- The performance of all kinds of activities, transactions and services of the banking business in general, related thereto or permitted under current legislation and financial reporting framework applicable to the Bank of Spain;
- The acquisition, holding, use, administration and disposal of Spanish and foreign marketable securities, shares and equity interests in companies, in accordance with current legislation; and
- The provision of investment services and any applicable supplementary activities under current legislation.

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd (“Eiffel”), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 Plc. A company owned by senior employees of Allfunds Bank Group also holds a minority interest in LHC1 Limited.

These consolidated financial statements have been prepared as on and for the year from 1 January 2019 to 31 December 2019.

Comparative figures have been regrouped where necessary to conform to the current year’s presentation.

2. BASIS OF ACCOUNTING

a. Statement of compliance

The consolidated and individual financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

b. Basis of preparation

In preparing the Company financial statements together with the Group consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present individual statement of comprehensive income and related notes as part of these approved financial statements. With regards to accounting policies, the Company has consistently applied those of the Group to all Company level information.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation- (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets and liabilities at fair value through other comprehensive income.

The preparation of these consolidated financial statements, in conformity with IFRS, requires the use of accounting estimates and exercise of judgement by the management while applying the Group's accounting policies. These estimates are based on the management's best knowledge of the events which existed at the Consolidated Statement of Financial Position date. However, the actual results may differ from these estimates.

New standards and amendments issued and effective for the financial period beginning 1 January 2019 which have been adopted by the Group

The Directors' assessment of the impact of these new standards is set out below:

IFRS 16, ''Leases''

On 1 January 2019, IFRS 16 superseded IAS 17, Leases. IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The key factor in determining whether the contract is a lease is "who controls the asset".

Control is deemed to exist if the customer has:
• The right to obtain substantially all of the economic benefits from use of the identified asset.
• The right to direct the use of the identified asset.

IFRS 16, introduced a single lessee accounting model, requiring assets and liabilities to be recognised for all leases. The only exceptions are short-term leases and leases for which the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the leased asset under “Tangible Assets” in the consolidated balance sheet (see Note 8), and a lease liability representing its obligation to make lease payments under “Financial Liabilities at Amortised Cost” - Other Financial Liabilities” in the consolidated balance sheet (see Note 14). For the purposes of the consolidated statement of profit or loss, the depreciation of the right-of-use asset must be recognised under “Depreciation and Amortisation" (see Note 8), and the finance cost associated with the lease liability under “Interest Expense" (see Note 21).

With regards to lessor accounting, IFRS 16 substantially carries forward the accounting requirements of IAS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and will account for those two types of leases differently.

In accordance with the transition provisions in IFRS 16, the standard has been adopted using the modified retrospective approach, initially applying the new standard recognised on 1 January 2019. Comparatives for the prior financial year will not be restated.

At 1 January 2019, the Group had recognised right-of-use assets and lease liabilities totalling EUR 22,371 thousand.

There were other new standards and amendments that came into effect for periods beginning 1 January 2019 but have not had any material impact on the consolidated financial statements.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation - (continued)

New standards and amendments issued but not yet effective for the financial period beginning 1 January 2019 which have not been early adopted by the Group

IFRS 17, "Insurance Contracts"

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

This standard is mandatory for financial years commencing on or after 1 January 2021. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group notes that there were other standards that are not yet effective but are not likely to have an impact.

c. Summary of estimates, judgements and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the period presented. Estimates and underlying assumptions are reviewed at each statement of financial position date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently in these consolidated financial statements unless otherwise indicated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are derecognised from the date that control ceases.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the parent company has less than a majority of the voting rights of an investee, they consider that they have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent company considers all relevant facts and circumstances in assessing whether or not the parent company's voting rights in an investee are sufficient to give it power, including:

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

a. Basis of consolidation - (continued)

i. Subsidiaries - (continued)

- the size of both the parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the parent company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated Statement of Comprehensive Income from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the parent company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation, may initially be measured at fair value, or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company or to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company or to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the parent company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the parent company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

a. Basis of consolidation - (continued)

i. Subsidiaries - (continued)

When the parent company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the parent company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement. When applicable, the costs on initial recognition of an investment in an associate or a joint venture are also taken into consideration.

b. Foreign currency translation

i. Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the ''functional currency''). The consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as financial assets at fair value through other comprehensive income, are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b. Foreign currency translation (continued)

iii. Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

c. Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition, i.e. day 1 profit or loss;
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price, i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability.

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. The Group will release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances, i.e. using either straight-line or non-linear amortisation depending on the type of financial instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments - (continued)

i. Financial assets and investments

From 1 January 2018, the Group classifies its financial assets in the following measurement categories; those to be measured subsequently at fair value, either through Other Comprehensive Income ("OCI") or through profit or loss, and those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

ii. Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

iii. Financial assets at fair value through other comprehensive income

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

iv. Financial assets at fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments - (continued)

v. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

vi. Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables

vii. Reclassification of financial assets

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

viii. Recognition and derecognition of financial assets

Standard purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

ix. Equity

Ordinary shares issued by the parent company are classified as equity.

x. Financial liabilities

The Group initially recognises borrowings issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, terminated or expired.

The Group classifies financial liabilities into the non-current liability, debt category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments - (continued)

xi. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

xii. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and credit risk, including foreign exchange forward contracts, interest rate swaps and credit default swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

xiii. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments - (continued)

xiii. Borrowings (continued)

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

d. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

e. Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

f. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

g. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

i. Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group depreciates property, plant and equipment on a straight line basis over the following periods:

	2019	2018
Furniture and fittings:	10 years	10 years
Computer hardware:	4 years	4 years
Leased Assets	3 years	n/a

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

j. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Group, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Group consider it probable that future economic benefits will be generated are recognised.

i. IT developments

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic developments;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

3 SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

j. Intangible assets - (continued)

i. IT developments (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

ii. Amortisation methods and periods

Amortisation methods and periods used by the Group for intangible assets are detailed in note 9.

iii. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

iv. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

k. Revenue recognition

i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

ii) Fee and commission income

Fee and commission income and expenses are recognised in the consolidated statement of comprehensive income using criteria that vary according to their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and liabilities measured at fair value through profit or loss are recognised when collected.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

k. Revenue recognition (continued)

ii) Fee and commission income (continued)

- Those arising from transactions or services that are performed over a period of time are recognised over the life of these transactions or services, such as the fees from the marketing of units in collective investment undertakings (CIUs), which are calculated as the result of applying the agreed-upon percentage to the daily volume of such units held for the account of the Group's customers.

- Those relating to the provision of a service in a single act, which are recognised when the single act is carried out.

l. Borrowing costs

Costs that are directly related to the issue of a security that is classified as a financial liability measured at amortised cost are deducted from the amount of the financial liability and held at amortised cost using the effective interest method of the applicable financial liability.

Other borrowing costs are expensed in the period in which they are incurred.

m. Employee benefits

i. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii. Post-employment obligations

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

m. Employee benefits - (continued)

ii. Post-employment obligations (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee compensation and benefits expense in the statement of of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group had no defined benefit obligations as at year end (2018: no obligations).

iii. Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise.

iv. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

n. Income tax

Current tax expense or benefit is based on the taxable profit for that year. Taxable profit differs from the profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Furthermore the accrual for current tax includes provisions for uncertain tax positions which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenge of historical tax positions.

Current tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the date of the statements of financial position. The Group periodically evaluates positions taken in the tax returns for situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Deferred tax liabilities are provided for using the liability method on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that the deductions and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each date of the statements of financial position and reduced to the extent it is no longer probable that the deferred or income tax assets will be recovered. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail in the period when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the dates of the statements of financial position.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority and on the same taxable entity.

o. Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reporting under IAS 17.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

IFRS 16, which came into force on 1 January 2019, introduced a single lessee accounting model, requiring assets and liabilities to be recognised for all leases. The only exceptions are short-term leases and leases for which the underlying asset is of low value. The lessee is required to recognise a right-of-use asset representing its right to use the leased asset under “Tangible Assets” in the consolidated balance sheet (see Note 8), and a lease liability representing its obligation to make lease payments under “Financial Liabilities at Amortised Cost” - Other Financial Liabilities” in the consolidated balance sheet (see Note 14). For the purposes of the consolidated statement of profit or loss, the depreciation of the right-of-use asset must be recognised under “Depreciation and Amortisation" (see Note 8), and the finance cost associated with the lease liability under “Interest Expense" (see Note 21).

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

o. Leases (continued)

Expenses resulting from operating leases are charged to the consolidated statement of profit or loss in the year in which they are incurred.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

p. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand Euros unless otherwise stated.

q. Going concern

The Directors have made enquiries and having considered the current economic climate at the time of approving the consolidated financial statements, as well as the expected working capital requirements that both the Group and Company will have for the coming period, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

A detailed analysis of the impacts of COVID-19 is included within note 32.

r. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred and included in "Technical reports" in Other Operating Expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is initially recognised and measured as set out in note 3(f) above.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

r. Business combinations - (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously-held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

s. Investment in subsidiaries

Investment in subsidiaries are held at cost in company financial statements less accumulated impairment losses, if any.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through their power over the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Group's accounting policies.

Detailed below is an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions being revised based on actual experience. In addition, this note also explains where there have been actual adjustments this year as a result of an error or of changes to previous estimates.

The areas involving key accounting judgements and significant estimates are:

Critical judgements in applying the Group's accounting policies

- Fair value measurement of intangible assets and residual goodwill, recognised as a result of acquisition of subsidaries. These have been discussed in detail in note 27 to the consolidated financial statements.
- The classification of financial instruments based on the business model and the compliance or not of the tests on payments of principal and interest on the principal amounts outstanding.
- The assessment of any possible contingent liabilities affecting the Group and the need to recognise provisions therefore (see Note 31).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

- Impairment of goodwill in the investment within Allfunds Bank, S.A.U. with an annual impairment test carried out each financial period. These have been discussed in detail in note 9 to the consolidated financial statements.
- The useful life of the tangible and intangible assets (see Notes 8 and 9).
- Estimates of accrued expenses and deferred income relating to the Bank’s activity at each year-end (see Note 14).

5. OPERATING SEGMENTS

The Group's Directors examine the Group's performance from a product perspective and have identified two reportable segments of its business:

i) Allfunds Bank Group: this part of the Group operates as a distributor of mutual funds

	31 Dec 2019		31 Dec 2018	
	EUR '000s	% of Group	EUR '000s	% of Group
Total assets	1,974,718	58%	1,447,604	49%
Total liabilities	1,507,163	85%	1,173,334	82%
Net operating income for the year	226,572	103%	221,082	100%
Profit for the year after tax	68,480	(605%)	86,604	(26%)

ii) Other: Rest of Group: Investment holding

Total assets	1,425,440	42%	1,518,379	51%
Total liabilities	269,871	15%	258,944	18%
Net operating loss for the year	(6,173)	(3%)	(668)	(0%)
Loss for the year after tax	(79,791)	705%	(423,858)	126%

The main factor for the year on year movement in performance is the acqusition of Credit Suisse InvestLab AG. More information about the acquisiton can be found within note 10.

Materially all of the Group's turnover is generated through operations in Europe, across Spain, Italy, United Kingdom and Luxembourg.

6. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is carried out by the Directors of the Company and each of the Company's subsidiaries. Where applicable, this risk management function has been delegated to the relevant department within a specific Group company. The Directors or the relevant department identify, evaluate and hedge financial risks.

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

6. FINANCIAL RISK MANAGEMENT (continued)

Derivatives (continued)

	2019		2018	
	Notional EUR '000s	Fair Value EUR '000s	Notional EUR '000s	Fair Value EUR '000s
Current assets				
Foreign currency forward contracts - held for trading	102,546	526	74,478	243
Foreign currency spot contracts - held for trading	35,494	83	67,448	110
	138,040	609	141,926	353
Current liabilities				
Foreign currency forward contracts - held for trading	112,655	707	52,623	191
Foreign currency spot contracts - held for trading	28,506	42	35,555	22
	141,161	749	88,178	213

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

a. Market Risk

Market risk is defined as the risk to which the Group is exposed in terms of a potential adverse impact on its statement of comprehensive income due to fluctuations in interest rates, currency exchange rates and the market prices of instruments included in the Group's trading portfolio, where they exist.

The Group has decided to abide by a policy of low risk tolerance. Consequently, the Group does not have positions on or off statement of financial position that might be affected by fair value risk relating to interest rate and price risks, except those that are strictly necessary for compliance with regulatory requirements in connection with liquidity and currency exchange derivative hedging to mitigate the risk in the main currencies to which it is exposed.

i. Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As the Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through the Risk Control Unit of Allfunds Bank Group which forecasts likely foreign currency expenditure. In addition, the management of Allfunds Bank Group receive daily reports on the exposure and impact on the statement of comprehensive income of Allfunds Bank Group due to currency fluctuations and any measures implemented to mitigate open risks.

In order to strengthen the aforementioned foreign exchange risk mitigation mechanisms, Allfunds Bank Group, which has the largest exposure to non-reporting currencies within the Group, have set a cap on the net positions in foreign currencies.

6. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euros, was as follows:

	2019 EUR 000's			2018 EUR 000's		
	USD	GBP	Other	USD	GBP	Other
Assets						
Cash, and cash equivalents	185,105	97,696	71,965	84,424	79,090	27,745
Investments held in subsidiaries and JV	-	701	-	-	-	-
Financial assets held at amortised cost	8,979	1,351	26,522	24,586	1,226	750
Tangible Assets	-	5,993	3,686	-	1,761	1,202
Intangible Assets	-	-	177,187	-	-	31
Deferred tax assets	-	-	-	-	-	40
Tax assets	-	-	8,052	-	-	-
Other assets	48,886	5,858	10,209	41,540	6,495	2,128
Liabilities						
Financial Liabilities at amortised cost	(193,536)	(103,179)	(39,751)	(109,023)	(81,368)	(17,066)
Tax liabilities	-	-	(455)	-	-	-
Other liabilities	(42,006)	(11,403)	(6,133)	(35,007)	(6,669)	(2,793)
	7,428	(2,983)	251,282	6,520	535	12,037

Sensitivity

As shown in the table above, the Group is exposed to foreign currency risk through a number of different asset and liability types held in currencies other than Euros. The risk is between Euros and other foreign currencies.

Should the net asset value subject to currency risk be subject to a 10% increase/decrease, the impact on the Statement of Financial Position and Statement of Comprehensive Income would be an increase/decrease in the value of EUR 25,573 thousand (2018: EUR 1,909 thousand).

ii. Interest rate risk

Interest rate risk is the risk that the value or the future cash flows of a financial instrument will fluctuate due to changes in interest rates.

6. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

The Group's borrowings and receivables are held at amortised cost.

As the Group's exposure to interest rates are fixed, the Group does not manage its cash flow interest rate risk as it does not deem its other exposures to interest rate risk to be significant as other exposures are either repayable on demand or with a short maturity.

The following table analyses the interest rate composition of the Group's net assets categorised by maturity dates:

2019	Cash	Financial assets held at amortised cost	Total
	EUR '000s	EUR '000s	EUR '000s
Financial Assets:			
6 months or less	1,044,371	51,972	1,096,343
6-12 months	-	260,138	260,138
1-5 years	-	713	713
Over 5 years	-	214	214
	1,044,371	313,037	1,357,408
Financial Liabilities (all of which relate to financial liabilities held at amortised cost):			
6 months or less		1,170,873	1,170,873
6-12 months	-	2,583	2,583
1-5 years	-	12,161	12,161
Over 5 years	-	816	816
	-	1,186,433	1,186,433

2018	Cash	Financial assets held at amortised cost	Total
	EUR '000s	EUR '000s	EUR '000s
Financial Assets:			
6 months or less	713,437	62,573	776,010
6-12 months	-	190,474	190,474
1-5 years	-	130,798	130,798
Over 5 years	-	41	41
	713,437	383,886	1,097,323
Financial Liabilities (all of which relate to financial liabilities held at amortised cost):			
6 months or less		875,399	(875,399)
6-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	-	875,399	(875,399)

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

iii. Price risk

The Group is exposed to equity securities price risk which arises from investments held by the Group and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

As the Group's exposure to equity securities is not material or its core business, the Group does not manage its price risk as it does not deem the exposures to be significant.

b. Credit Risk

Credit risk is the possibility of loss stemming from the failure of customers or counterparties to meet their payment obligations to the Group. Specifically, the material exposure is to regulated institutions (which are the only authorised customers of Allfunds Bank Group) to which the Group has granted credit lines tied to the settlement of brokerage transactions.

In order to manage and control this risk, the Risk Control Unit has implemented a system of account overdraft limits by the counterparty based on an internal rating assignment methodology which results in a probability of default for each counterparty. This assigned probability is reviewed and measured at least once a year, so that the limits can be adjusted to each customer's risk profile.

Counterparty limits are controlled through an integrated system operating in real time, enabling the Group to be aware at all times of the unused credit line for each counterparty.

Given the type of business conducted by the Allfunds Bank Group, namely the distribution and intermediation of third-party collective investment schemes, the Group does not perform any active lending activity, and nor is that its purpose.

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or based on the internal rating assignment methodology and these are analysed below:

Loans and receivables

Counterparties with external credit ratings	31 Dec 2019	31 Dec 2018
	EUR '000s	**EUR '000s**
AAA	1,695	1,463
A+	-	1,500
A	4,099	-
A-	130,000	134,010
AA-	-	-
BBB+	-	81,930
BBB	132,867	131,765
BB-	-	272
Not rated	44,376	32,946
	313,037	383,886

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

The Group's exposure to credit risk is through its cash, cash balances with Central Banks and other demand deposits and loans and receivables balances. As at 31 December 2019 the maximum exposure is EUR 1,357,408 thousand (2018: EUR 1,097,323 thousand).

Individual receivables which are known to be uncollectable are written off by reducing their carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor:
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

No individually impaired trade receivables were held during the year.

Movement for impairment of trade receivables that are assessed for impairment collectively are as follows:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Brought forward	805	327
Additions net of recoveries	1,001	478
Carried forward	1,806	805

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

Amounts recognised in consolidated statement of comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables:

	31 Dec 2019 EUR '000s	31 Dec 2018 EUR '000s
Impairment losses		
- movement in provision for impairment	(319)	(404)
- reversal of previous impairment losses	-	-
	(319)	(404)

Past due but not impaired

As at 31 December 2019, trade receivables of EUR 18,478 thousand were past due but not impaired (2018 EUR 6,428 thousand). These relate to outstanding commission income due to the Allfunds Bank Group. The amounts were overdue between 1 and 90 days.

Per IFRS 9, the expected credit loss model has been used for the associated receivables as at 31 December 2019 and 1 Jan 2019 and this is analysed by maturity in the table below:

	31 Dec 2019			1 Jan 2019		
	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s
Less than 6 months	50%	935	468	50%	239	120
Between 6 to 9 months	60%	236	142	60%	244	146
Between 9 to 12 months	70%	166	116	70%	60	42
Between 12 to 15 months	85%	147	125	85%	50	43
Between 15 to 18	90%	64	58	90%	49	44
More than 18 months	100%	258	258	100%	163	163
Total		1,806	1,167		805	558

c. Liquidity Risk

Liquidity risk is the risk that the Group might not have sufficient liquidity to meet its payment commitments.

The Risk Control Unit has developed a methodology to dynamically calculate the exposure to liquidity risk through static and dynamic ratios and set a limit in terms of a liquidity buffer. The Group also periodically performs stress scenario analysis and uses back-testing to measure these scenarios. Additionally, Allfunds Bank, S.A.U.'s Board of Directors have established a contingency procedure to cater for possible losses from this type of risk.

To supplement the monitoring performed by the Allfunds Group Risk Control Unit, the Settlement Department of the Transaction Area of Allfunds Group performs ongoing follow-up of order settlement processes in each of the currencies in which the Group operates, thus providing a twofold control of the Group's liquidity.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c. Liquidity Risk (continued)

Maturities of financial assets

The table below analyses the Group's financial assets into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2019

	Financial assets held at amortised cost EUR '000s	Other assets EUR '000s	Cash EUR '000s	Financial assets at fair value through profit/loss EUR '000s	Total EUR '000s
Financial Assets:					
6 months or less	51,972	340,881	1,044,371	1,002	1,438,226
6-12 months	260,138	-	-	-	260,138
1-5 years	713	-	-	-	713
Over 5 years	214	-	-	-	214
	313,037	340,881	1,044,371	1,002	1,699,291

2018

	Financial assets held at amortised cost EUR '000s	Other assets EUR '000s	Cash EUR '000s	Financial assets at fair value through profit/loss EUR '000s	Total EUR '000s
Financial Assets:					
6 months or less	62,573	309,599	713,437	737	1,086,346
6-12 months	190,474	477	-	-	190,951
1-5 years	130,798	4,193	-	-	134,991
Over 5 years	41	723	-	-	764
	383,886	314,992	713,437	737	1,413,052

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

Maturities of financial liabilities (continued)

2019

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Financial liabilities at fair value through profit/loss EUR '000s	Total EUR '000s
Financial Liabilities:				
6 months or less	1,170,873	337,745	749	1,509,368
6-12 months	2,583	-	-	2,583
1-5 years	12,161	-	-	12,161
Over 5 years	816	-	-	816
	1,186,433	337,745	749	1,524,928

2018

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Financial liabilities at fair value through profit/loss EUR '000s	Total EUR '000s
Financial Liabilities:				
6 months or less	875,399	279,456	213	1,155,067
6-12 months	-	-	-	-
1-5 years	-	-	-	-
Over 5 years	-	-	-	-
	875,399	279,456	213	1,155,067

7. CAPITAL MANAGEMENT

Risk Management

The Group's objective when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce its cost of capital.

In order to maintain or adjust its capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of equity attributable to equity holders of the ultimate parent, comprising issued capital, share premium, retained earnings and a foreign currency translation reserve as disclosed in the Consolidated Statement of Changes in Equity.

7. CAPITAL MANAGEMENT

Risk Management (continued)

Consistent with industry practice, the Group monitors its capital on the basis of the following gearing ratio:

Net debt *divided by* total equity

The gearing ratios as at 31 December 2019 were as follows:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Net debt	1,777,034	1,432,278
Total equity	1,623,124	1,533,705
Net debt to equity ratio	1.09	0.93

Subsidiaries within the Group have capital adequacy requirements imposed by the Bank of Spain. Group entities are required to report on certain capital adequacy ratios on a periodic basis. The ratio is calculated as being the percentage of capital to assets, based on the regulators' definitions of capital and assets. This ratio is required at all times to be above a benchmark percentage provided by each of the regulators. The Group has been in compliance with the capital adequacy requirements in respect of the period ended 31 December 2019, as has Allfunds Bank group, an indirect subsidiary of the Group.

8. TANGIBLE ASSETS

	31 Dec 2019			
	Furniture and fixtures	Computer Hardware	Right to Use Assets	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Cost:				
Brought forward	9,310	1,174	-	10,484
Additions	3,131	1,093	22,911	27,135
Disposals	(886)	-	-	(886)
Carried forward	11,555	2,267	22,911	36,733
Accumulated depreciation:				
Brought forward	(1,113)	(440)	-	(1,553)
Charge for the year	(1,408)	(434)	(5,090)	(6,932)
Carried forward	(2,521)	(874)	(5,090)	(8,485)
Carrying value	9,034	1,393	17,821	28,248
Fully depreciated tangible assets	1,477	1,174	-	2,651

8. TANGIBLE ASSETS (continued)

	31 Dec 2018		
	Furniture and fixtures	Computer Hardware	Total
	EUR '000s	EUR '000s	EUR '000s
Cost:			
Brought forward	6,305	831	7,136
Fair value of assets acquired Fintech Partners	29	21	50
Additions	2,992	322	3,314
Disposals	(16)	-	(16)
Carried forward	9,310	1,174	10,484
Accumulated depreciation:			
Brought forward	(141)	(34)	(175)
Charge for the year	(1,032)	(346)	(1,378)
Transfers	60	(60)	-
Carried forward	(1,113)	(440)	(1,553)
Carrying value	8,197	734	8,931
Fully depreciated tangible assets	2,372	803	3,175

There were no impairment losses during the year for tangible assets.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated lives.

9. GOODWILL AND INTANGIBLE ASSETS

The Group has made the following acquisitions:

Business Acquired	Acquisition	Percentage	Goodwill on purchase EUR '000s	Impairment EUR '000s	Goodwill 31 Dec 19 EUR '000s
Allfunds Bank, S.A.U.	21 Nov 2017	100%	962,409	(362,000)	600,409
Fintech Partners, S.L.	17 Jan 2018	100%	6,704	-	6,704
Credit Suisse Investlab AG	6 Sept 2019	100%	175,971	-	175,971
Nasdaq Broker Services AB	31 Oct 2019	100%	19,717	-	19,717
			1,164,801	(362,000)	802,801

In accordance with IFRS 3 Business Combinations, management engaged a third-party valuation expert to conduct a Purchase Price Allocation ("PPA") exercise for the Fintech Partners, S.L. acquisitions. The PPA exercise for the Fintech Partners S.L. acquisition has been completed. As a result of the completed PPA exercise for the acquisition of Fintech Partners S.L., certain Intangible Assets and resulting Goodwill were recognised on the acquisition date. To arrive at the valuation of the Intangible Assets, management's experts applied Relief from Royalty Method for the technological platform and Multi-period Excess Earnings Method (MEEM) for the Customer relations with clients.

9. GOODWILL AND OTHER INTANGIBLE ASSETS - (CONTINUED)

Presented in the table below is an analysis of Goodwill and Other Intangible Assets as at 31 December 2019:

	31-Dec-19						
	Goodwill EUR '000s	IT developments EUR '000s	IT technological platform EUR '000s	Current relations with clients EUR '000s	Cooperation agreement EUR '000s	Brand name EUR '000s	Total EUR '000s
Cost:							
Brought forward	969,113	21,375	184,474	371,311	409,682	47,603	2,003,558
Additions	195,688	22,796	-	-	-	-	218,484
Carried forward	1,164,801	44,171	184,474	371,311	409,682	47,603	2,222,042
Accumulated amortisation:							
Brought forward	-	(7,680)	(40,056)	(27,018)	(27,550)	(3,201)	(105,505)
Charge for the year	-	(6,419)	(36,181)	(24,372)	(24,829)	(2,885)	(94,686)
Carried forward	-	(14,099)	(76,237)	(51,390)	(52,379)	(6,086)	(200,191)
Impairment losses:							
Brought forward	(362,000)	(7)	-	-	-	-	(362,007)
Charge for the year	-	-	-	-	-	-	-
Carried forward	(362,000)	(7)	-	-	-	-	(362,007)
Net book value	802,801	30,065	108,237	319,921	357,303	41,517	1,659,844
Fully amortised	-	3,475	-	-	-	-	3,475

9. GOODWILL AND OTHER INTANGIBLE ASSETS - (CONTINUED)

31-Dec-18

	Goodwill EUR '000s	IT developments EUR '000s	IT technological platform EUR '000s	Current relations with clients EUR '000s	Cooperation agreement EUR '000s	Brand name EUR '000s	Total EUR '000s
Cost:							
Brought forward	962,409	14,229	181,504	367,802	409,682	47,603	1,983,229
Fair value of Fintech Partners	6,704	-	2,970	3,509	-	-	13,183
Additions	-	9,309	-	-	-	-	9,309
Disposals	-	(2,163)	-	-	-	-	(2,163)
Carried forward	969,113	21,375	184,474	371,311	409,682	47,603	2,003,558
Accumulated amortisation:							
Brought forward	-	(6,688)	(3,900)	(2,652)	(2,721)	(316)	(16,277)
Charge for the year	-	(3,155)	(36,156)	(24,366)	(24,829)	(2,885)	(91,391)
Disposals	-	2,163	-	-	-	-	2,163
Carried forward	-	(7,680)	(40,056)	(27,018)	(27,550)	(3,201)	(105,505)
Impairment losses:							
Brought forward	-	-	-	-	-	-	-
Charge for the year	(362,000)	(7)	-	-	-	-	(362,007)
Carried forward	(362,000)	(7)	-	-	-	-	(362,007)
Net book value	607,113	13,688	144,418	344,293	382,132	44,402	1,536,046
Fully amortised	-	1,883	-	-	-	-	1,883

As at 31 December 2019, the Group has estimated that the useful economic life of each intangible asset amortised on a straight line basis, are as follows:

	Allfunds Bank S.A.U	Fintech Partners S.L.U.
IT developments	5 years	n/a
IT Technological Platform	5.1 years	5 years
Current relations with clients	15.2 years	20 years
Cooperation agreement	16.5 years	n/a
Brand name	16.5 years	n/a

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

There has been no changes in the year to the useful economic life of the intangible assets held by Allfunds Bank, S.A.U.

As at 31 December 2019, the Group performed an impairment review to test whether the carrying values of goodwill or other intangible assets are higher than their recoverable amounts, and are therefore impaired.

Impairment tests for goodwill
As at 31 December 2019, the Management of Liberty Partners, S.L.U., a subsidiary of the Group, appointed a third party expert to perform an impairment review of Allfunds Bank, S.A.U.

This review was aimed at determining the recoverable amount of Allfunds Bank, S.A.U. as a Cash Generating Unit (CGU) in the consolidated financial statements in order to conclude if there is an impairment loss in the investment of the goodwill as at that date.

The recoverable amount of an asset is the higher of the asset's or CGU's fair value less costs of disposal and its value in use. The methodologies used in order to determine the Value in Use of the Allfunds Bank, S.A.U's CGU were:

Determination of Value in Use
• The methodology used to calculate the value in use of Allfunds Bank, S.A.U. was the Dividend Discount Model (DDM) that is best suited for valuing financial institutions.
• Valuation has been done following a mid-year discounting assumption as it is considered that there is no effect of seasonality in the business.

Determination of Fair Value less cost to sell
• The methodology used to calculate the fair value less cost of disposal of Allfunds Bank, S.A.U. was the income approach. The income approach was based on the DDM under the same assumptions and projections taken into account for the determination of the value in use. Therefore, because of the costs of disposal, value in use is higher than fair value less costs of disposal. Therefore, the recoverable amount will be equal to the value in use.

Contrast Valuation
• Although limitations in comparability exist, value in use calculated is within the range of comparable listed companies and comparable transactions analysed.

Business Plan
The business plan was used during this review by the external advisor in order to generate the relevant forcasted performance figures. Some of the key points from the business plan were:

• Market Movements - Due to the recovery in 2019 following the downturn in 2018, the business plan forecasts an improved market environment in the upcoming years; and
• In addition, a large increase to net flows due to the market recovery and contracts signed with new clients at the end of 2019 which entered into effect from early 2020.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Independent Valuation

The independent valuation showed a present terminal value of the investment combined with the present value of projected dividends up to the year 2024, providing recoverable amount of the investment to be EUR 1,659,000 thousand.

A discount factor of 0.635 has been used in calculating the present terminal value of the investment. As the carrying amount of the investment exceeds the recoverable amount an impairment is required as below:

	31 Dec 2018 EUR '000s
Current carrying value of the CGU	1,659,000
Recoverable amount of the CGU	1,659,000
Impairment required on goodwill	-

Assumptions

A number of assumptions have also been made when calculating the recoverable amount:

- The **AuM evolution, fees and commissions income** and **expenses** have been forecasted by Allfunds Bank based on their best estimates and understanding of the market conditions in the future.
- The **target Common Equity Tier (CET) ratio** has been projected to be 17.5% in line with Allfunds Banks' commitment and consensual agreement with the Bank of Spain.
- A **cost of equity (Ke)** rate of 10.1%, based on the Capital Asset Pricing Model ("CAPM") framework.
- **Perpetual growth (g)** of 1.5%, based on market consensus of the most relevant listed entities in the asset management industry.

Estimations

The Directors note that the estimations regarding the cost of equity (ke) and perpetual growth rate (g) figures could move and therefore have deemed it appropriate to consider the below sensitivity analysis for a movement within each category of 0.5%;

	Increase in Ke	Decrease in Ke	Increase in g	Decrease in g
New percentage	10.6%	9.6%	2.0%	1.0%
Amended value of investment (EUR million)	1,569	1,760	1,735	1,591
Accumulative impairment required (EUR million)	(213)	(22)	(47)	(191)
Movement from current impairment (EUR million)	90	(101)	(76)	68

It was noted that as the recoverable amount of the CGU was in line with the carrying amount, no impairment was required. Furthermore, due to the covenants under IAS 36 it is not possible to reverse the previous impairment against the goodwill and therefore there is no effect on the consolidated audited financial statements.

The next impairment test will take place by 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10. BUSINESS COMBINATIONS

10a Allfunds InvestLab AG

On 25 June 2019, Allfunds Bank, S.A.U. and its subsidiary Allfunds International Schweiz AG, together with their shareholders LHC4 (UK) Limited (sole shareholder of Liberty Partners, S.L.U., which in turn is the sole shareholder of Allfunds Bank, S.A.U.) and LHC1 Limited, entered into an agreement with Credit Suisse AG to acquire: i) the shares of the Swiss company Credit Suisse InvestLab AG (subsequently Allfunds InvestLab AG), including its equipment, technology, an exclusivity and cooperation agreement, and the corresponding services agreements with management companies, and ii) the distribution agreements with those management companies of Credit Suisse AG. As a result of the acquisition, Credit Suisse AG will become an indirect shareholder of Allfunds Bank, S.A.U., holding up to 18% of the share capital of LHC4 (UK) Limited. The acquisition is subject to obtainment of the corresponding regulatory authorisations and will be completed in two phases; the first, carried out in September 2019, entitled Credit Suisse AG to a 9% indirect ownership interest in the share capital, and the second, which will take place in the first quarter of 2020, will entitle it to an additional indirect holding of up to 9%.

On 6 September 2019, the regulatory authorisations were obtained, and the condition precedent fulfilled for the first phase and Allfunds International Scweiz AG took control of the Swiss company Allfunds InvestLab AG (formerly Credit Suisse InvestLab AG) through the acquisition of all of its shares and, as consideration, after the share capital increase of LHC4 (UK) Limited, Credit Suisse AG held 9% in LHC4 (UK) Limited.

Also, on that same date, LHC4 (UK) Limited (sole shareholder of Liberty Partners, S.L.U.) granted a loan of EUR 190 million to Allfunds International Schweiz AG. This loan was contributed, as a non-monetary capital increase, by LHC4 (UK) Limited to Liberty Partners, S.L.U. (sole shareholder of Allfunds Bank, S.A.U.) and simultaneously, as a non-monetary capital increase, by Liberty Partners, S.L.U. to Allfunds Bank, S.A.U. and, lastly, Allfunds Bank, S.A.U. made a contribution to the reserves of Allfunds International Schweiz AG, at which time the original loan was extinguished. The grandparent contribution made by Allfunds Bank, S.A.U. to the reserves of Allfunds International Schweiz AG did not involve a capital increase at Allfunds International Schweiz AG, and Allfunds Bank, S.A.U. did not receive any shares of Allfunds International Schweiz AG; this contribution was accounted for in the separate financial statements of Allfunds Bank, S.A.U. as an addition to the value of the ownership interest held by it in Allfunds Bank International, S.A. (sole shareholder of Allfunds International Schweiz AG).

In addition, on 17 June 2019 Allfunds International Schweiz AG entered into an agreement, for EUR 13,726 thousand, to negotiate the acquisition of Credit Suisse InvestLab AG on an exclusive basis with Credit Suisse AG. Once the transaction had been successfully completed, this amount was treated as an addition to the value of the consideration paid by the Allfunds Group for the acquisition of Allfunds InvestLab AG.

The amounts recognised in respect of identifiable assets acquired and liability assumed are set out in the table below:

	6 Sep 2019 EUR '000s
Assets:	
Cash, cash balances at central bank and other demand deposits	24,386
Financial assets at amortised cost	1,201
Other Assets	9,158
Total Assets	34,745

10. BUSINESS COMBINATIONS (continued)

Liabilities:	
Financial Liabilities at amortised cost	(576)
Tax Liabilities	(5,247)
Other Liabilities	(1,167)
Total Liabilities	(6,990)
Net Assets	27,755

Goodwill	**6 Sep 2019 EUR '000s**
Non Cash Consideration (Equity issued - ordinary shares of LHC4 (UK) Limited)	171,208
Deferred Consideration	18,792
Exclusivity Fee Paid	13,726
	203,726
Net Assets Acquired	(27,755)
Total Goodwill	175,971

The factors constituting goodwill are intangible assets not recognised separately at 31 December 2019 that relate mainly to the exclusivity and cooperation agreement between Allfunds Bank S.A.U. and Credit Suisse AG.

As at 31 December 2019 it was still within the one year measurement period set out under IFRS 3.45 since the date of acquisition, therefore, the Group had not completed the purchase price allocation process for Allfunds InvestLab AG. In addition, the Groups directors will also complete the purchase price allocation process in conjunction with the second phase of the transaction.

Fair value of receivables acquired

The fair value of acquired receivables is 1,201 thousand. The gross contractual amount for trade receivables is EUR 1,201 thousand, of which EUR nil is expected to be uncollectable.

Revenue and profit contribution

The acquired business contributed revenues of EUR 12,805 thousand and net profit of EUR 22,262 thousand to the Group for the period from 6 September to 31 December 2019.

If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and profit for the year to 31 December 2019 would have been EUR 32,832 thousand and EUR 32,480 thousand respectively.

10. BUSINESS COMBINATIONS (continued)

Purchase consideration - cash inflow

	6 Sep 2019 EUR '000s
Cash consideration	13,726
Less: Cash and cash equivalents acquired in subsidiary	(24,386)
Net cash inflow - investing activities	10,660

Non cash consideration

	6 Sep 2019 EUR '000s
Equity instrument - ordinary shares of LHC4 (UK) Limited	190,000

10b Nasdaq Broker Services AB

On 31 October 2019, the Group acquired 100 per cent of the issued share capital of Nasdaq Broker Services AB, obtaining control of Nasdaq Broker Services AB. Nasdaq Broker Services AB is one of the largest providers of fund services in Sweden and qualifies as a business as defined in IFRS 3. Nasdaq Broker Services AB was acquired to further the geographic reach of the Group.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below;

	31 Oct 2019 EUR '000s
Assets:	
Cash, cash balances at central bank and other demand deposits	9,670
Tax Assets	1,321
Other Assets	221
Total Assets	11,212
Liabilities:	
Other Financial Liabilities	(119)
Tax Liabilities	(1,012)
Other Liabilities	(132)
Total Liabilities	(1,263)
Net Assets	9,949

Goodwill	**31 Oct 2019 EUR '000s**
Cash Paid 31/10/19	29,666
Net Assets Acquired	(9,949)
Total Goodwill	19,717

The factors constituting Goodwill are intangible assets not separately identified as at 31 December 2019.

At 31 December 2019, the Group had not completed the purchase price allocation relating to Allfunds Sweden (formerly Nasdaq Broker Services AB) since it was still within the one year measurement period set out under IFRS 3.45 since the date of acquisition.

10. BUSINESS COMBINATIONS (continued)

Revenue and profit contribution

The acquired business contributed revenues of EUR 248 thousand and net losses of EUR 186 thousand to the Group for the period from 31 October to 31 December 2019.

If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and profit for the year to 31 December 2019 would have been EUR 11,913 thousand and EUR 4,069 thousand respectively.

Purchase consideration - cash outflow

	31 Oct 2019 EUR '000s
Consideration	29,666
Less: Cash and cash equivalents acquired in subsidiary	(9,949)
Net cash outflow - investing activities	(19,717)

11. FINANCIAL ASSETS HELD AT AMORTISED COST

	31 Dec 2019 EUR '000s	31 Dec 2018 EUR '000s
Non-Current Assets		
Receivables from credit institutions	-	130,014
Receivables from customers	927	825
	927	130,839
Current Assets		
Receivables from credit institutions	270,807	214,602
Receivables from customers	35,224	31,937
Receivables from central banks	6,079	6,508
	312,110	253,047
	313,037	383,886

The amount of the financial assets held at amortised cost and collectively estimated to be impaired due to credit risk at 31 December 2019 was EUR 1,806 thousand (2018: EUR 805 thousand) and is reflected within Receivables from Customers. The impaired losses amount is calculated using percentage tables based on the ageing of the amount produced by the Bank of Spain.

Fair value of financial assets held at amortised cost

The fair value of the assets held at amortised cost for 2019 were EUR 313,797 thousand (2018: EUR 385,187 thousand).

12. OTHER ASSETS

	31 Dec 2019 EUR '000s	31 Dec 2018 EUR '000s
Current assets:		
Accrued fees and commissions receivable	333,690	306,760
Capitalised debt costs	-	936
Other revenues outstanding	3,682	-
Sundry accounts	3,062	908
Prepaid expenses	447	1,472
	340,881	310,076
Non-current assets:		
Capitalised debt costs	-	4,916
	-	4,916
	340,881	314,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13. CASH AND CASH EQUIVALENTS

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Cash at bank and in hand	1,871	474
Cash balances at Central Banks	538,609	345,281
Other demand deposits	503,891	367,682
	1,044,371	713,437

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand; there are no restricted cash amounts.

14. FINANCIAL LIABILITIES AT AMORTISED COST

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Current liabilities:		
Deposits from customers	428,647	452,098
Deposits from credit institutions	531,093	278,137
Other financial liabilities	213,716	145,164
	1,173,456	875,399
Non-current liabilities:		
Other financial liabilities	12,977	-
	12,977	-
	1,186,433	1,443,523

Other financial liabilities

Other financial liabilities contains funds temporarily held on behalf of clients due to orders of transfers of investments in collective investment undertakings received, which were yet to be settled at year end, tax collection accounts, other payment obligations and lease liabilities (more information available in note 28).

15. OTHER LIABILITIES

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Accrued fees and commissions payable	276,713	268,291
Accrued variable remuneration costs	11,785	-
Trade payables	6,467	408
Other payables	42,780	10,757
	337,745	279,456

Accrued fees and commissions payable consist of accrued expected expenses and unexpired costs as at the year end.

Trade payables relate to commission expenses. They are unsecured and are usually paid within 30 days of recognition. The carrying value of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Within other payables is a balance of EUR 6,454 thousand. LHC4 (UK) Limited elected to claim losses of EUR 1,615 thousand incurred in the year by its parent company (LHC3 plc) in order to offset its own tax liability for the year ended 31 December 2019. As a result, LHC4 (UK) Limited is due to pay EUR 6,454 thousand (2018: EUR 6,447 thousand) of intercompany amounts to LHC3 plc and these amounts will be settled post year end. EUR 6,454 thousand remains outstanding at 31 December 2019 (2018: EUR 1,578 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16. TAX LIABILITIES

Included within the current tax liabilities are the below balances:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Non Current Liabilities:		
Allfunds Bank International S.A	1,538	1,177
	1,538	1,177
Current Liabilities:		
LHC 4 UK Limited	1,615	-
Allfunds Bank - Italian branch	-	1,500
Allfunds International, Schweiz AG	363	14
Fintech Partners Group	357	202
Allfunds Sweden	190	-
	2,525	1,716
Total	4,063	2,893

Deferred Tax Liabilities

Deferred tax liabilities during the year relate to the below elements of the group:

	2019	2018
	EUR '000s	EUR '000s
Intangible Assets: Allfunds Bank, S.A.U.	246,600	272,850
Intangible Assets: Fintech Partners, S.L.U.	1,432	1,435
Intangible Assets: Finametrix, S.L.U.	12	12
FX differences on subsidiaries in local currencies	-	20
Total	248,044	274,317

17. SHARE CAPITAL & SHARE PREMIUM

The Company's total share capital was EUR 1,098,902.32 as at 31 December 2019 (2018: EUR 1,000,001.11) comprising 109,890,232 ordinary shares at a par value of one Euro cent per share (EUR 0.01). Each share has identical voting rights.

Following the issuance of 9,890,121 ordinary shares during the year, the Company also holds a share premium balance of EUR 1,276,839 thousand (2018: EUR 1,905,730 thousand).

The Company also utlilised the option to reduce the share premium balance in order to reallocate funds to reserves. Details of this can be seen in the table below:

	2019	2018
Share Capital	EUR '000s	EUR '000s
At 1 Jan	1,000	1,000
Issued during the year	99	-
At 31 Dec	1,099	1,000
Share Premium		
At 1 Jan	1,905,730	1,905,730
Premium arising on equity share issuance	171,109	-
Premium reallocation to reserves	(800,000)	-
At 31 Dec	1,276,839	1,905,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17. SHARE CAPITAL & SHARE PREMIUM (CONTINUED)

On 28th August 2019, the Company resolved to undertake a reduction of capital to reduce its share premium account by EUR 800,000 thousand. The decision was made in order to create distributable reserves from which the Company would be able to pay dividends as and when is required as part of the Group.

18. DIVIDENDS

Amounts recognised as dividends to equity holders:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Interim dividend paid during the year of 13.3 cents per share	-	13,300
Interim dividend paid during the year of 11.3 cents per share	11,250	-
Interim dividend paid during the year of 59.6 cents per share	59,623	-
	70,873	13,300

19. OFF BALANCE SHEET ITEMS

"Off Balance Sheet Items" relates to balances at 31 December 2019 and 2018 relates to balances representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions performed by the Group although they may not impinge on its net assets.

Contingent obligations held by the Group which may result in the recognition of financial assets refer in their entirety to those available to third parties. The detail thereof at 31 December 2019 and 2018 is as follows:

	2019	2018
Available to third parties:	EUR '000s	EUR '000s
Credit Institutions	42,434	41,143
Other resident sectors	1,250	1,149
Other non-resident sectors	13,539	11,585
	57,223	53,877

Also, at 31 December 2019, the Group held off-balance-sheet funds under management relating to units in collective investment undertakings (CIUs) amounting to EUR 425,339,602 thousand (2018: EUR 348,684,760 thousand).

20. INTEREST INCOME

	2019	2018
	EUR '000s	EUR '000s
Loans and advances to credit institutions	3,512	1,837
Loans and advances to customers	525	-
Other finance income	4	281
Total	4,041	2,118

21. INTEREST EXPENSE

	2019	2018
	EUR '000s	EUR '000s
Deposits from credit institutions	2,204	812
Cash balances from central banks	2,301	-
Lease liabilities	353	-
Other	6,054	1,322
Total	10,912	2,134

22. FEE AND COMMISSION INCOME

Fee and commission income has been generated from the following segments by Allfunds Bank, S.A.U. and its subsidiaries:

	2019	2018
Marketing of products:	**EUR '000s**	**EUR '000s**
Investment funds	1,270,836	1,277,608
Other	30,683	28,045
	1,301,519	1,305,653
Investment services:		
Administration and custody	2,223	2,111
	2,223	2,111
Other:		
Foreign exchange	15,211	19,123
Other fees and commissions	10,124	6,648
	25,335	25,771
Total	1,329,077	1,333,535

23. FEE AND COMMISSION EXPENSE

	2019	2018
Fee and commission expenses have been assigned to:	**EUR '000s**	**EUR '000s**
Third parties	1,250	1,040
Distributors	1,101,613	1,114,918
Other	385	176
Total	1,103,248	1,116,134

24. EMPLOYEE COMPENSATION AND BENEFITS

	2019	2018
Average number of employees during the year/period:	512	445

	2019	2018
	EUR '000s	**EUR '000s**
Personnel expenses include the following expenses:		
Wages and salaries	44,436	38,678
Social security costs	6,793	5,698
Contributions to defined benefit contribution pension funds	993	742
Termination Benefits	1,117	548
Training expenses	318	351
Other staff costs	1,311	1,062
Total	54,968	47,079

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2019 EUR '000s	2018 EUR '000s
Technical reports*	35,419	5,912
Information technology	11,591	9,594
Legal & professional expenses	10,664	1,981
Subcontracted administrative services	8,741	7,774
Communications	4,868	4,794
Property, fixtures and supplies	2,753	7,603
Transportation costs	2,582	2,715
Levies and taxes	1,802	1,233
Other expenses	1,186	379
Advertising and publicity	911	1,089
Insurance and self-insurance premiums	680	576
Association membership	428	354
Contributions to foundations	178	73
Surveillance and cash courier services	113	111
Governing and Control Bodies	89	84
Total	82,005	44,272

*Included in Technical reports are amongst others, the fees for audit and other services provided by the auditor of the group.

	2019 EUR '000s	2018 EUR '000s
Audit services	762	752
Other assurance services	191	237
Other services	41	68
Total audit and related services	994	1,057

26. TAX EXPENSE

The tax expense recognised by the Group for the year was accrued by Allfunds Bank, S.A.U. in Spain, Allfunds Bank - Italian branch, Allfunds Bank International S.A., Allfunds International, Schweiz AG and also LHC 4 (UK) Limited as follows:

	2019 EUR '000s	2018 EUR '000s
Allfunds Bank - Spanish branch	2,104	10,789
Allfunds Bank - Italian branch	14,948	17,414
Allfunds Bank International S.A	2,235	2,514
Allfunds International, Schweiz AG	375	107
Allfunds InvestLab AG	(10,715)	-
Finametrix, S.L.U.	464	116
LHC 4 (UK) Limited	1,615	6,447
less:		
Reversal of tax relief accounted for in 2018	8,024	-
Deffered tax on intangible assets	(26,250)	(26,250)
Tax (credit)/expense	(7,200)	11,137

26. TAX EXPENSE (CONTINUED)

The effective tax rate used in order to arrive at the tax expense is as follows:

	2019	2018
	EUR '000s	EUR '000s
Loss before tax	(18,511)	(326,117)
Tax (credit)/expense	(7,200)	11,137
Effective tax rate	38.90%	-3.42%

27. RECOGNISED FAIR VALUE MEASUREMENT

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards issued by the International Accounting Standards Board. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and held at fair value through profit or loss securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on equity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The following table summarises the valuation of the Group's financial instruments by the fair value hierarchy as detailed above as at 31 December 2019:

		31-Dec-19	
	Level 1	Level 2	Level 3
	EUR '000s	EUR '000s	EUR '000s
Derivative Financial instruments	-	(139)	-
Cash, cash balances at Central Banks & other deposits	1,044,371	-	-
Financial assets at amortised cost	-	-	313,797
Financial liabilities at amortised cost	-	-	(1,186,433)
	1,044,371	(139)	(872,636)

		31-Dec-18	
	Level 1	Level 2	Level 3
	EUR '000s	EUR '000s	EUR '000s
Derivative Financial instruments	-	140	-
Cash, cash balances at Central Banks & other deposits	712,981	-	-
Financial assets at amortised cost	-	-	385,187
Financial liabilities at amortised cost	-	-	(1,467,860)
	712,981	140	(1,082,673)

Transfers between Level 2 and 3

During the year 31 December 2019, the Group did not transfer any financial instruments between level 2 and 3.

28. LEASES

As at 31 December 2019 the Group and its subsidiaries did not own any buildings for their own use, but rather carried on their activity in properties leased under operating leases. The balance of the lease expenses accrued in 2019 amounted to EUR 6,111 thousand (2018: EUR 6,111 thousand) and this was recognised under ''General and administrative expenses'' in the Consolidated Statement of Comprehensive Income.

Commitments in relation to office operating leases payable are as follows:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Within one year	4,967	4,950
Later than one year but not later than five years	11,761	15,720
Later than five years	816	2,286
	17,544	22,956

Commitments in relation to vehicle operating leases payable are as follows:

	31 Dec 2019	31 Dec 2018
	EUR '000s	EUR '000s
Within one year	221	176
Later than one year but not later than five years	400	291
Later than five years	-	-
	621	467
	18,165	23,423

29. INVESTMENT IN SUBSIDIARY

The company owns 100% of the share capital of Liberty Partners, S.L.U., a holding company, and indirectly in its subsidiaries.

Investment in subsidiary is held at cost less accumulated impairment losses.

	31 Dec 2019
	EUR 000s
Investment at cost	1,329,138
Additions	782,286
Impairment on Investment	(213,000)
Total investment in Subsidiary as at 31 December 2019	1,898,424

On 25th March 2019, the Company entered into an agreement in respect of the intercompany loan held with Liberty Partners SLU of EUR 522,286 thousand. On this date, it was agreed that the amount shall be satisfied in full exclusively by way of contribution in consideration for the issue of 5,374,220 new shares in Liberty Partners SLU, with a nominal value of EUR 1 and with a share premium amount of EUR 516,912 thousand.

Furthermore, on 27 August 2019, the Company entered into an agreement to cancel the intercompany loan remaining, amounting to EUR 70,000 thousand. On this date, it was agreed that the amount shall be satisfied in full exclusively by way of contribution in consideration for the issue of 930,407 new shares in Liberty Partners SLU, with a nominal value of EUR 1 and a credit to the share premium account of EUR 69,070 thousand.

Further to the annual impairment review carried out by an external advisor, the Board have agreed it is prudent lower the provision against the investment from EUR 362,000 thousand to EUR 213,000 from the previous impairment against the investment in order to better represent the position of the investment as at 31 December 2019.

30. RELATED PARTY TRANSACTIONS

Subsidiaries

The Group's principal subsidiaries as at 31 December 2019 are set out below:

Name of entity	Place of business/country of incorporation	Ownership	Principal activities
Liberty Partners, S.L.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Asset holding
Allfunds Bank, S.A.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Banking and investment services
Allfunds Bank International S.A. 30, Boulevard Royal L-2449 Luxembourg	Luxembourg	100%	Institutional brokerage services for the purchase and sale of units in CIUs
Allfunds Nominee Limited 2 Fitzroy Place, 8 Mortimer Street 6th floor, London, W1T 3JJ	United Kingdom	100%	Asset holding
Allfunds Bank Brasil Representacoes Ltda. Rua Tabapuâ, 1227, Itaim Bibi, Sâo Paulo, Brasil	Brazil	100%	Representation services
Allfunds International, Schweiz AG Bahnhofstrasse 26, 8001 Zürich, Switzerland	Switzerland	100%	Distribution of collective investment undertakings
Fintech Partners, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Holding company
Allfunds Investlab AG Bahnhofstrasse 13, 8001 Zürich, Switzerland	Switzerland	100%	Fund platform services to companies in collective investment undertakings
Allfunds Sweden AB Engelbrektsgatan 9-11, 114 32, Stockholm, Sweden.	Sweden	100%	Institutional brokerage services for the purchase and sale of units in CIUs
Finametrix, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Nextportfolio, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Allfunds Hong Kong Limited 30th Floor, One Taikoo Place, 979 Kings’s Road, Hong Kong	Hong Kong	100%	No activity

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation

Following is the detail of the remuneration paid to the Group's senior executives for the year ended 31 December 2019.

	2019	2018
Number of persons:	25	37

	2019 EUR '000s	2018 EUR '000s
Fixed salary:	6,338	6,746
Variable salary:	4,725	2,568
Total:	11,063	9,314

31. CONTINGENT LIABILITIES

On 3 March 2011, Fairfiled Sentry Limited and Fairfield Simga Limted, both in liquidation and affected by the so-called Madoff case, filed a claim at the United States Bankruptcy Court for the Southern District of New York against a distributor company outside the Bank and against Allfunds Bank S.A.U. As a result of the reimbursements made by the Bank to the participants in these funds prior to December 2008, in accordance with the instructions of the above mentioned distributor company because, in the opinion of the liquidators of the funds, among other reason, incorrect payments had been made and unjust enrichment had resulted from such reimbursements to the amount of USD 3,505,471.33 (aprox. €3.120 thousand).

In August 2016, the plantiff also suspended certain claims from the Court of the British Virgin Islands. The Court of the British Virgin Islands denied the request for dismissal (although the Bank is not sued in the British Virgin Islands, there is a possibility that such claims will be reviewed in New York).

On 13 January 2017, the group of defendants, which include Allfunds Bank, S.A.U., filed an application for the dismissal of the claim. On 6 December 2018 the Court found in favour of the defendants with respect to their contractual claims, except in the cases in which the defendants were irrefutably aware that the applicable net asset value at the time the redemptions were made was irrinous due to the investments of the funds held through Madoff. In this situation, the plantiff could take action against the defendants and where the Bank is not included.

After the decision on 6 December 2018, the parties (plantiffs and defendants) agreed to close the claims in order to execute that decision. After this decision was presented to the Court, on 4 April 2019, the Court accepted the closing of the claims in relation to Allfunds. Subsequently, the plantiffs have appealed the decision of the Court of 6 December 2018 (including the closing order regarding Allfunds), not resolved by the Court at the date of formulation of these final financial statements.

On 19 July 2019, the plantiff submitted an amendment to the claim against Allfunds under which all claims dismissed under the December 2018 decision are eliminated, remaining only the claims related to the British Virgin Islands lawsuit on which it will submit a request for dismissal (although the Bank is not sued in the British Virgin Islands).

On 16 March 2020, the group of defendants has filed a new withdrawal action (against the claim and the amendment of the claim).

31. CONTINGENT LIABILITIES (CONTINUED)

In addition, on 20 March 2020, several Spanish defendants filed a supplement to the new withdrawal action seeking to demonstrate that the Spanish entities, including Allfunds, are financial institutions eligiblefor the "free port" or safe harbour exemption under U.S. Law by providing the necessary documentation.

The Bank considers that, ultimately, it will not have to bear the possible adverse consequences of the aforementioned proceeding, since it considers that it acted as a mere intermediary without benefitting, on any occasion, from the reimbursements made, and that it was not irrefutably aware that the applicable net asset value at the time the redemptions were made was erroneous.

Accordingly, no provision was recognised in the consolidated financial statements as at 31 December 2019 (2018: NIL).

32. SUBSEQUENT EVENTS

Subsequent events have been evaluated up to the date on which the financial statements were approved and authorised for issue by the Directors. The following events were identified:

a. Covid-19

The appearance of the Coronavirus (COVID-19) in China in January 2020 and its recent global expansion to a large number of countries caused the viral outbreak to be classified as a pandemic by the World Health Organization on 11 March 2020.

Bearing in mind the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Allfunds Bank Group's operations are uncertain and will depend to a large degree on the evolution and extension of the pandemic in the coming months, as well as on the capacity of all the economic players affected to react and adapt to the circumstances.

Therefore, at the date of authorisation for issue of these financial statements, it is premature to make a detailed evaluation or quantification of the possible impacts that COVID-19 will have on the Allfunds Bank Group, due to the uncertainty of its consequences in the short, medium and long term.

In this regard, there is currently a drop in the Allfunds Bank Group's foreseeable activity in terms of its assets under administration and the related fees in the first few months of 2020, and it is not possible to evaluate whether this situation will continue, and to what extent, in the future.

However, the directors and management of Allfunds Bank, S.A.U. have conducted a preliminary assessment of the current situation, based on the best available information. As a result of the considerations discussed above, this information may be incomplete. The following aspects of the results of this assessment are worthy of note:

- Liquidity risk: it is foreseeable that the general situation of the markets may lead to an overall increase in liquidity constraints in the economy, as well as a contraction in the credit market. In this connection, the Group has sufficient liquidity (see note 6).

32. SUBSEQUENT EVENTS (CONTINUED)

a. Covid-19 (continued)

- Operational risk: the changing and unpredictable nature of events could lead to a risk of temporary interruption of the off-balance sheet resources under administration at collective investment undertakings and of the relationship with management companies and distributors. Therefore, the Allfunds Bank Group has established specific working groups and procedures aimed at monitoring and managing the evolution of its operations at all times, in order to minimise the impact of this situation on its operations.

- Risk of changes in certain financial aggregates: the factors mentioned above, together with other specific factors, may lead to a decrease in the applicable line items for the Allfunds Bank Group in the next financial statements, such as "Fee and Commission Income and Expenses", or of the off-balance sheet resources under administration, although it is not yet possible to reliably quantify their impact, taking into account the aforementioned difficulties and restrictions.

- Risk of measurement of assets and liabilities: a change in the future estimates of the off-balance sheet resources managed by the Allfunds Bank Group could have an adverse impact on the carrying amount of certain assets (goodwill, other assets, loans and advances - customers) and on the need to recognise certain provisions or other types of liabilities. As soon as sufficient and reliable information becomes available, the appropriate analyses and calculations will be made to allow, if necessary, the re-measurement of those assets and liabilities.

- Going concern risk: taking into account all the aforementioned factors, the directors consider that these factors do not raise doubts as to the viability of the Allfunds Bank Group and, consequently, the application of the going concern basis of accounting remains valid.

Lastly, it should be noted that Allfunds Bank S.A.U.'s directors and management are constantly monitoring the evolution of the situation in order to successfully address any possible impacts, both financial and non-financial, that may arise.

Given this context, in assessing whether the group is a going concern management has run a severe but plausible stress scenario to assess whether there is a reasonable expectation that the group continues to be able to meet its liabilities as they fall due given this level of uncertainty. For details please refer to note 3(q) in the notes to the financial statements.

b. Second phase of the acquisition of Credit Suisse's distribution business

In the context of the transaction with Credit Suisse AG described in Note 10, on 26 March 2020 Allfunds International, Schweiz AG took control of a newly established Swiss company called Credit Suisse InvestLab 2 AG. Credit Suisse AG transferred the distribution agreements with fund managers and sub-distribution agreements with fund distributors to Credit Suisse InvestLab 2 AG. Allfunds International, Schweiz AG acquired all of the shares in Credit Suisse InvestLab 2 AG. In exchange, Credit Suisse AG acquired an additional holding of 9% share capital in LHC4 (UK) Limited after obtaining the corresponding regulatory approvals. These mainly corresponds to authorisations, verifications or no objections from the regulatory bodies (Swiss Financial Market Supervisory Authority (FINMA)); European Central Bank, Bank of Spain and Swedish Financial Supervisory Authority (SFSA)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

32. SUBSEQUENT EVENTS (CONTINUED)

b. Second phase of the acquisition of Credit Suisse's distribution business (continued)

As a consequence of the above, on the same date, as a result of the satisfaction of the purchase price of the shares in Credit Suisse Investlab 2 AG by LHC4 (UK) Limited from Credit Suisse AG by way of delivery of the additional holding, LHC4 (UK) Limited (sole shareholder of Liberty Partners, S.L.U) grants a loan in the amount of EUR 190 million to Allfunds International Schweiz AG, at which the shares in Credit Suisse Investlab 2 AG subject to transfer have been valued.

This loan was provided as a non-cash capital increase from LHC4 (UK) Limited to Liberty Partners, S.L.U. (the sole shareholder of Allfunds Bank, S.A.U.) and simultaneously as a non-cash capital increase from Liberty Partners, S.L.U. to Allfunds Bank, S.A.U. Finally, Allfunds Bank, S.A.U. has made a contribution to reserves to Allfunds International, Schweiz AG, which led to the termination of the original loan at that time.

The capital increase of Liberty Partners with a non-monetary contribution of Eur 190,000 thousand dated 26 March 2020 was carried out through the issue of 2,430,583 new shares with a value of 1.00 euros and a share premium of 77.17 euros per share.

IFRS 3 requires an acquirer to disclose the information required by paragraph B64 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. As at the date of authorisation of these financial statements, such information in relation to the second phase of the Credit Suisse acquisition were still being finalised and have therefore not been included.

c. Distributions

At the Board Meeting held on 10 March 2020, the shareholders of the Company resolved to distribute share premium to the value of EUR 14,590 thousand equivalent to 0.66 euros per share which was duly paid on 10 March 2020.

d. Name Change

As at the date of signing these financial statements the Company has submitted an application to Companies House for the Company name to be changed from LHC4 (UK) Limited to Allfunds (UK) Limited. The Board is awaiting a response as to whether the application has been successful.

33. ULTIMATE HOLDING COMPANY

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd (“Eiffel”), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 Plc. A company owned by senior employees of Allfunds Bank Group also holds a minority interest in LHC1 Limited.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED

OPINION

In our opinion:

- the financial statements of LHC4 (UK) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statement of financial position;

- the consolidated statement of comprehensive income;

- the consolidated and parent company statement of changes in equity;

- the consolidated and parent company cash flow statement; and

- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

BASIS FOR OPINION - CONTINUED

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LHC4 (UK) LIMITED - (CONTINUED)

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Clacy, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Helier, Jersey
Date: 27 APRIL 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 EUR '000s	2017 EUR '000s
Non-current assets			
Goodwill	9	607,113	962,409
Intangible assets	9	928,933	1,004,543
Tangible assets	8	8,931	6,961
Other assets	12	4,916	5,607
Financial assets held at amortised cost	11	130,839	130,481
Deferred tax assets		575	469
Total non-current assets		1,681,307	2,110,470
Current assets			
Financial assets at fair value through profit or loss	6	737	672
Financial assets held at amortised cost	11	253,047	274,195
Current tax assets		7,379	17
Other assets	12	310,076	307,513
Cash and cash equivalents	13	713,437	748,794
Total current assets		1,284,676	1,331,191
Total Assets		2,965,983	3,441,661
Non-current Liabilities			
Deferred tax liabilities	16	274,317	299,100
Total non-current liabilites		274,317	299,100
Current Liabilities			
Financial liabilities at fair value through profit or loss	6	213	340
Financial liabilities held at amortised cost	6, 14	875,399	972,447
Tax liabilities	16	2,893	8,713
Other liabilities	15	279,456	276,915
Total current liabilites		1,157,961	1,258,415
Total Liabilities		1,432,278	1,557,515
Equity attributable to equity holders of the parent entity			
Share capital	17	1,000	1,000
Share premium	17	1,905,730	1,905,730
Retained earnings		(359,821)	(22,567)
Dividends		(13,300)	-
Foreign currency translation reserve		96	(17)
Total equity		1,533,705	1,884,146
Total liabilities and equity		2,965,983	3,441,661

Company registration No. 10647359 (England and Wales)

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - (CONTINUED)

AS AT 31 DECEMBER 2018

The consolidated financial statements were approved and authorised by the Directors of the Company on 26 April 2019 and were signed on its behalf by:

Director
LHC4 (UK) Limited

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	1 Jan 2018 to 31 Dec 2018 EUR '000s	2 Mar 2017 to 31 Dec 2017 EUR '000s
Interest income	19	2,118	95
Interest expense	20	(2,134)	(739)
Net interest expense		(16)	(644)
Fee and commission income	21	1,333,535	129,977
Fee and commission expense	22	(1,116,134)	(107,717)
Net fee and commission income		217,401	22,260
Other operating income		5,099	246
Net losses on financial assets and liabilities at fair value through profit or loss		140	(117)
Exchange differences (net)		33	(2)
Losses on derecognition of financial assets and liabilities measured at fair value through profit or loss		(352)	-
Other operating expenses		(1,891)	(57)
Net operating income		220,414	21,686
Employee compensation and benefits	23	(47,079)	(4,323)
General and administrative expenses	24	(44,272)	(28,295)
Amortisation and depreciation		(92,769)	(9,923)
Impairment loss on non-financial assets	9	(362,007)	-
Impairment loss on financial assets held at amortised cost	6	(404)	(18)
Loss before tax		(326,117)	(20,873)
Tax expense	25	(11,137)	(1,694)
Loss for the year/period after tax		(337,254)	(22,567)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		113	(17)
Other comprehensive income for the year/period		113	(17)
Total comprehensive loss for the year/period		(337,141)	(22,584)

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to the owners of LHC4 (UK) Limited					
	Share capital EUR '000s	Share premium EUR '000s	Retained earnings EUR '000s	Dividends EUR '000s	Foreign currency translation reserve EUR '000s	Total equity EUR '000s
Balance as at 1 January 2018	1,000	1,905,730	(22,567)	-	(17)	1,884,146
Loss for the year	-	-	(337,254)	-	-	(337,254)
Other comprehensive income for the year	-	-	-	-	113	113
Dividends	-	-	-	(13,300)	-	(13,300)
Balance as at 31 December 2018	1,000	1,905,730	(359,821)	(13,300)	96	1,533,705
Balance as at 2 March 2017	-	-	-	-	-	-
Issued share capital	1,000	1,905,730	-	-	-	1,906,730
Loss for the period	-	-	(22,567)	-	-	(22,567)
Other comprehensive loss	-	-	-	-	(17)	(17)
Balance as at 31 December 2017	1,000	1,905,730	(22,567)	-	(17)	1,884,146

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	1 Jan 2018 to 31 Dec 2018 EUR '000s	2 Mar 2017 to 31 Dec 2017 EUR '000s
Operating activites			
Loss for the year after tax		(337,254)	(22,567)
Adjustment for:			
Depreciation and amortisation		92,769	9,923
Interest expense	20	2,134	739
Net unrealised loss on financial assets and liabilities at fair value through profit or loss		(140)	117
Losses on derecognition of financial assets and liabilities measured at fair value through profit or loss		352	-
Impairment loss on non-financial assets	9	362,007	-
Impairment on financial assets at amortised cost	6	404	18
Tax charge	25	11,137	1,694
Adjusted profit		131,409	(10,076)
Net (increase)/decrease in operating assets			
Financial assets at amortised cost		20,790	72,126
Other operating assets		(1,867)	(116,997)
		18,923	(44,871)
Net increase/(decrease) in operating liabilities			
Financial liabilities at fair value through profit or loss	6	(52)	436
Financial liabilities at amortised cost		(99,924)	(325,891)
Other operating liabilities		(14,340)	105,517
Tax liabilities		(33,464)	(11,380)
		(147,779)	(231,318)
Net cash flows from operating activities		2,553	(286,265)
Investing activites			
Purchase of tangible assets	8	(3,364)	(73)
Purchase of intangible assets		(9,309)	(462)
Acquisitions during the period	10	(11,970)	(871,571)
Sale of financial assets at fair value through profit or loss		-	435
Net cash flows used in investing activities		(24,643)	(871,671)
Financing activites			
Proceeds from issuance of share capital and share premium	17	-	1,906,730
Dividends Paid		(13,300)	-
Net cash flows used in financing activities		(13,300)	1,906,730
Effect of exchange rate changes on cash and cash equivalents		33	-
Net decrease in cash and cash equivalents		(35,357)	748,794
Cash and cash equivalents at the start of the year/period		748,794	-
Cash and cash equivalents at the end of the year/period		713,437	748,794

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 EUR '000s	2017 EUR '000s
Non-current assets			
Investments held at cost less impairment losses	28	967,138	1,331,238
Financial assets held at amortised cost		590,188	573,462
Total non-current assets		1,557,326	1,904,700
Current assets			
Financial assets held at amortised cost		8,126	11,446
Cash and cash equivalents		455	500
Total current assets		8,581	11,946
Total Assets		1,565,907	1,916,646
Current Liabilities			
Other liabilities		6,476	1,606
Total current liabilites		6,476	1,606
Equity attributable to equity holders of the parent entity			
Share capital	17	1,000	1,000
Share premium	17	1,905,730	1,905,730
Retained earnings		(333,999)	8,310
Dividends		(13,300)	-
Total equity		1,559,431	1,915,040
Total liabilities and equity		1,565,907	1,916,646

Company registration No. 10647359 (England and Wales)

The Company reported a loss for the financial period from 1 January 2018 to 31 December 2018 of 342,309 EUR thousand.

The Company financial statements were approved and authorised by the Directors of the Company on 26 April 2019 and were signed on its behalf by:

Director
LHC4 (UK) Limited

(The notes on pages 24 to 70 form an integral part of these financial statements)

LHC4 (UK) Limited

COMPANY STATEMENTS OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018

	Attributable to the owners of LHC4 (UK) Limited				
	Share capital EUR '000s	Share premium EUR '000s	Retained earnings EUR '000s	Dividends EUR '000s	Total equity EUR '000s
Balance as at 1 January 2018	1,000	1,905,730	8,310	-	1,915,040
Loss for the year	-	-	(342,309)	-	(342,309)
Dividends Paid	-	-	-	(13,300)	(13,300)
Balance as at 31 December 2018	1,000	1,905,730	(333,999)	(13,300)	1,559,431
Balance as at 2 March 2017	-	-	-	-	-
Issued share capital	1,000	1,905,730	-	-	1,906,730
Profit for the period	-	-	8,310	-	8,310
Balance as at 31 December 2017	1,000	1,905,730	8,310	-	1,915,040

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	1 Jan 2018 to 31 Dec 2018 EUR '000s	2 Mar 2017 to 31 Dec 2017 EUR '000s
Operating activites			
Profit/(Loss) for the period after tax		(342,309)	8,310
Adjustment for:			
Impairment on financial assets at amortised cost		362,000	-
Net interest income		(24,623)	(9,908)
Tax charge		4,869	1,578
Adjusted loss		(63)	(20)
Net (increase)/decrease in operating assets			
Loans and receivables		2	-
		2	-
Net increase/(decrease) in operating liabilities			
Other operating liabilities		8	20
		8	20
Net cash flows used in operating activities		(53)	-
Investing activites			
Subscription for share capital		(8)	(1,331,230)
Issue of loan to Adubala ITG, S.L.U		-	(575,000)
Distribution Received		1,100	0
Net cash flows generated from investing activities		1,092	(1,906,230)
Financing activites			
Proceeds from issuance of share capital and share premium	17	-	1,906,730
Dividend paid		(13,300)	-
Loan interest received		12,216	-
Net cash flows used in financing activities		(1,084)	1,906,730
Net decrease in cash and cash equivalents		(45)	500
Cash and cash equivalents at the start of the period		500	-
Cash and cash equivalents at the end of the period		455	500

(The notes on pages 24 to 70 form an integral part of these consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

LHC4 (UK) Limited is a private company limited domiciled in England and Wales, United Kingdom. The address of the registered office is at 2 Fitzroy Place, 8 Mortimer Street, London, United Kingdom, W1T 3JJ.

The activities that the Group ultimately undertake are as follows:

- The performance of all kinds of activities, transactions and services of the banking business in general, related thereto or permitted under current legislation and financial reporting framework applicable to the Bank of Spain;
- The acquisition, holding, use, administration and disposal of Spanish and foreign marketable securities, shares and equity interests in companies, in accordance with current legislation; and
- The provision of investment services and any applicable supplementary activities under current legislation.

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd ("Eiffel"), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 Plc. A company owned by senior employees of Allfunds Bank Group also holds a minority interest in LHC1 Limited.

These consolidated financial statements have been prepared as on and for the year from 1 January 2018 to 31 December 2018.

2. BASIS OF ACCOUNTING

a. Statement of compliance

The consolidated and individual financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

b. Basis of preparation

In preparing the Company financial statements together with the Group consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present individual statement of comprehensive income and related notes as part of these approved financial statements. With regards to accounting policies, the Company has consistently applied those of the Group to all Company level information.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation- (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets and liabilities at fair value through other comprehensive income.

The preparation of these consolidated financial statements, in conformity with IFRS, requires the use of accounting estimates and exercise of judgement by the management while applying the Group's accounting policies. These estimates are based on the management's best knowledge of the events which existed at the Consolidated Statement of Financial Position date. However, the actual results may differ from these estimates.

New standards and amendments issued and effective for the financial period beginning 1 January 2018 which have been adopted by the Group

The Directors' assessment of the impact of these new standards is set out below:

IFRS 9, "Financial instruments"

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Business model assessments have been completed for all portfolios on a Company and a consolidated Group level in order to ensure completeness.

The contractual cash flow characteristics test (referred to as solely payments of principle and interest 'SPPI' testing) will be considered for those financial assets which are managed in a "hold-to-collect" business model i.e. where assets are held to collect contractual cash flows, with sales being incidental and primarily driven by credit risk considerations; or "hold-to-collect-and-sell" business model.

The main change that the standard introduces is an impairment model according to expected credit loss (ECL), replacing the 'incurred loss" approach, including forecasts on future economic conditions (forward looking).

The Group, considering the facts of its business, financial assets subject to impairment and the credit losses experience, has applied the alternative solutions provided by the Bank of Spain for the estimations of expected credit losses. Allowances and provisions for performing and non performing exposures have been estimated collectively.

Based on its experience, on the information it holds on the banking sector and on forecasts of future conditions, the Bank of Spain has estimated the percentages institutions may use as an alternative solution for the calculation of allowances and provisions for transactions classified as performing exposures and performing exposures under special monitoring. The Bank of Spain also provides percentages for allowances and provisions for transactions considered non-performing due to arrears, according to the segment of credit risk to which the transaction belongs and the age of the past-due amounts.

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation - (continued)

New standards and amendments issued and effective for the financial period beginning 1 January 2018 which have been adopted by the Group - (continued)

IFRS 9, "Financial Instruments" - (continued)

Based on the above, and taking into consideration data relating to 31 December 2018, the directors of The Group have assessed the estimated impact on its financial statements of the initial application of IFRS 9. This impact, which amounts to EUR 30 thousand, has been recognized by the Group in the Statement of Comprehensive Income. As a consequence of the above, the directors of the Group consider that the adoption of IFRS 9 does not have a material effect on its consolidated financial statements.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group liabilities only contain derivatives. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement, and have not been changed.

The Group has adopted IFRS 9 for financial years commencing on or after 1 January 2018. The Group has applied the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

IFRS 15, "Revenue from Contracts with Customers"

The standard deals with the recognition of revenue and replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of adopting the new standard on the Group's consolidated financial statements and has identified that there would be no impact of adopting IFRS 15 in The Group's financial statements as the revenue recognition policy of the Group was already complying with the principles of IFRS 15.

The Group has adopted IFRS 15 for financial years commencing on or after 1 January 2018. The Group has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption has been recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

There were other new standards and amendments that came into effect for periods beginning 1 January 2018 but have not had any material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2. BASIS OF ACCOUNTING - (CONTINUED)

b. Basis of preparation - (continued)

New standards and amendments issued but not yet effective for the financial period beginning 1 January 2018 which have not been early adopted by the Group

IFRS 16, "Leases"

The group will adopt IFRS 16 Leases when it comes into effect on 1 January 2019. In accordance with the transition provisions in IFRS 16, the standard has been adopted using the modified retrospective approach, initially applying the new standard recognised on 1 January 2019. Comparatives for the prior financial year will not be restated. Management has carried out a detailed impact assessment of adopting IFRS 16 and have concluded this will be approximately EUR 1,052 thousand on the Statement of Financial Position.

The group has instructed an external advisor to carry out an exercise to assess the current position of all leases held by the subsidiaries of the Group.

In applying IFRS 16 for the first time, the group will use the following practical expedients permitted by the standard;

- the use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Group will recognise EUR 22,371 thousand of lease liabilities and a corresponding asset, recognising the difference as at 31 December 2018 in retained earnings. When measuring lease liabilities, the Group will discount lease payments using its incremental borrowing rate at 1 January 2019.

	1 Jan 2019
	EUR '000s
Operating lease commitment at 31 December 2018	23,423
Incremental borrowing rate at 1 January 2019	0.955
Lease liabilities that will be recognised at 1 January 2019	22,371

IFRS 17, "Insurance Contracts"

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts.

This standard is mandatory for financial years commencing on or after 1 January 2021. At this stage, the Group does not intend to adopt the standard before its effective date.

2. BASIS OF ACCOUNTING - (CONTINUED)

New standards and amendments issued but not yet effective for the financial period beginning 1 January 2018 which have not been early adopted by the Group (continued)

The Group notes that there were other standards that are not yet effective but are not likely to have an impact.

c. Summary of estimates, judgements and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the period presented. Estimates and underlying assumptions are reviewed at each statement of financial position date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently in these consolidated financial statements unless otherwise indicated.

a. Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are derecognised from the date that control ceases.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the parent company has less than a majority of the voting rights of an investee, they consider that they have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent company considers all relevant facts and circumstances in assessing whether or not the parent company's voting rights in an investee are sufficient to give it power, including:

- the size of both the parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the parent company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

a. Basis of consolidation - (continued)

i. Subsidiaries - (continued)

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated Statement of Comprehensive Income from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company or to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company or to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the parent company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation, may initially be measured at fair value, or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the parent company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the parent company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

When the parent company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the parent company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

3. **SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

a. **Basis of consolidation - (continued)**

i. Subsidiaries - (continued)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement. When applicable, the costs on initial recognition of an investment in an associate or a joint venture are also taken into consideration.

b. **Foreign currency translation**

i. Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as financial assets at fair value through other comprehensive income, are recognised in other comprehensive income.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b. Foreign currency translation (continued)

iii. Group companies (continued)

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

c. Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition, i.e. day 1 profit or loss;
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price, i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability.

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. The Group will release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances, i.e. using either straight-line or non-linear amortisation depending on the type of financial instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c. Financial instruments - (continued)

i. Financial assets and investments

From 1 January 2018, the Group classifies its financial assets in the following measurement categories; those to be measured subsequently at fair value, either through Other Comprehensive Income ("OCI") or through profit or loss, and those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

ii. Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

iii. Financial assets at fair value through other comprehensive income

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

iv. Financial assets at fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

d. Financial instruments - (continued)

v. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate, less provision for impairment.

vi. Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables

vii. Reclassification of financial assets

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

viii. Recognition and derecognition of financial assets

Standard purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

ix. Equity

Ordinary shares issued by the parent company are classified as equity.

x. Financial liabilities

The Group initially recognises borrowings issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, terminated or expired.

The Group classifies financial liabilities into the non-current liability, debt category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

xi. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

xii. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and credit risk, including foreign exchange forward contracts, interest rate swaps and credit default swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

xiii. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

d. Financial Instruments - (continued)

xiii. Borrowings (continued)

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

e. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

f. Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 15 Revenue from Contracts with Customers.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

g. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

h. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

i. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

j. Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group depreciates property, plant and equipment on a straight line basis over the following periods:

	2018	2017
Furniture and fittings:	10 years	10 years
Computer hardware:	4 years	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

k. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Group, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Group consider it probable that future economic benefits will be generated are recognised.

l. IT developments

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic developments;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

k. Intangible assets - (continued)

i. IT developments (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

ii. Amortisation methods and periods

Amortisation methods and periods used by the Group for intangible assets are detailed in note 9.

iii. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

iv. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

l. Revenue recognition

i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

ii) Fee and commission income

Fee and commission income and expenses are recognised in the consolidated statement of comprehensive income using criteria that vary according to their nature. The main criteria are as follows:

- Fee and commission income and expenses relating to financial assets and liabilities measured at fair value through profit or loss are recognised when collected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

l. Revenue recognition (continued)

ii) Fee and commission income (continued)

- Those arising from transactions or services that are performed over a period of time are recognised over the life of these transactions or services, such as the fees from the marketing of units in collective investment undertakings (CIUs), which are calculated as the result of applying the agreed-upon percentage to the daily volume of such units held for the account of the Group's customers,
- Those relating to the provision of a service in a single act, which are recognised when the single act is carried out.

m. Borrowing costs

Costs that are directly related to the issue of a security that is classified as a financial liability measured at amortised cost are deducted from the amount of the financial liability and held at amortised cost using the effective interest method of the applicable financial liability.

Other borrowing costs are expensed in the period in which they are incurred.

n. Employee benefits

i. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii. Post-employment obligations

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

n. Employee benefits - (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee compensation and benefits expense in the statement of of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group had no defined benefit obligations as at year end (2017: no obligations).

iii. Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise.

iv. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

o. Income tax

Current tax expense or benefit is based on the taxable profit for that year. Taxable profit differs from the profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Furthermore the accrual for current tax includes provisions for uncertain tax positions which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenge of historical tax positions.

Current tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the date of the statements of financial position. The Group periodically evaluate positions taken in the tax returns for situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Deferred tax liabilities are provided for using the liability method on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that the deductions and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each date of the statements of financial position and reduced to the extent it is no longer probable that the deferred or income tax assets will be recovered. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail in the period when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the dates of the statements of financial position.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority and on the same taxable entity.

p. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Expenses resulting from operating leases are charged to the Consolidated Statement of Comprehensive Income in the year in which they are incurred. For more information on IFRS 16 please refer to note 2(b) above.

q. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand Euros unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

r. Going concern

The Directors have made enquiries and having considered the current economic climate at the time of approving the consolidated financial statements, as well as the expected working capital requirements that both the Group and Company will have for the coming period, they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

s. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred and included in "Technical reports" in Other Operating Expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is initially recognised and measured as set out in note 3(g) above.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

s. Business combinations - (continued)

When a business combination is achieved in stages, the Group's previously-held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

t. Investment in Subsidiaries

Investment in subsidiaries are held at cost in company financial statements less accumulated impairment losses, if any.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group control's an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through their power over the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Detailed below is an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions being revised based on actual experience. In addition, this note also explains where there have been actual adjustments this year as a result of an error or of changes to previous estimates.

The areas involving key accounting judgements and significant estimates are:

- Fair value measurement of intangible assets and residual goodwill, recognised as a result of acquisition of subsidaries. These have been discussed in detail in note 26 to the consolidated financial statements.
- Impairment of goodwill in the investment within Allfunds Bank, S.A.U. with an annual impairment test carried out each financial period.

Detailed information about each of these estimates and judgements is included in notes 1 to 32, together with information about the basis of calculation for each affected line item in the consolidated financial statements.

5. OPERATING SEGMENTS

The Group's Directors examine the Group's performance from a product perspective and have identified two reportable segments of its business:

I) Allfunds Bank Group: this part of the Group operates as a distributor of mutual funds

	31 Dec 2018		31 Dec 2017	
	EUR '000s	% of Group	EUR '000s	% of Group
Total assets	1,447,604	49%	1,464,616	43%
Total liabilities	1,173,334	82%	1,249,531	80%
Net operating income for the year/period	221,082	100%	22,386	103%
Profit for the year/period after tax	86,604	(26%)	9,650	(43%)

II) Other: Rest of Group: Investment holding

	31 Dec 2018		31 Dec 2017	
	EUR '000s	% of Group	EUR '000s	% of Group
Total assets	1,518,379	51%	1,977,045	57%
Total liabilities	258,944	18%	307,984	20%
Net operating loss for the year/period	(668)	(0%)	(700)	(3%)
Loss for the year/period after tax	(423,858)	126%	(22,567)	143%

The main factor contributing to the loss at Group level is the impact of the impairment on the investment within Allfunds Bank, S.A.U. For more information on the impairment, please refer to Note 9.

Materially all Group turnover is generated through operations in Europe, across Spain, Italy, United Kingdom and Luxembourg.

6. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is carried out by the Directors of the Company and each of the Company's subsidiaries. Where applicable, this risk management function has been delegated to the relevant department within a specific Group company. The Directors or the relevant department identifies, evaluates and hedges financial risks.

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

6. **FINANCIAL RISK MANAGEMENT (continued)**

Derivatives (continued)

	2018		2017	
	Notional EUR '000s	Fair Value EUR '000s	Notional EUR '000s	Fair Value EUR '000s
Current assets				
Foreign currency forward contracts - held for trading	141,926	353	96,085	479
Current liabilities				
Foreign currency forward contracts - held for trading	88,178	213	93,274	340

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

a. Market Risk

Market risk is defined as the risk to which the Group is exposed in terms of a potential adverse impact on its statement of comprehensive income due to fluctuations in interest rates, currency exchange rates and the market prices of instruments included in the Group's trading portfolio, where they exist.

The Group has decided to abide by a policy of low risk tolerance. Consequently, the Group does not have positions on or off statement of financial position that might be affected by fair value risk relating to interest rate and price risks, except those that are strictly necessary for compliance with regulatory requirements in connection with liquidity and currency exchange derivative hedging to mitigate the risk in the main currencies to which it is exposed.

i. Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As the Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through the Risk Control Unit of Allfunds Bank Group which forecasts likely foreign currency expenditure. In addition, the management of Allfunds Bank Group receive daily reports on the exposure and impact on the statement of comprehensive income of Allfunds Bank Group due to currency fluctuations and any measures implemented to mitigate open risks.

In order to strengthen the aforementioned foreign exchange risk mitigation mechanisms, Allfunds Bank Group, which has the largest exposure to non-reporting currencies within the Group, have set a cap on the net positions in foreign currencies.

6. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euros, was as follows:

	2018 EUR 000's			2017 EUR 000's		
	USD	GBP	Other	USD	GBP	Other
Assets						
Cash, and cash equivalents	84,424	79,090	27,745	78,975	74,314	25,419
Financial assets held at amortised cost	24,586	1,226	750	3,217	9,526	17,226
Tangible Assets	-	1,761	1,202	-	1,598	660
Intangible Assets	-	-	31	-	-	1
Deferred tax assets	-	-	40	-	-	1
Other assets	41,540	6,495	2,128	39,131	6,919	2,467
Liabilities						
Financial Liabilities at amortised cost	(109,023)	(81,368)	(17,066)	(83,782)	(75,964)	(18,877)
Tax liabilities	-	-	-	-	-	(14)
Other liabilities	(35,007)	(6,669)	(2,793)	(44,104)	(7,138)	(2,936)
	6,520	535	12,037	(6,563)	9,255	23,947

Sensitivity

As shown in the table above, the Group is exposed to foreign currency risk through a number of different asset and liability types held in currencies other than Euros. The risk is between Euros and other foreign currencies.

Should the net asset value subject to currency risk be subject to a 10% increase/decrease, the impact on the Statement of Financial Position and Statement of Comprehensive Income would be an increase/decrease in the value of EUR 1,909 thousand (2017: EUR 2,664 thousand).

ii. Interest rate risk

Interest rate risk is the risk that the value or the future cash flows of a financial instrument will fluctuate due to changes in interest rates.

6. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

The Group's borrowings and receivables are held at amortised cost.

As the Group's exposure to interest rates are fixed, the Group does not manage its cash flow interest rate risk as it does not deem its other exposures to interest rate risk to be significant as other exposures are either repayable on demand or with a short maturity.

The following table analyses the interest rate composition of the Group's net assets categorised by maturity dates:

	2018		
	Cash	Financial instruments held at amortised cost	Total
	EUR '000s	EUR '000s	EUR '000s
Financial Assets:			
6 months or less	713,437	62,573	776,010
6-12 months	-	190,474	190,474
1-5 years	-	130,798	130,798
Over 5 years	-	41	41
	713,437	383,886	1,097,323
Financial Liabilities (all of which relate to financial liabilities held at amortised cost):			
6 months or less		(875,399)	(875,399)
6-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	-	(875,399)	(875,399)

	2017		
	Cash	Financial instruments held at amortised cost	Total
	EUR '000s	EUR '000s	EUR '000s
Financial Assets:			
6 months or less	748,794	144,132	892,926
6-12 months	-	130,063	130,063
1-5 years	-	130,366	130,366
Over 5 years	-	115	115
	748,794	404,676	1,153,470
Financial Liabilities (all of which relate to financial liabilities held at amortised cost):			
6 months or less		(972,447)	(972,447)
6-12 months	-	-	-
1-5 years	-	-	-
Over 5 years	-	-	-
	-	(972,447)	(972,447)

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

iii. Price risk

The Group is exposed to equity securities price risk which arises from investments held by the Group and classified in the statement of financial position as available-for-sale.

As the Group's exposure to equity securities is not material or its core business, the Group does not manage its price risk as it does not deem the exposures to be significant.

b. Credit Risk

Credit risk is the possibility of loss stemming from the failure of customers or counterparties to meet their payment obligations to the Group. Specifically, the material exposure is to regulated institutions (which are the only authorised customers of Allfunds Bank Group) to which the Group has granted credit lines tied to the settlement of brokerage transactions.

In order to manage and control this risk, the Risk Control Unit has implemented a system of account overdraft limits by the counterparty based on an internal rating assignment methodology which results in a probability of default for each counterparty. This assigned probability is reviewed and measured at least once a year, so that the limits can be adjusted to each customer's risk profile.

Counterparty limits are controlled through an integrated system operating in real time, enabling the Group to be aware at all times of the unused credit line for each counterparty.

Given the type of business conducted by the Allfunds Bank Group, namely the distribution and intermediation of third-party collective investment schemes, the Group does not perform any active lending activity, and nor is that its purpose.

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or based on the internal rating assignment methodology and these are analysed below:

Loans and receivables

Counterparties with external credit ratings	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
AAA	1,463	880
AA-	-	2,864
A	-	10
A+	1,500	1,500
A-	134,010	132,764

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

Counterparties with external credit ratings	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
BBB+	81,930	130,090
BBB	131,765	132,777
BB-	272	51
Not rated	32,946	3,740
	383,886	404,676

The Group's exposure to credit risk is through its cash, cash balances with Central Banks and other demand deposits and loans and receivables balances. As at 31 December 2018 the maximum exposure is EUR 1,097,323 thousand (2017: EUR 1,153,470 thousand).

Individual receivables which are known to be uncollectable are written off by reducing their carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

No individually impaired trade receivables were held during the year.

Movement for impairment of trade receivables that are assessed for impairment collectively are as follows:

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Brought forward	327	234
Additions net of recoveries	478	93
Carried forward	805	327

Amounts recognised in consolidated statement of comprehensive income

During the period, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables:

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b. Credit Risk (continued)

	31 Dec 2018 EUR '000s	31 Dec 2017 EUR '000s
Impairment losses		
- movement in provision for impairment	(404)	(20)
- reversal of previous impairment losses	-	2
	(404)	(18)

Past due but not impaired

As at 31 December 2018, trade receivables of EUR 6,428 thousand were past due but not impaired. These relate to outstanding commission income due to the Allfunds Bank Group. The amounts were overdue between 1 and 90 days.

Per IFRS 9, the expected credit loss model has been used for the associated receivables as at 31 December 2018 and 1 Jan 2018 and this is analysed by maturity in the table below:

	31 Dec 2018			1 Jan 2018		
	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s	Expected Loss rate %	Gross carry amount EUR '000s	Loss allowance EUR '000s
Less than 6 months	50%	170	85	50%	150	75
Between 6 to 9 months	60%	186	111	60%	36	22
Between 9 to 12 months	70%	145	101	70%	29	20
Between 12 to 15 months	85%	69	59	85%	24	20
Between 15 to 18 months	90%	45	41	90%	9	8
More than 18 months	100%	190	190	100%	79	79
Total		805	587		327	224

c. Liquidity Risk

Liquidity risk is the risk that the Group might not have sufficient liquidity to meet its payment commitments.

The Risk Control Unit has developed a methodology to dynamically calculate the exposure to liquidity risk through static and dynamic ratios and set a limit in terms of a liquidity buffer. The Group also periodically performs stress scenario analysis and uses back-testing to measure these scenarios. Additionally, Allfunds Bank, S.A.U.'s Board of Directors have established a contingency procedure to cater for possible losses from this type of risk.

To supplement the monitoring performed by the Allfunds Group Risk Control Unit, the Settlement Department of the Transaction Area of Allfunds Group performs ongoing follow-up of order settlement processes in each of the currencies in which the Group operates, thus providing a twofold control of the Group's liquidity.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c. Liquidity Risk (continued)

Maturities of financial assets

The table below analyses the Group's financial assets into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2018					
	Financial assets held at amortised cost	Other assets	Current tax assets	Cash	Financial assets at fair value through profit/loss	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Financial Assets:						
6 months or less	62,573	309,599	-	713,437	737	1,086,346
6-12 months	190,474	477	-	-	-	190,951
1-5 years	130,798	4,193	7,379	-	-	142,370
Over 5 years	41	723	-	-	-	764
	383,886	314,992	7,379	713,437	737	1,420,431

	2017					
	Financial assets held at amortised cost	Other assets	Current tax assets	Cash	Financial assets at fair value through profit/loss	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Financial Assets:						
6 months or less	144,132	307,076	-	748,794	672	1,200,674
6-12 months	130,063	437	-	-	-	130,500
1-5 years	130,366	3,842	-	-	-	134,208
Over 5 years	115	1,765	-	-	-	1,880
	404,676	313,120	-	748,794	672	1,467,262

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

Maturities of financial liabilities (continued)

2018

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Derivative financial EUR '000s	Deferred tax liabilities EUR '000s	Tax liabilities EUR '000s	Total EUR '000s
Financial Liabilities:						
6 months or less	875,399	279,456	213	-	-	1,155,068
6-12 months	-	-	-	-	1,702	1,702
1-5 years	-	-	-	-	1,191	1,191
Over 5 years	-	-	-	274,317	-	274,317
	875,399	279,456	213	274,317	2,893	1,432,278

2017

	Financial Liabilities held at amortised cost EUR '000s	Other liabilities EUR '000s	Derivative financial EUR '000s	Deferred tax liabilities EUR '000s	Tax liabilities EUR '000s	Total EUR '000s
Financial Liabilities:						
6 months or less	972,447	276,915	340	-	-	1,249,702
6-12 months	-	-	-	-	6,543	6,543
1-5 years	-	-	-	-	2,170	2,170
Over 5 years	-	-	-	299,100	-	299,100
	972,447	276,915	340	299,100	8,713	1,557,515

7. CAPITAL MANAGEMENT

Risk Management

The Group's objective when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce its cost of capital.

In order to maintain or adjust its capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of equity attributable to equity holders of the ultimate parent, comprising issued capital, share premium, retained earnings and a foreign currency translation reserve as disclosed in the Consolidated Statement of Changes in Equity.

Consistent with industry practice, the Group monitors its capital on the basis of the following gearing ratio:

Net debt *divided by* total equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7. CAPITAL MANAGEMENT

Risk Management (continued)

The gearing ratios as at 31 December 2018 were as follows:

	31 Dec 2018 EUR '000s	31 Dec 2017 EUR '000s
Net debt	1,432,278	1,557,515
Total equity	1,533,705	1,884,146
Net debt to equity ratio	0.93	0.83

Subsidiaries within the Group have capital adequacy requirements imposed by the Bank of Spain. Group entities are required to report on certain capital adequacy ratios on a periodic basis. The ratio is calculated as being the percentage of capital to assets, based on the regulators' definitions of capital and assets. This ratio is required at all times to be above a benchmark percentage provided by each of the regulators. The Group has been in compliance with the capital adequacy requirements in respect of the period ended 31 December 2018, as has Allfunds Bank group, an indirect subsidiary of the Group.

8. TANGIBLE ASSETS

	31 Dec 2018		
	Furniture and fixtures EUR '000s	Computer Hardware EUR '000s	Total EUR '000s
Cost:			
Brought forward	6,305	831	7,136
Fair value of assets acquired Fintech Partners	29	21	50
Additions	2,992	322	3,314
Disposals	(16)	-	(16)
Carried forward	9,310	1,174	10,484
Accumulated depreciation:			
Brought forward	(141)	(34)	(175)
Charge for the year	(1,032)	(346)	(1,378)
Transfers	60	(60)	-
Carried forward	(1,113)	(440)	(1,553)
Carrying value	8,197	734	8,931
Fully depreciated tangible assets	2,372	803	3,175

8. **TANGIBLE ASSETS (continued)**

	31 Dec 2017		
	Furniture and fixtures	Computer Hardware	Total
	EUR '000s	EUR '000s	EUR '000s
Cost:			
Brought forward	-	-	-
Fair value of assets acquired Allfunds Bank	6,305	831	7,136
Carried forward	6,305	831	7,136
Accumulated depreciation:			
Brought forward	-	-	-
Charge for the period	(141)	(34)	(175)
Carried forward	(141)	(34)	(175)
Carrying value	6,164	797	6,961
Fully depreciated tangible assets	91	881	972

There were no impairment losses during the period for tangible assets.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated lives.

9. **GOODWILL AND INTANGIBLE ASSETS**

The Group has made the following acquisitions:

Business Acquired	Acquisition	Percentage	Goodwill on purchase EUR '000s	Impairment EUR '000s	Goodwill 31 Dec 18 EUR '000s
Allfunds Bank, S.A.U.	21 Nov 2017	100%	962,409	(362,000)	600,409
Fintech Partners, S.L.	17 Jan 2018	100%	6,704	-	6,704
			969,113	(362,000)	607,113

In accordance with IFRS 3 Business Combinations, management engaged a third-party valuation expert to conduct a Purchase Price Allocation ("PPA") exercise for the Fintech Partners, S.L. acquisitions. The PPA exercise for the Fintech Partners S.L. acquisition has been completed. As a result of the completed PPA exercise for the acquisition of Fintech Partners S.L., certain Intangible Assets and resulting Goodwill were recognised on the acquisition date. To arrive at the valuation of the Intangible Assets, management's experts applied Relief from Royalty Method for the technological platform and Multi-period Excess Earnings Method (MEEM) for the Customer relations with clients.

9. GOODWILL AND OTHER INTANGIBLE ASSETS - (CONTINUED)

Presented in the table below is an analysis of Goodwill and Other Intangible Assets as at 31 December 2018:

31-Dec-18

	Goodwill EUR '000s	IT developments EUR '000s	IT technological platform EUR '000s	Current relations with clients EUR '000s	Cooperation agreement EUR '000s	Brand name EUR '000s	Total EUR '000s
Cost:							
Brought forward	962,409	14,229	181,504	367,802	409,682	47,603	1,983,229
Fair value of Fintech Partners	6,704	-	2,970	3,509	-	-	13,183
Additions	-	9,309	-	-	-	-	9,309
Disposals	-	(2,163)	-	-	-	-	(2,163)
Carried forward	969,113	21,375	184,474	371,311	409,682	47,603	2,003,558
Accumulated amortisation:							
Brought forward	-	(6,688)	(3,900)	(2,652)	(2,721)	(316)	(16,277)
Charge for the year	-	(3,155)	(36,156)	(24,366)	(24,829)	(2,885)	(91,391)
Disposals	-	2,163	-	-	-	-	2,163
Carried forward	-	(7,680)	(40,056)	(27,018)	(27,550)	(3,201)	(105,505)
Impairment losses:							
Brought forward	-	-	-	-	-	-	-
Charge for the year	(362,000)	(7)	-	-	-	-	(362,007)
Carried forward	(362,000)	(7)	-	-	-	-	(362,007)
Net book value	607,113	13,688	144,418	344,293	382,132	44,402	1,536,046

9. GOODWILL AND OTHER INTANGIBLE ASSETS - (CONTINUED)

31-Dec-17

	Goodwill	IT developments	IT technological platform	Current relations with clients	Cooperation agreement	Brand name	Total
	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s	EUR '000s
Cost:							
Brought forward	-	-	-	-	-	-	-
Fair value Allfunds Bank	962,409	-	181,504	367,802	409,682	47,603	1,969,000
Additions	-	14,229	-	-	-	-	14,229
Transfers	-	-	-	-	-	-	-
Carried forward	962,409	14,229	181,504	367,802	409,682	47,603	1,983,229
Accumulated amortisation							
Brought forward	-	-	-	-	-	-	-
Additions	-	(6,529)	-	-	-	-	(6,529)
Charge for the period	-	(159)	(3,900)	(2,652)	(2,721)	(316)	(9,748)
Transfers	-	-	-	-	-	-	-
Carried forward	-	(6,688)	(3,900)	(2,652)	(2,721)	(316)	(16,277)
Net book value	962,409	7,541	177,604	365,150	406,961	47,287	1,966,952

As at 31 December 2018, the Group has estimated that the useful economic life of each intangible asset are as follows:

	Allfunds Bank S.A.U	Fintech Partners S.L.
IT developments	10 years	n/a
IT Technological Platform	5.1 years	5 years
Current relations with clients	15.2 years	20 years
Cooperation agreement	16.5 years	n/a
Brand name	16.5 years	n/a

There has been no changes in the period to the useful economic life of the intangible assets held by Allfunds Bank, S.A.U.

As at 31 December 2018, the Group performed an impairment review to test whether the carrying values of goodwill or other intangible assets are higher than their recoverable amounts, and are therefore impaired.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Impairment tests for goodwill

As at 31 December 2018, the Management of Liberty Partners, S.L.U., a subsidiary of the Group, appointed a third party expert to perform an impairment review of Allfunds Bank, S.A.U.

This review was aimed at determining the recoverable amount of Allfunds Bank, S.A.U. as a Cash Generating Unit (CGU) in the consolidated financial statements in order to conclude if there is an impairment loss in the investment of the goodwill as at that date.

The recoverable amount of an asset is the higher of the asset's or CGU's fair value less costs of disposal and its value in use. The methodologies used in order to determine the Value in Use of the Allfunds Bank, S.A.U's CGU were:

Determination of Value in Use

• The methodology used to calculate the value in use of Allfunds Bank, S.A.U. was the Dividend Discount Model (DDM) that is best suited for valuing financial institutions.

• Valuation has been done following a mid-year discounting assumption as it is considered that there is no effect of seasonality in the business.

Determination of Fair Value less cost to sell

• The methodology used to calculate the fair value less cost of disposal of Allfunds Bank, S.A.U. was the income approach. The income approach was based on the DDM under the same assumptions and projections taken into account for the determination of the value in use. Therefore, because of the costs of disposal, value in use is higher than fair value less costs of disposal. Therefore, the recoverable amount will be equal to the value in use.

Contrast Valuation

• Although limitations in comparability exist, value in use calculated is within the range of comparable listed companies and comparable transactions analysed.

Business Plans

The original business plan refers to the plan developed under the ownership of the former shareholders. The updated business plan represents the first business plan developed under the current owners, used during this review. This was compared to the original Business Plan used in the Purchase Price Allocation (PPA) in determining the original value of goodwill. The main differences were due to:

• Market Movements - Due to the downturn experienced by financial markets in Q4 2018, the business plan was revised by the new shareholders to incorporate conservative growth targets from 2019-2023 that can be achieved under the assumption of a prolonged macro-economic downturn in europe and associated equity capital market declines in 2019 and beyond. This revision takes into account a delayed recovery period and any changes to Assets under Administration ("AuA's") caused due to market uncertainty; and

• In addition, the business plan includes additional cost investment owing to IT expenses related to the carve out from Santander, additional senior hires to reinforce the management team and additional headcount in digital innovation.

9. GOODWILL AND INTANGIBLE ASSETS - (CONTINUED)

Independent Valuation

The independent valuation showed a present terminal value of the investment combined with the present value of projected dividends up to the year 2023, providing recoverable amount of the investment to be EUR 1,510,000 thousand.

A discount factor of 0.64 has been used in calculating the present terminal value of the investment. As the carrying amount of the investment exceeds the recoverable amount an impairment is required as below:

	31 Dec 2018
	EUR millions
Current carrying value of the CGU	1,873
Recoverable amount of the CGU	1,511
Impairment required on goodwill	(362)

Assumptions

A number of assumptions have also been made when calculating the recoverable amount:

- The AuM evolution, fees and commissions income and expenses have been forecasted by Allfunds Bank based on their best estimates and understanding of the market conditions in the future.
- The target Common Equity Tier (CET) ratio has been projected to be 17.5% in line with Allfunds Banks' commitment and consensual agreement with the Bank of Spain.
- A cost of equity (Ke) rate of 10.4%, based on the Capital Asset Pricing Model ("CAPM") framework.
- Perpetual growth (g) of 2.2%, based on market consensus of the most relevant listed entities in the asset management industry.

Estimations

The Directors note that the estimations regarding the cost of equity (ke) and perpetual growth rate (g) figures could move and therefore have deemed it appropriate to consider the below sensitivity analysis for a movement within each category of 0.5%;

	Increase in Ke	Decrease in Ke	Increase in g	Decrease in g
New percentage	10.9%	9.9%	2.7%	1.7%
New Present Terminal Value (EUR millions)	1,426	1,606	1,584	1,446
Movement from current impairment (EUR millions)	(85)	95	73	(65)
New total impairment required (EUR millions)	447	267	289	427

Upon reviewing the Report, the Directors deemed it appropriate to provide for an impairment loss of EUR 362,000 thousand which has been allocated against the goodwill recognised at the time of the acquisition of Allfunds Bank, S.A.U. The impairment in the Consolidated Statement of Comprehensive Income has been allocated to the line "Impairment on non-financial assets" and impacts the position of "Goodwill" in the Consolidated Statement of Financial Position, which will reduce from EUR 962 million to EUR 600 million. The impairment loss in the Consolidated Statement of Comprehensive Income will not be subsequently reversed.

The next impairment test will take place by 31 December 2019.

10. BUSINESS COMBINATIONS

On 17 January 2018, Allfunds Bank, S.A.U. acquired 100% of the share capital of Fintech Partners, S.L. through the purchase from a third party for a total amount of EUR 20 million. Fintech Partners, S.L. is the parent company of a group of companies including Finametrix, S.L.U. and Nextportfolio, S.L.U., dedicated to computer programming activities.

Total purchase consideration paid was EUR 12.5 million on 17 January 2018.

In addition to the above, contingent payment of EUR 7.5 million was established in the sale purchase agreement:

- Payment of EUR 2.1 million on 17 January 2021 subject to the continuity of the former shareholders of the parent company as employees of Allfunds Bank, S.A.U.; and
- Payment of EUR 5.4 million subject to meeting the target total income between minimum of EUR 13.3 million and a maximum EUR 19.2 million, by Fintech Partners, S.L. and its subsidiaries, in the following 36 months after the acquisition date and in accordance with the model defined in the sale purchase agreement.

Where the payment of deferred consideration is contingent upon the continuing employment of former shareholders by the Group, it is treated as a remuneration expense and liability. Accordingly, it has been accounted for as an employment benefit under IAS 19 and not as purchase consideration under IFRS 3.

The assets and liabilities recognised as a result of the acquisition are as follows:

	31 Dec 2018 EUR '000s
Assets	
IT technological platform	2,970
Current relations with clients	3,509
Other intangible assets	143
Tangible assets	50
Financial assets at fair value through profit and loss	60
Financial assets at amortised cost	605
Tax assets	134
Cash and cash equivalents	530
Other assets	349
Total assets	**8,350**
Liabilities (including contingent liabilities)	
Financial liabilities at amortised cost	(319)
Tax liabilities	(1,948)
Other liabilities	(287)
Total liabilities	**(2,554)**
Fair value of net assets acquired	**5,796**

Goodwill calculation

	EUR '000s
Cash paid	12,500
Fair value of net identifiable assets acquired	5,796
Goodwill from business combination	6,704

10. BUSINESS COMBINATIONS (continued)

Goodwill is attributable to the expected future cash flows of the new division of Allfunds Bank, S.A.U.

Valuation method

The valuation methods used for the intangibles acquired was the Income approach: Multi Excess Earnings Method (MEEM) for the customer relationships, and for the technological assets, the Income approach: Relief from Royalty method has been used.

Discount rate

The discount rate was based on Fintech Partners, S.L's cost of equity.

Tax amortization benefit

Tax amortization benefit has been considered in the fair value measurement of the intangible assets.

Fair value of receivables acquired

The fair value of acquired receivables is 605 thousand. The gross contractual amount for trade receivables is EUR 605 thousand, of which EUR nil is expected to be uncollectable.

Revenue and profit contribution

The acquired business contributed revenues of EUR 3,100 thousand and net profit of EUR 559 thousand to the Group for the period from 17 January 2018 to 31 December 2018.

If the acquisition had occurred on 1 January 2018, consolidated pro-forma revenue and profit for the year ended 31 December 2018 would have been EUR 3,223 thousand and EUR 630 thousand respectively.

Purchase consideration - cash outflow

	31 Dec 2018
	EUR '000s
Cash consideration at the acquisition date	12,500
Less: Cash and cash equivalent acquired in subsidiary	530
Net cash outflow - investing activities	11,970

11. FINANCIAL ASSETS HELD AT AMORTISED COST

	31 Dec 2018	31 Dec 2017
Non-Current Assets	EUR '000s	EUR '000s
Receivables from credit institutions	130,014	130,002
Receivables from customers	825	479
	130,839	130,481
Current Assets		
Receivables from credit institutions	214,602	265,759
Receivables from customers	31,937	2,370
Receivables from central banks	6,508	6,066
	253,047	274,195
	383,886	404,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11. FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

The amount of the financial assets held at amortised cost and collectively estimated to be impaired due to credit risk at 31 December 2018 was EUR 805 thousand (2017: EUR 327 thousand) and is reflected within Receivables from Customers. The impaired losses amount is calculated using percentage tables based on the ageing of the amount produced by the Bank of Spain.

Fair value of financial assets held at amortised cost

The fair value of the assets held at amortised cost for 2018 were EUR 385,187 thousand (2017: EUR 405,118 thousand).

12. OTHER ASSETS

	31 Dec 2018	31 Dec 2017
Current assets:	EUR '000s	EUR '000s
Accrued fees and commissions receivable	306,760	302,396
Capitalised debt costs	936	844
Sundry accounts	908	3,419
Prepaid expenses	1,472	846
	310,076	307,505
Non-current assets:		
Capitalised debt costs	4,916	5,607
	4,916	5,607
	314,992	313,112

13. CASH AND CASH EQUIVALENTS

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Cash at bank and in hand	474	520
Cash balances at Central Banks	345,281	342,282
Other demand deposits	367,682	405,992
	713,437	748,794

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand; there are no restricted cash amounts.

14. FINANCIAL LIABILITIES AT AMORTISED COST

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Deposits from customers	452,098	610,318
Deposits from credit institutions	278,137	179,532
Other financial liabilities	145,164	182,597
	875,399	972,447

Other financial liabilities

Other financial liabilities contains funds temporarily held on behalf of clients due to orders of transfers of investments in collective investment undertakings received, which were yet to be settled at period end, tax collection accounts and other payment obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15. OTHER LIABILITIES

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Accrued fees and commissions payable	268,291	234,010
Trade payables	408	33,607
Other payables	10,757	9,298
	279,456	276,915

Accrued fees and commissions payable consist of accrued expected expenses and unexpired costs as at the period end.

Trade payables relate to commission expenses. They are unsecured and are usually paid within 30 days of recognition. The carrying value of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Within other payables is a balance of EUR 6,447 thousand. LHC4 (UK) Limited elected to claim losses of EUR 4,869 thousand incurred in the year by its parent company (LHC3 plc) in order to offset its own tax liability for the year ended 2018. As a result, LHC4 (UK) Limited is due to pay EUR 6,447 thousand (2017: EUR 1,578 thousand) of intercompany amounts to LHC3 plc and these amounts will be settled post year end. EUR 6,447 thousand remains outstanding at 31 December 2018 (2017: EUR 1,578 thousand).

16. TAX LIABILITIES

Included within the current tax liabilities are the below balances:

	2018	2017
	EUR '000s	EUR '000s
Allfunds Bank - Spanish branch	-	1,844
Allfunds Bank - Italian branch	1,500	4,699
Allfunds Bank International S.A	1,177	2,156
Allfunds International, Schweiz AG	14	14
Finametrix, S.L.U.	145	-
Fintech Partners, S.L.U.	57	-
Total	2,893	8,713

Deferred Tax Liabilities

Deferred tax liabilities during the period relate to the below elements of the group:

	2018	2017
	EUR '000s	EUR '000s
Intangible Assets: Allfunds Bank, S.A.U.	272,850	299,100
Intangible Assets: Fintech Partners, S.L.U.	1,435	-
Intangible Assets: Finametrix, S.L.U.	12	-
FX differences on subsidiaries in local currencies	20	-
Total	274,317	299,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17. SHARE CAPITAL & SHARE PREMIUM

The Company's total share capital was EUR 1,000,001.11 as at 31 December 2018 (2017: EUR 1,000,001.11) comprising 100,000,111 ordinary shares at a par value of one Euro cent per share (EUR 0.01). Each share has identical voting rights.

Following the issuance of shares by the Company, the Company also holds a share premium balance of EUR 1,905,730 thousand (2017: EUR 1,905,730 thousand).

The directors of the parent company approved and distributed an interim dividend on 12 September 2018. On the date of declaration and payment of interim dividend, there were sufficient distributable reserves available to the parent company. A statement based on latest available interim financial position was presented to the directors prior to approval of the interim dividend confirming the adequacy of financial resources of the parent company. The parent company had €22,410 thousands in retained earnings which were available for distribution at the time of interim dividend declaration and payment.

18. OFF BALANCE SHEET ITEMS

"Off Balance Sheet Items" relates to balances at 31 December 2018 and 2017 relates to balances representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions performed by the Group although they may not impinge on its net assets.

Contingent obligations held by the Group which may result in the recognition of financial assets refer in their entirety to those available to third parties. The detail thereof at 31 December 2018 and 2017 is as follows:

	2018	2017
Available to third parties:	EUR '000s	EUR '000s
Credit Institutions	41,143	40,600
Other resident sectors	1,149	1,300
Other non-resident sectors	11,585	11,350
	53,877	53,250

Also, at 31 December 2018, the Group held off-balance-sheet funds under management relating to units in collective investment undertakings (CIUs) amounting to EUR 348,684,760 thousand (2017: EUR 358,459,016 thousand).

19. INTEREST INCOME

	2018	2017
	EUR '000s	EUR '000s
Loans and advances to credit institutions	1,837	63
Other finance income	281	32
Total	2,118	95

20. INTEREST EXPENSE

	2018	2017
	EUR '000s	EUR '000s
Deposits from credit institutions	812	63
Other	1,322	676
Total	2,134	739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21. FEE AND COMMISSION INCOME

Fee and commission income has been generated from the following segments by Allfunds Bank, S.A.U. and its subsidiaries:

	2018 EUR '000s	2017 EUR '000s
Marketing of products:		
Investment funds	1,277,608	125,190
Other	28,045	2,554
	1,305,653	127,744
Investment services:		
Administration and custody	2,111	211
	2,111	211
Other:		
Foreign exchange	19,123	1,663
Other fees and commissions	6,648	359
	25,771	2,022
Total	1,333,535	129,977

22. FEE AND COMMISSION EXPENSE

	2018 EUR '000s	2017 EUR '000s
Fee and commission expenses have been assigned to:		
Bank charges	1,216	212
Distributors	1,114,918	107,505
Total	1,116,134	107,717

23. EMPLOYEE COMPENSATION AND BENEFITS

	2018	2017
Average number of employees during the year/period:	445	367

	2018 EUR '000s	2017 EUR '000s
Personnel expenses include the following expenses:		
Wages and salaries	38,678	3,657
Social security costs	5,698	536
Contributions to defined benefit contribution pension funds	742	53
Termination Benefits	548	-
Training expenses	351	12
Other staff costs	1,062	65
Total	47,079	4,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2018 EUR '000s	2017 EUR '000s
Information technology	9,594	892
Subcontracted administrative services	7,774	804
Property, fixtures and supplies	7,603	994
Technical reports*	5,912	24,449
Communications	4,794	248
Legal & professional expenses	1,981	68
Transportation costs	2,715	258
Levies and taxes	1,233	161
Advertising and publicity	1,089	108
Insurance and self-insurance premiums	576	193
Other expenses	379	43
Association membership	354	16
Surveillance and cash courier services	111	8
Governing and Control Bodies	84	45
Contributions to foundations	73	8
Total	44,272	28,295

*Included in Technical reports are amongst others, the fees for audit and other services provided by the auditor of the group

	2018 EUR '000s	2017 EUR '000s
Audit services	752	29
Other assurance services	237	120
Other services	68	-
Total audit and related services	1,057	149

25. TAX EXPENSE

The tax expense recognised by the Group for the period was accrued by Allfunds Bank, S.A.U, in Spain, Allfunds Bank - Italian branch, Allfunds Bank International S.A., Allfunds International, Schweiz AG and also LHC 4 (UK) Limited as follows:

	2018 EUR '000s	2017 EUR '000s
Allfunds Bank - Spanish branch	10,789	2,076
Allfunds Bank - Italian branch	17,414	2,183
Allfunds Bank International S.A	2,514	296
Allfunds International, Schweiz AG	107	15
Finametrix, S.L.U.	116	-
LHC 4 (UK) Limited	6,447	-
less:		
Deferred taxation on amortisation	(26,250)	(2,876)
Tax expense	11,137	1,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25. TAX EXPENSE (CONTINUED)

The effective tax rate used in order to arrive at the tax expense is as follows:

	2018	2017
	EUR '000s	EUR '000s
Profit/Loss before tax	(326,117)	(20,873)
Tax expense for the period	11,137	1,694
Effective tax rate	-3.42%	-8.12%

26. RECOGNISED FAIR VALUE MEASUREMENT

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards issued by the International Accounting Standards Board. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on equity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

The following table summarises the valuation of the Group's investments by the fair value hierarchy as detailed above as at 31 December 2018:

		31 Dec 2018	
	Level 1	Level 2	Level 3
	EUR '000s	EUR '000s	EUR '000s
Financial assets at fair value through profit or loss	-	737	-
Financial assets at fair value through other comprehensive income	-	-	-
Financial liabilities at fair value through profit or loss	-	(213)	-
	-	524	-
		31 Dec 2017	
	Level 1	**Level 2**	**Level 3**
	EUR '000s	**EUR '000s**	**EUR '000s**
Financial assets at fair value through profit or loss	-	672	-
Financial assets at fair value through other comprehensive income	-	-	-
Financial liabilities at fair value through profit or loss	-	(340)	-
	-	332	-

Transfers between Level 2 and 3

During the period ended 31 December 2018, the Group did not transfer any financial instruments between level 2 and 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

27. LEASES

As at 31 December 2018 the Group and its subsidiaries did not own any buildings for their own use, but rather carried on their activity in properties leased under operating leases. The balance of the lease expenses accrued in 2018 amounted to EUR 6,111 thousand (2017: EUR 929 thousand) and this was recognised under "General and administrative expenses" in the Consolidated Statement of Comprehensive Income.

Commitments in relation to office operating leases payable are as follows:

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Within one year	4,950	4,262
Later than one year but not later than five years	15,720	11,701
Later than five years	2,286	4,218
	22,956	20,181

Commitments in relation to vehicle operating leases payable are as follows:

	31 Dec 2018	31 Dec 2017
	EUR '000s	EUR '000s
Within one year	176	126
Later than one year but not later than five years	291	121
Later than five years	-	-
	467	247
	23,423	20,428

28. INVESTMENT IN SUBSIDIARY

The company owns 100% of the share capital of Liberty Partners, S.L.U., a holding company, and indirectly in its subsidiaries.

Investment in sublsidiary is held at cost less accumulated impairment losses

	31/12/2018
	EUR 000s
Investment at cost	1,331,238
Distribution received	(2,100)
Impairment on investment	(362,000)
Total Investment in Subsidiary as at 31 December 2018	967,138

29. RELATED PARTY TRANSACTIONS

Subsidiaries

The Group's principal subsidiaries as at 31 December 2018 are set out below:

Name of entity	Place of business/country of incorporation	Ownership	Principal activities
Liberty Partners, S.L.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Asset holding
Allfunds Bank, S.A.U. C/ de los Padres Dominicos 28050, Madrid, Spain	Spain	100%	Banking and investment services
Allfunds Bank International S.A. 30, Boulevard Royal L-2449 Luxembourg	Luxembourg	100%	Institutional brokerage services for the purchase and sale of units in CIUs
Allfunds Nominee Limited 2 Fitzroy Place, 8 Mortimer Street 6th floor, London, W1T 3JJ	United Kingdom	100%	Asset holding
Allfunds Bank Brasil Representacoes Ltda. Rua Tabapuã, 1227, Itaim Bibi, São Paulo, Brasil	Brazil	100%	Representation services
Allfunds International, Schweiz AG Bahnhofstrasse 26, 8001 Zürich, Switzerland	Switzerland	100%	Distribution of collective investment undertakings
Fintech Partners, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Holding company
Finametrix, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Nextportfolio, S.L.U. Calle Pintor Sorolla 5, 46002 Valencia, Spain	Spain	100%	Computer programming
Allfunds Hong Kong Limited 30th Floor, One Taikoo Place, 979 Kings's Road, Hong Kong	Hong Kong	100%	No activity

Key management personnel compensation

Following is the detail of the remuneration paid to the Group's senior executives for the period ended 31 December 2018.

	2018	2017
Number of persons:	37	31

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation (continued)

	2018 EUR '000s	2017 EUR '000s
Fixed salary:	6,746	514
Variable salary:	2,568	570
Total:	9,314	1,084

30. CONTINGENT LIABILITIES

On 3 March 2011, Fairfield Sentry Limited and Fairfield Simga Limited (the "Funds"), both in liquidation and affected by the so-called Madoff case, filed a claim at the United States Bankruptcy Court for the Southern District of New York against a distributor company outside the Allfunds Bank Group and against Allfunds Bank, S.A. As a result of the reimbursements made by Allfunds Bank, S.A. to the participants in these Funds prior to December 2008, in accordance with the instructions of the abovementioned distributor company because, in the opinion of the liquidators of the funds, among other reason, incorrect payments had been made and unjust enrichment had resulted from such reimbursements to the amount of USD 3,505,471.33 (approx.. EUR 3,062 thousand).

On the date of 13 January 2017, the group of defendants, which include Allfunds Bank, filed an application for the dismissal of the pending demand. As a result of this application and the response to it submitted by the plaintiff and subsequent reports requested by the Court, on 6 August 2018, the Court issued a decision on some issues included in the defendants' petition to dismiss the plaintiffs' allegations, requesting the parties to provide the Court with guidance on the most efficient way to proceed. To that end, the plaintiff and the defendants negotiated and signed a procedure that would allow the Court to decide on the remaining material issues presented in the dismissal petition. On 20 September 2018, the Court approved the procedure agreed between the defendants and the plaintiff. Currently the parties are awaiting the decision on the request for dismissal and the allegations presented.

The Group considers that, in the final analysis, it will not have to bear the possible adverse consequences of the aforementioned procedure, since it understood that it acted as a mere intermediary without benefitting, in any case, from the reimbursements made.

Accordingly, no provision was recognised in the consolidated financial statements as at 31 December 2018 (2017: NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

31. SUBSEQUENT EVENTS

Subsequent events have been evaluated up to the date on which the financial statements were approved and authorised for issue by the Directors. The following events were identified:

- On March 24th 2019, Allfunds Bank, S.A.U., a subsidiary of the Group, entered into a definitive agreement to acquire Nordic Fund Market ("NFM") through the purchase of 100% of the shares in Nasdaq Broker Services AB from its shareholder Nasdaq Technology AB. NFM is one of the major providers of fund services in Sweden. The acquiree company holds an Investment Firm license in Sweden, is regulated by Swedish Finansinspektionen and is also authorized to operate in Finland and Norway on a cross border basis. The transaction remains subject to customary regulatory approvals and is expected to close during the second half year ending 31 December 2019.

- On 25 March 2019, the Company entered into an agreement in respect of the Loan with Liberty Partners, S.L.U. which reduces the intercompany loan balance down from €592,286 thousand to €70,000 thousand. It was therefore agreed that the repayment of the loan be settled by way of a share issuance in Liberty Partners, S.L.U. Therefore, the Company increased its shareholding in Liberty Partners, S.L.U., by 5,374,220 new shares at a nominal value of Euro 1 per share and share premium of €516,912 thousand.

32. ULTIMATE HOLDING COMPANY

The Company is ultimately owned by a consortium of investors, including funds managed by affiliates of Hellman & Friedman LLC and Eiffel Investment Pte Ltd, a nominated investment vehicle of GIC Special Investments Pte Ltd, a direct subsidiary of GIC (Ventures) Pte Ltd ("Eiffel"), through wholly owned subsidiaries, LHC1 Limited, LHC2 Limited and LHC3 Plc. A company owned by senior employees of Allfunds Bank Group also holds a minority interest in LHC1 Limited.

mazars

Via Ceresio, 7
20154 Milano

Tel: +39 02 32 16 93 00
www.mazars.it

Independent Auditor's Report *R2021/00265*

To the Board of Directors of BNP Paribas Securities Services S.A.

Opinion

We have audited the Carve-Out Financial Statements of Banca Corrispondente business ("Banca Corrispondente") which comprise the balance sheet as at October 2, 2020, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, related to the business unit so called "Banca Corrispondente" of BNP Paribas Securities Services, demerged in Allfunds Group, and notes to the financial statements, including a summary of significant accounting policies (the "Carve-Out Financial Statements").

In our opinion, the Carve-Out Financial Statements present fairly, in all material respects, the financial position of Banca Corrispondente as at October 2, 2020, and its financial performance and its cash flows for the period then ended in accordance with the accounting policies described in the notes to the Carve-Out Financial Statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are independent of BNP Paribas Securities Services pursuant to the regulations and standards on ethics and independence of the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants that are relevant to the audit of the Carve-Out Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2.1 to the Carve-Out Financial Statements, which describes the basis of accounting. The Carve-Out Financial Statements has been prepared for the sole purpose to back the contribution on AFB of the BC business. The Carve-Out financial statements of Banca Corrispondente for the financial period starting from January 1, 2020 to October 2, 2020 may be included in a prospectus for securities offering by Allfunds (UK) Limited to comply with any prospectus regulation. Allfunds (UK) Limited and its directors will have responsibility for the historical financial information for the period ended 2 October 2020 included in the prospectus, if any, under the Prospectus Delegated Regulation (EU) 2019/980. As a result, the Carve-Out Financial Statements may not be suitable for another purpose. Our report is intended solely for your information and may not be used for another purpose or distributed, in whole or in part, to third parties for purpose other than those reported above. Our opinion is not modified in respect of this matter.

Mazars Italia S.p.A.

Capitale sociale deliberato, sottoscritto e versato € 120.000 - Sede legale: Via Ceresio, 7 - 20154 Milano
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Responsibilities of Management and Those Charged with Governance for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the Carve-Out Financial Statements in accordance with the criteria illustrated in the notes thereto and for such internal control as management determine is necessary to enable the preparation of the Carve-Out Financial Statements that is free from material misstatements, whether due to fraud or error.

In preparing the Carve-Out Financial Statements, management is responsible for assessing the Banca Corrispondente's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Banca Corrispondente's financial reporting process.

Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the Carve-Out Financial Statements as a whole are free from material misstatements, 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 International Standards on Auditing (ISAs) 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 Carve-Out Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Banca Corrispondente'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 Carve-Out Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up the date of our auditor's report. However, future events or conditions may cause the Banca Corrispondente to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Carve-Out Financial Statements, including the disclosures, and whether the Carve-Out Financial Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Milan, 13 April 2021

Mazars Italia S.p.A.

Marco Lumeridi
Partner

Banca Corrispondente business

Carve-out financial statements at October 2, 2020

Balance sheet

In thousands of euros	Notes	02 October 2020	31 December 2019
ASSETS			
Financial assets at amortised cost	6.1	**466.910**	**401.845**
Loans and advances to credit institutions	6.1	466.910	401.845
Accrued income and other assets	6.2	**11.814**	**11.056**
TOTAL ASSETS		**478.724**	**412.901**
LIABILITIES			
Financial liabilities at amortised cost	6.4	**(417.565)**	**(387.150)**
Deposits from credit institutions	6.4	(417.565)	(387.150)
Accrued expenses and other liabilities	6.5	**(23.301)**	**(16.441)**
Provision for employee severance pay	6.6	**(219)**	**(186)**
TOTAL LIABILITIES		**(441.085)**	**(403.777)**
EQUITY			
Equity	6.3	**(37.639)**	**(9.123)**
TOTAL EQUITY		**(37.639)**	**(9.123)**
TOTAL LIABILITIES AND EQUITY		**(478.724)**	**(412.901)**

Income Statement

In thousands of euros	Notes	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
Interest expense	7.1	590	582
Commission income	7.2	(64.164)	(57.885)
Commission expense	7.2	3.065	810
REVENUES		**(60.509)**	**(56.492)**
Salary and employee benefit expense	7.3	3.864	3.838
Other operating expenses	7.4	6.965	7.313
GROSS OPERATING INCOME		**(49.680)**	**(45.342)**
Other operating expenses/income	7.5	120	(272)
OPERATING INCOME		**(49.559)**	**(45.613)**
PRE-TAX INCOME		**(49.559)**	**(45.613)**
Corporate income tax	7.6	16.399	15.110
(PROFIT) LOSS OF THE PERIOD		**(33.160)**	**(30.503)**

Statement of comprehensive income

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
(Profit) Loss of the period	**(33.160)**	**(30.503)**
Other comprehensive income after tax not reclassified to profit or loss	**-**	**-**
Equity instruments designated at fair value through other comprehensive income	-	-
Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	-	-
Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Defined-benefit plans	-	-
Non-current assets and disposal groups classified as held for sale	-	-
Portion of valuation reserves from investments valued at equity method	-	-
Other comprehensive income after tax reclassified to profit or loss	**-**	**-**
Foreign investments hedging	-	-
Foreign exchange differences	-	-
Cash flow hedging	-	-
Hedging instruments (non-designated items	-	-
Financial assets (different from equity instruments) at fair value through other comprehensive income	-	-
Non-current assets and disposal groups classified as held for sale	-	-
Part of valuation reserves from investments valued at equity method	-	-
Total other comprehensive income after tax	**-**	**-**
Other comprehensive income	**(33.160)**	**(30.503)**

Statement of changes in net equity

In thousands of euros	Existing at January 1, 2019	Carve-Out absorption	Losses (profit) carried forward including the profit for the period	Equity at October 2, 2019
Equity	**(9.758)**	28.800	(30.503)	**(11.404)**

In thousands of euros	Existing at October 3, 2019	Carve-Out absorption	Losses (profit) carried forward including the profit for the period	Equity at December 31, 2019
Equity	**(11.404)**	12.828	(10.547)	**(9.123)**

In thousands of euros	Existing at January 1, 2020	Carve-Out absorption	Losses (profit) carried forward including the profit for the period	Equity at October 2, 2020
Equity	**(9.123)**	4.645	(33.160)	**(37.639)**

Cash flow statement

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
A. OPERATING ACTIVITIES		
1. Operations:	**33.280**	30.288
(profit) loss for the period (+/-)	33.160	30.503
net provisions for risks and charges and other expenses/income (+/-)	120	(272)
other adjustments (+/-)	-	57
2. Liquidity generated/absorbed by financial assets:	**(65.944)**	**(177.221)**
financial assets at amortised cost	(64.583)	(174.966)
other assets	(1.361)	(2.255)
3. Liquidity generated/absorbed by financial liabilities:	**37.308**	**175.303**
financial liabilities at amortised cost	30.415	174.966
other liabilities	6.893	337
Net liquidity generated/absorbed by operating activities	**4.645**	**28.370**
B. INVESTMENT ACTIVITIES		
Net liquidity generated/absorbed by investment activities	**-**	**-**
C. FUNDING ACTIVITIES		
Carve out absorption	(4.645)	(28.800)
Net liquidity generated/absorbed by funding activities	**(4.645)**	**(28.800)**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**(0)**	**0**
Cash and cash balances at the beginning of the period	**-**	**-**
Net liquidity generated/absorbed in the period	(0)	**0**
Cash and cash balances: foreign exchange effect	**-**	**-**
Cash and cash balances at the end of the period	**(0)**	**0**

Banca Corrispondente

Explanatory notes to the Carve-out financial statements at October 2, 2020

1. General information

On 20 October 2019 BNP Paribas entered in a partnership with Allfunds Bank (hereinafter also “AFB”), aimed to optimize the BNP commercial franchise and brand, in terms of innovation and IT solution. Such partnership consists in an agreement that encompasses an outsourcing of activities toward and contribution in kind of some BNP Paribas business versus the acquisition of a final stake in LHC4 (the UK Holding of the operational entity, Allfunds Bank). On the basis of the afore mentioned agreements BNP Paribas Securities Services (hereinafter also “BP2S”) has separated and contributed the so-called "Banca Corrispondente" business unit (hereinafter also “BC”), through its spin-off, to the Allfunds Group (hereinafter **“The Distribute acquisition”**).

The Banca Corrispondente provides transfer agency and local payment agency services and is mainly made up of the current accounts of financial institutions, SGR, pension funds and corporate.

The effects of the spin off, for accounting and tax purposes, were effective from October 2, 2020.

In particular, the consideration paid for the contribution of the Banca Corrispondente business is represented by 371.378 ordinary shares of Allfunds Bank S.A.U., with no subsequent cash settlement.

The global plan envisaged that: *(i)* BNP Paribas (hereinafter also “BNPP”) would have purchased though its Securities Services company and its Asset Management company (PAM) a global 22.5 % stake of Allfunds Bank S.A.U. and *(ii)* by virtue of the deal (including the Italian contribution) BNPP will entrust to Allfunds the management of the distribution contracts and the management of the Transfer Agent business, expanding their range of services offered, and consolidating their position in the sub distribution sector and (iii) BNP will benefit from the partnership with a market leader in the platform wealthtech.

This document shows the financial information of the Banca Corrispondente (Italian side) business with reference to the period from January 1, 2020 to October 2, 2020 with comparative data (hereinafter the "**Carve-Out financial statements**"). However, we point out that:

- up to the effective date of the spin off, the Banca Corrispondente never operated independently as a separate company. However, that business, among others, has been monitored separately by the BP2S management;
- even if the information required to reconstruct its historical income statements and balance sheet are available, in certain cases, items transferred through the carve out have been quantified through allocation criteria, identified by the management.

With particular reference to operating and financial information of the Banca Corrispondente, it is noted that:

- revenues can be identified separately in the overall revenue of the BP2S;
- some categories of historical costs could have been identified only on the basis of assumptions which would have rendered the calculation difficult and subjective.

2. Summary of criteria adopted for the preparation of the Carve-Out financial statements

The main drafting criteria adopted for the preparation of the Carve-out financial statements as at October 2, 2020 are shown below.

2.1. Preparation basis

BP2S is a branch. Therefore, it does not usually prepare a financial statement subject to publication in Italy. However, it prepares a reporting package in accordance with the International Financial Reporting Standards (hereinafter **"IFRS"**) issued by the International Accounting Standards Board (hereinafter **"IASB")** to allow BNP Paribas to prepare its consolidated financial statements in accordance with international accounting standards.

The economic and financial results, as well as the financial position of the Banca Corrispondente, as reported above, were incorporated into BNP Securities Service (BP2S) until the spin off has become effective. Therefore, these Carve-Out financial statements have been prepared on the basis of the results of the general and management accounting of BP2S (for the purpose of drafting the IFRS Reporting Package) for the period January 1, 2020 – October 2, 2020 and only for comparative purposes for the period January 1, 2019 – October 2, 2019.

The Carve-Out financial statements reflect the historical carve-out information relating to the economic and financial results, cash flows and the statement of financial position, directly or indirectly attributable to the Banca Corrispondente business, including an allocation of BP2S's indirect structure costs.

In particular, the elements of the balance sheet, as well as the revenues and costs have been allocated, where possible and applicable, using the various methodologies detailed below. The management believes that the assumptions underlying the preparation of the Carve-Out financial statements, including the allocation of the indirect structure costs, are reasonable. However, if the assets and liabilities belonging to the Banca Corrispondente have actually been attributable to the business for the period from January 1, 2020 to October 2, 2020, the equity, financial and economic results shown in the Carve-out financial statements would not necessarily have occurred. Therefore, these figures do not represent the financial situation and actual results of the Banca Corrispondente were it to have operated as a separate company in the period from January 1, 2020 to October 2, 2020. Furthermore, the Carve-Out financial statements figures must not be assimilated to forecast figures of the same.

The Carve-Out financial statements have been prepared for the sole purpose to back the contribution on AFB of the BC business. The Carve-Out financial statements of Banca Corrispondente for the financial period starting from January 1, 2020 to October 2, 2020 may be included in a prospectus for securities offering by Allfunds (UK) Limited to comply with any prospectus regulation. Allfunds (UK) Limited and its directors will have responsibility for the historical financial information for the period ended 2 October 2020 included in the prospectus, if any, under the Prospectus Delegated Regulation (EU) 2019/980.

The Carve-Out financial statements were prepared in accordance with international accounting standards, meaning all "International Financial Reporting Standards", all "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), previously called "Standing Interpretations Committee" (SIC) which were subject to approval by the European Union pursuant to the procedure set out in Regulation (EC) no. 1606/2002 of the European Parliament and of the European Council of July 19, 2002 (hereinafter "**IFRS**") and according to the specific carve-out criteria illustrated below.

Furthermore, the Carve-Out financial statements have been drawn up with a view to continuing the Banca Corrispondente's business and using the conventional historical cost criterion, except for in the event the measurement of financial assets and liabilities required the application of the criterion of fair value.

The Carve-out financial statements were prepared in euros, which is the currency of the prevailing economic environment in which the business operates. All amounts included in this document are presented in thousands of euros, unless otherwise indicated.

2.2. Allocation criteria for the Carve-out financial statements

The preparation of the Carve-out financial statements required the use of the allocation criteria shown below.

Income Statement

Revenues related to Banca Corrispondente can be distinguished separately from the BP2S' overall revenues and, therefore, the revenues associated with the activities carried out by the Banca Corrispondente for BP2S for the period between January 1, 2020 and October 2, 2020 have been directly identified for the purposes of preparing the Carve-Out financial statements.

Operating expenses, including service costs, employee benefits expenses and other operating costs (e.g. re-charge of third parties' costs) that can be promptly identified and directly related to the Banca Corrispondente (e.g. personnel transferred) have been included in the Carve-Out financial statements. However, in some circumstances it was necessary to identify allocation parameters, considered in the most appropriate circumstances. In particular, expenses needed to be allocated have been sourced from the Management accounting tool Paradigm. The expenses reported in Paradigm are grouped in cost centres in order to identify each single team cost base and to get the full cost of the products offered. Transversal expenses have been allocated on the basis of allocation keys based on the most appropriate driver representing the consumption made by the different businesses including Transfer Agent.

Drivers used to allocate costs are various and depends on the underlying service, we can refer either to percentages of services used by Banca Corrispondente business, or the space occupied by the business or the headcount proportionally to the whole size of the branch.

Material transversal expenses allocated to Banca Corrispondente are related to IT and include infrastructure costs, transversal IT service (e.g. Help Desk) and IT deployment projects concerning the specific business. Such costs are allocated on the basis of IT workload spent on Banca Corrispondente and, if specific timesheet is not available, on the basis of BC Headcount on total BP2S staff.

Premises costs are allocated on the basis of square meters occupied by the BC business, proportionally to the total space available for BP2S in the building. Such costs include rent and other transversal premises costs (e.g. building management, utilities, security, internal moves…).

Balance Sheet

Taking into account the spin-off of Banca Corrispondente incurred in October2020, the assets and liabilities included in the Carve-Out financial statements as at October 2, 2020 were attributed through direct allocation. Consequently, the carve out financial statements include only the assets and liabilities that have been included in the spin off transaction at its effective date. The source used to identify Balance Sheet items for Banca Corrispondente is Matisse and the official audit trails behind Matisse data, the official financial reporting tool, that allowed Management to calculate the balances object of the transfer.

In particular, the assets included in the spin-off operation include: invoices outstanding (outstanding credit vs clients following the emission of invoice linked to Banca Corrispondente’s services), accruals on commission (part of BP2S accruals related to the activity of Banca Corrispondente, corresponding to invoices to be issued, cash linked mainly to client cash deposits and suspense accounts dedicated to the business). The liabilities include clients account (corresponding to cash linked mainly to client cash deposits), suspense accounts, provision and liabilities to employees, accruals on expenses (invoices to be booked). The balance sheet structure is mainly linked to the business model that has clients mainly working with BP2S on the Banca Corrispondente business, and a series of cash accounts historically dedicated to them in order to avoid any pollution with other businesses.

2.3. Carve-out financial statements structure

The Carve-out financial statements include the balance sheet, the income statement, the statements of changes in net equity, the cash flow statement and the explanatory notes as at October 2, 2020 (including the prior period comparative figures).

The structure used best represents the Banca Corrispondente’s economic, equity and financial situation. The financial statements and related classification criteria adopted in the preparation of the Carve-out financial statements are indicated below:

- the statement of Cash Flows was prepared by showing the cash flows deriving from operating activities in accordance with the "indirect method", as allowed by the IAS 7;
- the statement of changes in the net equity accounts is presented with separate evidence of the profit for the period and any income and charges not recognized in the income statement but charged directly to net equity, on the basis of specific IFRSs.

2.4. Summary of significant accounting policies for the Carve-out financial statements

2.4.1 Net interest income, commissions and income from other activities

2.4.1 a) NET INTEREST INCOME

Income and expenses relating to debt instruments measured at amortised cost are recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, is equal to the carrying amount of the asset or liability in the balance sheet. The effective interest rate measurement takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

2.4.1 b) COMMISSIONS AND INCOME FROM OTHER ACTIVITIES

Fees and commissions income and other operating income are accounted for in income statement as the entity satisfies the performance obligation embedded in the contract, according to "IFRS15 Revenue from Contracts with Customers" rules.

In particular:

- if the performance obligation is satisfied at a specific moment ("point in time"), the related revenue is recognised in income statement when the service is provided;
- if the performance obligation is satisfied over-time, the related revenue is recognised in income statement in order to reflect the progress of satisfaction of such obligation.

Due to the above-mentioned rules, transaction fees coming from trading are typically booked in the moment when the service is provided while fees related to portfolios management or mailing or fund management are normally recognised during the term of the contract (input method).

For this second type of fees, in fact, it is deemed that the input which are necessary to provide the service incorporated in the performance obligation are evenly distributed during the term of the contract.

If the timing of cash-in is not aligned to the way the performance obligation is satisfied, the entity accounts for a contract asset or a contract liability for the portion of revenue accrued in the period or to defer in the following periods.

The amount of revenues linked to fees and commissions income and other operating income is measured based on contractual provisions. Due to the structure of the business model, part of the income is related to fees schedules that are valid for the entire length of the contracts while invoices are issued on a monthly basis accordingly to the key performance indicators that are indicated as drivers for the invoices such as AUM.

With regards to the other activities, it is needed to mention that are part of Banca Corrispondente business revenues generated by the forex (FX) activities agreed in the arrangement with the distributors and the fund managers. FX are performed automatically, booked in the Paris head quarter, and paid back to the entity accordingly to the Transfer Price agreement in force.

2.4.2 CURRENT TAX

The current income tax charge is determined on the basis of the tax laws and tax rates in force in Italian country in which the entity operates during the period in which the income is generated. As regards the assessment of uncertainty over income tax treatments, the entity adopts the following approach:

- the entity assesses whether it is probable that a taxation authority will accept an uncertain tax treatment;
- any uncertainty shall be reflected when determining the taxable profit (loss) by considering either the most likely amount (having the higher probability of occurrence), or the expected value (sum of the probability-weighted amounts).

Current taxes are recognised as tax income or expenses in the profit and loss account.

2.4.3 FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified at amortised cost depending on the business model and the contractual features of the instruments at initial recognition. Financial liabilities are classified at amortised cost. Financial assets and liabilities are recognised in the balance sheet when the entity becomes a party to the contractual provisions of the instrument.

2.4.3 a) FINANCIAL ASSETS AT AMORTISED COST

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal.

Business model criterion

Financial assets are managed within a business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument. The realisation of disposals closes to the maturity of the instrument and for an amount close to the remaining contractual cash-flows, or due to an increase in the counterparty's credit risk is consistent with a business model whose objective is to collect the contractual cash flows (“collect”).

Recognition

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction as well as commissions related to the origination of the loans. They are subsequently measured at amortised cost, including accrued interest and net of repayments of principal and interest during the past period. These financial assets are also subject from initial recognition, to the measurement of a loss allowance for expected credit losses. Interest is calculated using the effective interest method determined at inception of the contract.

2.4.3 b) IMPAIRMENT OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

The impairment model for credit risk is based on expected losses. This model applies to loans and debt instruments measured at amortised cost or fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets.

General model

The entity has identified three “stages” that correspond each to a specific status with regards to the evolution of counterparty credit risk since the initial recognition of the asset.

- 12-month expected credit losses (“stage 1”): If at the reporting date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months).
- Lifetime expected credit losses for non-impaired assets (“stage 2”): The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not considered credit-impaired or doubtful.
- Lifetime expected credit losses for credit-impaired or doubtful financial assets (“stage 3”): the loss allowance is also measured for an amount equal to the lifetime expected credit losses. This general model is applied to all instruments within the scope of IFRS 9 impairment.

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past due. The definition of default is used consistently for assessing the increase in credit risk and measuring expected credit losses.

Credit-impaired or doubtful financial assets

Definition

A financial asset is considered credit-impaired or doubtful and classified in “stage 3” when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. At an individual level, objective evidence that a financial asset is credit-impaired includes observable data regarding the following events: the existence of accounts that are more than 90 days past due; knowledge or indications that the borrower meets significant financial difficulties, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments.

Significant increase in credit risk

The significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instruments. They are measured on an individual basis, for all exposures. In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”), discounted at the effective interest rate of the exposure (EIR). They result from the risk of default within the next 12 months (stage 1), or from the risk of default over the maturity of the facility (stage 2). The measurement of these parameters is performed on a statistical basis for homogeneous populations. For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument. Cash shortfalls represent the difference between the cash-flows that are due in accordance with the contract, and the cash-flows that are expected to be received. The methodology developed is based on existing concepts and methods (in particular the Basel framework) on exposures for which capital requirement for credit risk is measured according to the IRBA methodology. This method is also applied to portfolios for which capital requirement for credit risk is measured according to the standardised approach. Besides, the Basel framework has been adjusted in order to be compliant with IFRS 9 requirements, in particular the use of forward-looking information.

Maturity

All contractual terms of the financial instrument (including prepayment, extension and similar options) over the life of the instrument are taken into account. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term must be used.

The standard specifies that the maximum period to consider when measuring expected credit losses is the maximum contractual period.

Probabilities of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. The measurement of expected credit losses requires the estimation of both 1-year probabilities of default and lifetime probabilities of default. 1-year PDs are derived from long term average regulatory "through the cycle" PDs to reflect the current situation ("point in time" or "PIT"). Lifetime PDs are determined from the rating migration matrices reflecting the expected rating evolution of the exposure until maturity, and the associated probabilities of default.

Loss Given Default (LGD)

The Loss Given Default is the difference between the contractual cash-flows and the expected cashflows, discounted using the effective interest rate (or an approximation thereof) at the default date. The LGD is expressed as a percentage of the EAD. The estimate of expected cash flows takes into account cash flows resulting from the sale of collateral held or other credit enhancements if they are part of the contractual terms and are not accounted for separately by the entity (for example, a mortgage associated with a residential loan), net of the costs of obtaining and selling the collateral. The LGD used for IFRS 9 purpose is derived from the Basel LGD parameter. It is retreated from downturn and conservatism margins (in particular regulatory margins), except margins for model uncertainties.

Exposure at Default (EAD)

The Exposure at Default (EAD) of an instrument is the anticipated outstanding amount owed by the obligor at the time of default. It is determined by the expected payment profile taking into account, depending on the product type: the contractual repayment schedule, expected early repayments and expected future drawings for revolving facilities.

Forward looking

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

Due to the activity of Banca Corrispondente business, the loans and advances to credit institutions represented by cash balances for the subscriptions and redemptions (with no underlying facility credit) have a medium life of few days. Consequently, the application of IFRS 9 does not lead to any impairment.

2.4.3 c) COST OF RISK

Cost of risk includes the following items of income:

- Impairment gains and losses resulting from the accounting of loss allowances for 12-month expected credit losses and lifetime expected credit losses (‘stage 1’ and ‘stage 2’) relating to debt instruments measured at amortised cost, contract assets and trade receivables;

- Impairment gains and losses resulting from the accounting of loss allowances relating to financial assets for which there is objective evidence of impairment (‘stage 3’), write-offs on irrecoverable loans and amounts recovered on loans written-off; -

It also includes expenses relating to fraud and to disputes inherent to the financing activity.

2.4.4 LEASES

Lease contracts whose term is shorter than or equal to 12 months and low-value contracts are not recognized.

Lease contracts, with the exception of contracts whose term is shorter than or equal to 12 months and low-value contracts, are recognized in the balance-sheet in the form of a right of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period.

The right of use assets is amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period.

2.4.5 EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;

- long-term benefits, including compensated absences, long-service awards, and other types of cash based deferred compensation;

- termination benefits;

2.4.5 a) Short-term benefits

The entity recognises an expense when it has used services rendered by employees in exchange for employee benefits.

2.4.5 b) Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months, which is accrued in the financial statements for the period in which it is earned.

On these benefits, it is included the non-current liability for "severance indemnities" ("TFR") due to employees pursuant to article 2120 of the Italian Civil Code. This liability falls within the so-called employee fixed benefit plans. In such plans, the amount of the benefit to be paid to the employee can only be quantified after termination of that employee's employment and is linked to one or more factors, such as age, years of service and salary; thus, the corresponding charge is determined by means of an actuarial calculation. The liability recorded in the financial statements for fixed benefit plans corresponds to the current value of the liability at the date of the financial statements. Liabilities for fixed benefit plans are calculated annually by an independent actuary, using the projected unit credit method. Actuarial gains and losses deriving from changes in the actuarial assumptions, are imputed to the statement of comprehensive income.

As of January 1, 2007, the 2007 Finance Act and the corresponding implementing decrees, have introduced important changes to the way TFR is regulated, including the employee's choice of use of his/her own TFR as it falls due. Specifically, the new flows of TFR may be directed by the employee toward selected forms of pension plan or may be kept in the company. In the event that the employee decides to assign TFR to independent pension schemes, the company is only bound to make a contribution to the chosen pension fund, and starting from that date, the newly matured quotas shall take the form of fixed contribution plans not subject to actuarial assessment.

2.4.5 c) Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the entity to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits.

No termination benefits have been accrued on BC business employees.

2.4.6 Provisions for risks and charges

Provisions for risks and charges are recognised when:

- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision. In particular, where the effect of the time value of money is significant, the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments. Provisions are reviewed periodically and adjusted to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are used only for expenses for which they were originally recognised. Allocations made in the year are recognised in profit and loss item "Net provisions for risks and charges: b) other net provisions" and include increases due to the passage of time; they are also net of any reversals.

2.4.7 Related Parties

Related parties mean those that share the same controlling entity with the Banca Corrispondente business, companies that directly or indirectly control it, are controlled, or are subject to joint control by the Company and those in which it holds a stake that can exercise a significant influence. The definition of related parties also includes the members of the Company's Board of Directors and managers with strategic responsibilities. Managers with strategic responsibilities are those who have the power and responsibility to plan and control the Banca Corrispondente's activities, directly or indirectly.

3. Use of estimates and assessments

3.1 USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements.

This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates.

The actual future results from operations where managers have made use of estimates may differ from those estimates.

This applies in particular to:

- the analysis of the cash flow criterion for specific financial assets;

- the measurement of expected credit losses this applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses the determination of the different economic scenarios and their weighting;

- the measurement of uncertainty over income tax treatments and other provisions for contingencies and charges. In particular, while investigations and litigations are ongoing, it is difficult to foresee their outcome and potential impact. Provision estimation is established by taking into account all available information at the date of the preparation of the financial statements, in particular the nature of the dispute, the underlying facts, the ongoing legal proceedings and court decisions, including those related to similar cases. The entity may also use the opinion of experts and independent legal advisers to exercise its judgement.

3.2 Fair value measurement

In measuring the fair value of an asset or a liability, Banca Corrispondente uses observable market data as far as possible. Fair value is divided into various hierarchical levels based on the input data used in the measurement techniques, as illustrated below.

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: input data other than the listed prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- Level 3: input data relating to the asset or liability that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability can be classified at different levels of the fair value hierarchy, the entire measurement is entered at the same hierarchy level as the lowest level input which is significant for the overall measurement.

4. New major accounting standards, published, but not yet applicable

IFRS 17 "Insurance Contracts", issued in May 2017, will replace IFRS 4 "Insurance Contracts" and will become mandatory for annual periods beginning on or after 1 January 20212, after its adoption by the European Union for application in Europe. No expected impact.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1), issued in January 2020, with date of entry into force from January 1, 2023.

Any impact of the new standards/additions on the Carve-out financial statements is still being assessed.

5. Financial risk management

Banca Corrispondente is exposed to credit risk.

Credit risk

There aren't credit facilities allowed to Banca Corrispondente clients, the only potential risk is the potential overdrafts on the cash accounts, that are monitored to the BNPP risk structures and are considered if happens in the RWA and capital consumption of BP2S.

6. Notes on the balance sheet

6.1 Financial assets at amortised cost

Financial assets at amortised cost at October 2, 2020 are detailed in the table below:

In thousands of euross	02 October 2020			31 December 2019		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Loans and advances to credit institutions	466.910	-	466.910	401.845	-	401.845
On demand accounts	466.910	-	466.910	401.845	-	401.845
Total loans and advances at amortised cost	466.910	-	466.910	401.845	-	401.845

The increase into loans to credit institutions at October 2, 2020 compared to December 31, 2019 is determined by the increased level of business activity due to the strong volatility of the markets also due to the outbreak environment. Cash balances are instrumental to the subscriptions and redemptions business model, therefore it's normal a relation between the two dimensions.

The related parties accounts included in the financial assets at amortized cost are detailed below:

In thousands of euros	10.02.2020	12.31.2019
BP2S Paris	438.682	401.845
BP2S Milan Branch	28.228	-
Totale complessivo	466.910	401.845

**BNP PARIBAS FUNDS include many different funds referred to BNP Group.*

The amount in front of BP2S Paris is related to the overnight deposit of client liquidity made with Paris Head Office accordingly to the global BP2S liquidity management model, with banks property of BP2S Milan Branch.

The financial asset from BP2S Milan Branch is related to the roll-up closing value true-up clause of the Investment Agreement signed on October 20, 2019 among Allfunds Bank, S.A.U and Liberty Partners, S.L.U. and LHC4 (UK) Limited and LHC3 plc and BNP Paribas Securities Services and BNP Paribas Asset Management France.

The detail of financial assets at amortised cost by stage is represented as follows:

In thousands of euross	10.02.2020			12.31.2019		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Loans and advances to credit institutions	466.910	-	466.910	401.845	-	401.845
Stage 1	466.910	-	466.910	401.845	-	401.845
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Total financial assets at amortised cost	466.910	-	466.910	401.845	-	401.845

The fair value of these financial assets is deemed to approximate the related book value at October 2, 2020 and December 31, 2019.

6.2 Accrued income and other assets

At October 2, 2020, accrued income and other assets, equal to 11.814 thousands of euros (2019: 11.056 thousands of euros), include:

- invoices outstanding for a net amount equal to 3.680 thousands of euros (2019: 4.282 thousands of euros) of which 625 thousands of euros related to intercompany activity (2019: 851 thousands of euros);
- accruals on commissions for an amount equal to 8.113 thousands of euros (2019: 6.774 thousands of euros) of which 2.105 thousands of euros related parties (2019: 1.463 thousands of euros);
- prepayments equal to 21 thousands of euros related to suppliers and prepayments (2019: nil) related to employees;

In thousands of euros	10.02.2020	12.31.2019
Accrued income and prepaid expenses	11.814	11.056
Total accrued income and other assets	11.814	11.056

The table below shows the total accruals and prepaid expenses with detail of related parties accounts:

In thousands of euros	10.02.2020	12.31.2019
BNL	1.514	1.235
BNP PARIBAS FUNDS	668	954
PARVEST	483	47
FUNDQUEST (FQUE)	64	40
PARWORLD - FCA	1	20
THEAM (EX-HAREWOOD ASSET MANAGEMENT)	0	18
Total IOC	**2.731**	**2.314**
Other assets	9.084	8.742
Total accrued and prepaid expenses	**11.814**	11.056

**BNP PARIBAS FUNDS include many different funds referred to BNP Group.*

The receivables for invoices issued and the receivables from BC business for invoices to be issued are net of the bad debt provision, amounting to 266 thousands of euros (2019: 278 thousands of euros) for third parties and 133 thousands of euros (2019: 33 thousands of euros) for related parties. The bad debt provision reflects the expected losses over the life of the receivable calculated with available information.

In particular, the doubtful debt provision has been determined on the mentioned receivable balances as follows:

- 25% for all receivables aged over 90 days,
- 50% over 180 days,
- 75% over 270 days,
- 100% over 360 days.

In addition, a provision is included for any trade and other debtor balances which are specifically identified as irrecoverable or in doubt.

Equity and Liabilities

6.3 Equity

At October 2, 2020 equity is equal to 37.639 thousands of euros.

The item "Carve-out absorption", equal to 4.645 thousands of euros, represents the absorption from BP2S of the cash generated by the activities during the period ended at October 2, 2020 and retained by BP2S.

6.4 Financial liabilities at amortised cost

Current accounts balance mainly refer to operating accounts, i.e. accounts opened in favour of asset management companies) in connection with the core service range (Correspondent bank). Accounts opened in BP2S are instrumental to the distribution of funds made by the distributors of the products issued by our clients. The accounts are related to subscriptions and redemptions activities and balances are related to that.

At October 2, 2020 the account amounts to 417.565 thousands of euros and is made up as follows:

In thousands of euros	10.02.2020	12.31.2019
Deposits from credit institutions	**(417.565)**	**(387.150)**
On demand accounts	(417.565)	(387.150)
Total financial liabilities at amortised cost	**(417.565)**	**(387.150)**

The amounts are related to the liabilities towards financial institution for clients' funds registered in BP2S Milan Branch accounts.

The related parties accounts included in the financial liabilities at amortized cost are detailed below:

In thousands of euros	10.02.2020	12.31.2019
BNP PARIBAS FUNDS*	53.052	13.381
FUNDQUEST	359	1.018
THEAM	195	388
PARWORLD	2	122
Total financial liabilities with related parties	**53.607**	**14.910**
Out of group financial liabilities	363.958	372.240
Total financial liabilities with related parties	**417.565**	**387.150**

**BNP PARIBAS FUNDS include many different funds referred to BNP Group.*

6.5 Accrued expenses and other liabilities

In thousands of euros	10.02.2020	12.31.2019
Suspense accounts	21.117	14.695
Employee funds	1.131	679
Accruals on expenses	1.053	1.067
Total accrued expense and other liabilities	**23.301**	**16.441**

Accrued expenses and other liabilities, equal to 23.301 thousands of euros at October 2, 2020 (16.441 thousands of euros at 31 December 2019), refer to:

- suspense account (equal to 21.116 thousands of euros at October 2, 2020 and 14.695 thousands of euros at 31 December 2019) related to pending items to be settled on clients or distributor accounts;
- liabilities to employees (1.131 thousands of euros at October 2, 2020 and 679 thousands of euros at 31 December 2019);
- accrual on expenses to be paid for suppliers (1.053 thousands of euros at October 2, 2020 and 1.067 thousands of euros at 31 December 2019). The amounts include accruals for services rendered by related parties (1.048 thousands of euros at October 2, 2020 and 1.056 thousands of euros at 31 December 2019).

The employee funds are mainly related to:

- VAP and charges amount settled with employee's union;
- Vacation fund for holiday that must be paid to the employees;
- Bonus cash upfront due to the contract facilitation for the employees transferred to Allfunds Bank;

More details are illustrated in the table below:

(In thousands of euros)	10.02.2020	12.31.2019
Bonus cash upfront	401	183
Vacation fund	293	251
13a	225	-
VAP & charges	210	245
Bonus deferred	2	-
Total employee funds	**1.131**	**679**

The 13a amount equal to 225 thousands of euros is the accrual of the salary amount called "Tredicesima" that must be paid to employee at the end of every year (as decided by banking contract). It had been completely paid at December 31, 2019.

The accruals on expenses are mainly related to intercompany costs for IT services and other services provided by BNP Group as detailed in the tabled below:

In thousands of euros	10.02.2020	12.31.2019
BNP PARIBAS SECURITIES SERVICES Par	640	661
BNP PARIBAS SECURITIES SERVICES S.A.	408	395
Total costs with related parties	**1.048**	**1.056**
Other liabilities no intercompany	5	11
Total accrued expenses and other liabilities	**1.053**	**1.067**

IT services are provided by BP2S Paris and relates to maintenance and support of BC IT system, whereas other related party costs are referred to the BC operational centre located in Poland.

6.6 Provision for employee severance pay

The TFR provision for Italy-based employee benefits is to be constructed as a post-retirement defined benefit. It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value.

7. Notes to the Income statement

7.1. Net interest income

The BNP Paribas Group includes in interest income and interest expense all income and expense calculated using the effective interest method (interest, fees and transaction costs) from financial instruments measured at amortised cost and financial instruments measured at fair value through equity.

In thousands of euros	Period from 01 January 2020 to 02 October 2020 Income	Expense	Net	Period from 01 January 2019 to 02 October 2019 Income	Expense	Net
Financial instruments at amortised cost	-	(590)	(590)	-	(582)	(582)
Deposits, loans and borrowings	-	(590)	(590)	-	(582)	(582)
Total interest income/(expense)	-	(590)	(590)	-	(582)	(582)

Net interest earnings reflects the cost of liquidity held by BP2SS being the clients and financial institution for which BP2Sprovide BC services not charged with the cost for negative interest, due to the widespread market practice in the BC sector.

7.2 Commission income and expense

The income commissions are related to the business of Banca Corrispondente and can be divided in three different group:

- Asset based and mailing fees
- Forex fees
- Transaction fees included the fees for one-off services.

The peculiarity of the BC business is in the source of revenues, in fact while the assets base fees and the one off are generally paid by the fund managers or the UCITS accordingly to the nature of the fees, the transactions fees and the forex are due to the distribution of the financial instruments and at the end charged to the final investors that are clients of the distributors of the UCITS.

The expenses commissions are related to:

- Subdepository fees
- Other including operational incidents

More details are provided in the tables below:

In thousands of euros	Period from 01 January 2020 to 02 October 2020 Income	Expense	Net	Period from 01 January 2019 to 02 October 2019 Income	Expense	Net
Customer transactions	32.527	(827)	31.700	28.917	(705)	28.212
Asset management and other services	31.637	(2.238)	29.399	28.968	(105)	28.862
Commission income/expense	64.164	(3.065)	61.099	57.884	(810)	57.075

In the table below is shown the amount of commissions with detail for related parties:

In thousands of euros	10.02.2020	12.31.2019
BCA NAZ. LAVORO-RM	(10.349)	(9.847)
BNP PARIBAS FUNDS	(3.032)	(3.246)
THEAM QUANT	(111)	(205)
FUNDQUEST	(100)	(168)
PARWORLD SICAV	(6)	(110)
Total revenues related parties	(13.598)	(13.577)
Out of group revenues	(47.501)	(43.498)
Total revenues	(61.099)	(57.075)

7.3 Employee benefits expenses

Employee benefits expenses amount to 3.864 thousands of euros at October 2, 2020 (prior period: 3.838 thousands of euros) and reflect the organizational structure of the Banca Corrispondente business, which includes 77 employees. The employee benefits expenses are detailed as follow:

The amounts shown include:

- Remuneration of contributed staff: annual salaries, VAP, bonus plus charges
- Benefits allocated to the contributed staff, mainly they are referred to Medical insurance, lunch vouchers.

7.4 Other operating expenses

The item amounts to 6.965 thousands of euros (2019: 7.313 thousands of euros) and breaks down as follows:

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
External services and other operating expenses	6.965	7.313
Total other operating expenses	**6.965**	**7.313**

The other operating expenses include the following costs:

- IT costs, equal to 2.781 thousands of euros (2.788 thousands of euros for the prior period), are mainly referred to IT system services called Flash, that has been acquired by Allfunds Bank in the context of the general operation described in the *General Information.* The total amount of related parties expenses referred to IT costs is equal to 2.227 thousands of euros (2.229 thousands of euros for the prior period);
- consultancy costs, equal to 57 thousands of euros (61 thousands of euros for the prior period), related to service offered to clients for investments;
- lease costs, equal to 690 thousands of euros (690 thousands of euros for the prior period), paid to the related party Diamante Real Estate (Real estate company owned by BNP Group) for the office spaces sites in "Diamante building";
- marketing costs, equal to 43 thousands of euros (43 thousands of euros for the prior period), sustained for the promotion activities of Banca Corrispondente products;
- other general costs, equal to 3.394 thousands of euros (3.731 thousands of euros for the prior period), mainly represented by costs sustained for printing and shipping of subscription a redemption's confirmation.

  Other general costs include intercompany costs, equal to 1.410 thousands of euros (1.685 thousands of euros for the 2019 period), related to back-office services offered from Lisbon and Warsaw.

In the table below are shown the total costs (for others expenses & lease) sustained with related parties:

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
EXPENSES & LEASE		
BP2S PARIS	2.277	2.299
BP2S WARSAW	1.260	1.317
DIAMANTE REAL ESTATE	690	690
BP2S LISBON	150	368
Total expenses with related parties	**4.377**	**4.675**
Out of group expenses	2.588	2.638
Total expenses	**6.965**	**7.313**

7.5 Other operating expenses/income

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
Other	120	(272)
Total other operating expenses/income	**120**	**(272)**

In the table above, is reported the other operating expense/income related to the bad debt provision recorded according to the BNPP Group policies that are the same reported in the Investment Agreement with Allfunds Bank.

For more information related to the provision policies, please see paragraph 6.2.

7.6 Corporate income tax

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 to 02 October 2019
Current taxes	16.399	15.110
Tax expenses for the year	**16.399**	**15.110**

Income taxes, equal to 16.399 thousands of euros (15.110 thousands of euros for the prior period) include current taxes.

The IRES rate used for the measurement of current and deferred taxes for the period was 27,5%. The IRAP rate used was 5,57%, determined considering the rates approved by the various Regions in which the company carries out its business, weighted based on the value of the net production achieved by the company in the same Regions.

8. Related Parties

Related parties are identified on the basis of the provisions of IAS 24. Transactions with related parties are mainly commercial in nature and are related to transactions carried out under normal market conditions; nevertheless, there is no certainty that, if these transactions had been carried out with third parties, such parties would have negotiated and entered into the respective contracts, or performed the same transactions, at the same terms and conditions and in the same manner.

The effects of the transactions with related parties on the items of the statement of financial position (i) at October 2, 2020 and December 31, 2019 and (ii) for the 2020 period ended at October 2, 2020 and the 2019 period ended at October 2, 2019 are shown below:

Outstanding balances of related-party transactions:

In thousands of euros	10.02.2020	12.31.2019
ASSETS		
On demand accounts	466.910	401.845
Other assets	2.731	2.314
Total assets	**469.640**	**404.159**
LIABILITIES		
On demand accounts	(53.607)	(14.910)
Other liabilities	(1.180)	(1.089)
Total liabilities	**(54.787)**	**(15.999)**

Related-parties profit and loss accounts:

In thousands of euros	Period from 01 January 2020 to 02 October 2020	Period from 01 January 2019 To 02 October 2019
Commission income	(13.598)	(13.577)
Services provided	3.687	3.985
Lease expenses	690	690
Total	**(9.221)**	**(8.902)**

The detail by counterparty is contained in the notes to the proper account.

9. Events subsequent to October 2, 2020

The main events are described in the "General Information" paragraph. No other significant events occurred after the closing of these Carve-out financial statements.

The Company

Allfunds Group plc
2 Fitzroy Place, 8 Mortimer Street,
London W1T 3JJ
United Kingdom

Legal Adviser to the Company
as to English, Dutch and US law

Freshfields Bruckhaus Deringer LLP

100 Bishopsgate
London EC2P 2SR
United Kingdom

Strawinskylaan 10
1077 XZ Amsterdam
The Netherlands

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS
16, boulevard des Italiens
75009 Paris
France

Credit Suisse Securities, Sociedad de Valores, S.A
Calle Ayala, 42
3ª Planta – B
28001 Madrid
Spain

Citigroup Global Markets Europe AG
Reuterweg 16
(Frankfurter Welle)
60323 Frankfurt-Main
Germany

Morgan Stanley Europe SE
Große Gallusstraße 18
60311 Frankfurt am Main
Germany

Joint Bookrunners

Banco Santander, S.A.
Paseo de Pereda, 9-12
Santander, Cantabria
Spain

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2, DOZ RF29
Ireland

BofA Securities Europe SA
51 rue La Boétie,
75008 Paris,
France

CaixaBank S.A.
Calle del Pintor Sorolla, 2–4
46002, Valencia
Spain

HSBC Continental Europe
38 Avenue Kleber,
75116 Paris
France

Intesa Sanpaolo S.p.A.
Piazza San Carlo 156
10121 Torino
Italy

ING Bank N.V.
Bijlmerdreef 106
1102CT Amsterdam
The Netherlands

Legal Adviser to the Underwriters
as to English, Dutch and US law

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom

Zuidplein 180
1077 XV Amsterdam
Netherlands

Listing and Paying Agent

ING Bank N.V.
Bijlmerdreef 106
1102CT Amsterdam
The Netherlands

Independent Auditor to the Company

Deloitte LLP
Gaspe House, 66-72 Esplanade
JE2 3QT, St Helier, Jersey
Channel Islands

Financial Adviser to the Company

Rothschild & Co
Börsenstraße 2-4
60313 Frankfurt am Main
Germany