

Allfunds Bank, S.A.U.

Financial Statements and Directors'
Report for the year ended 31
December 2023, together with
Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the sole shareholder of Allfunds Bank, S.A.U.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Allfunds Bank, S.A.U. (the "Bank"), which comprise the balance sheet as at 31 December 2023, the income statement, statement of recognised income and expense, statement of changes in total equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Bank as at 31 December 2023, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Bank (identified in Note 1.b to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Bank in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

Recognition of fee and commission income

Description

As indicated in Note 20 to the financial statements, in 2023 the Bank recognised fee and commission income amounting to EUR 2,573,736 thousand under “Fee and Commission Income” in the income statement in relation to the accrued fees and commissions generated in connection with the marketing of investment funds in the year. As indicated in Note 2.I) to the aforementioned financial statements, the above-mentioned income is calculated by applying the contractually agreed-upon percentage to the daily volume held in units of the aforementioned investment funds for the account of third parties.

The income described represents 91% of the total income earned by the Bank in 2023. In light of the representativeness of the aforementioned income in the statement of profit or loss and in the context of the financial statements as a whole, we considered this to be a key matter in our audit.

Procedures applied in the audit

In order to address this matter, our work, with the assistance of our internal specialists in IT systems, included the performance of audit procedures to evaluate the operating effectiveness of the relevant controls implemented by the Bank relating to the recognition of fee and commission income in the corresponding period.

Also, we performed, among others, the following substantive audit procedures: i) the obtainment of third-party confirmations, on a selective basis, in order to verify the amount of fee and commission income accrued in 2023; and ii) the recalculation of all the fee and commission income generated in connection with the marketing of investment funds in the last quarter of 2023, as well as additional audit procedures aimed at verifying, on a selective basis, the accuracy of the information used as a basis for the aforementioned calculation.

Lastly, we evaluated whether the disclosures included in the notes to the financial statements in connection with this matter were in conformity with the requirements of the applicable accounting regulations.

Impairment test on goodwill

Description

Note 9 to the financial statements describes the goodwill and other intangible assets for each of the cash-generating units (CGUs) identified by the Bank.

In this connection, on an annual basis the Bank's management tests each of the aforementioned CGUs for impairment, which requires estimates to be made in order to determine the recoverable amount, using discounted dividend-based valuation techniques, for which purpose it employs dividend projections aligned with the projected brokered off-balance-sheet funds, the net fees and commissions generated by those funds, and other assumptions obtained from financial budgets approved by the Bank's Board of Directors. Also, the most appropriate discount rate and perpetuity growth rate are determined on the basis of the economic situation in general and of that of each CGU in particular, as described in the aforementioned Note to the financial statements referred to above.

The performance of these estimates requires the application of significant judgements and assumptions, as described above. As a result of these circumstances, together with the magnitude of the goodwill recognised in the balance sheet at year-end, which totalled EUR 369,469 thousand, this matter was determined to be a key matter in our audit.

Procedures applied in the audit

In order to address this matter, our work included the performance of substantive audit procedures in relation to the impairment tests of goodwill. To this end, we involved our internal specialists in valuations.

In this connection, our work included, among others, the following substantive audit procedures: (i) the obtainment of an understanding of the process used by the Bank's management in estimating the recoverable amount of the CGUs; (ii) the obtainment of the impairment tests performed by the Bank's management on the basis of the valuation reports of the independent expert that assisted it, in relation to which we evaluated the expert's competence, capability and objectivity and the adequacy of the expert's work for use as audit evidence; (iii) the evaluation of the reasonableness of the valuation methodology used and the alignment thereof with the applicable regulations; (iv) the verification of the clerical accuracy of the calculations made; (v) the evaluation of the reasonableness of the projected future dividends, analysing the consistency of those projections with the financial budgets approved by the Bank's Board of Directors and with its historical information; (vi) the evaluation of the reasonableness of the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future dividends; and (vii) the sensitivity analysis on the key assumptions identified.

Lastly, we evaluated whether the disclosures included in the notes to the financial statements in connection with this matter were in conformity with the requirements of the applicable accounting regulations.

Other Information: Directors' Report

The other information comprises only the directors' report for 2023, the preparation of which is the responsibility of the Bank's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

- a) Solely checking that the non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the Bank obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Risk Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Bank's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Bank in Spain, 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 Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

The Audit and Risk Committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

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 the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit and Risk Committee

The opinion expressed in this report is consistent with the content of our additional report to the Bank's Audit and Risk Committee dated 22 March 2024.

Engagement Period

The Bank's sole shareholder, per the minutes of resolutions dated 29 March 2023, appointed us as auditors for a period of one year from the year ended 31 December 2022.

Previously, we were designated pursuant to a resolution of the Bank's sole shareholder for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2001, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Virginia Martín Herrero

Registered in ROAC under no. 22248

22 March 2024

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors 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 Bank'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Bank's audit and risk committee 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.

We also provide the Bank's audit and risk committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Bank's audit and risk committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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

Allfunds Bank, S.A.U.

Financial Statements and Directors'
Report for the year ended 31
December 2023

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

ALLFUNDS BANK, S.A.U.
BALANCE SHEET AS AT 31 DECEMBER 2023 AND 2022

(Thousands of Euros)

ASSETS	Notes	12/31/2023	12/31/2022 (*)	LIABILITIES AND EQUITY	Notes	12/31/2023	12/31/2022 (*)
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	5	2,087,100	1,607,322	LIABILITIES:			
FINANCIAL ASSETS HELD FOR TRADING:	17	2,859	342	FINANCIAL LIABILITIES HELD FOR TRADING:	17	1,266	759
Derivatives		2,859	342	Trading Derivatives		1,266	759
Memorandum items: Lent or delivered as guarantee with disposal or pledge rights		—	—	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		—	—
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS		11,275	2,712	Memorandum item: subordinated liabilities		—	—
Debt securities		—	—	FINANCIAL LIABILITIES AT AMORTISED COST:	13	1,964,905	1,768,570
Equity Instruments	2	11,275	2,712	Deposits-		1,558,498	1,363,443
Memorandum items: Lent or delivered as guarantee with disposal or pledge rights		—	—	Credit Institutions		431,091	572,123
FINANCIAL ASSETS AT FAIR VALUE THROUGH ACCUMULATED OTHER COMPREHENSIVE INCOME:		—	—	Customers		1,127,407	791,320
Memorandum items: Lent or delivered as guarantee with disposal or pledge rights		—	—	Other financial liabilities		406,407	405,127
				Memorandum item: subordinated liabilities		—	—
FINANCIAL ASSETS AT AMORTISED COST:	6	279,960	449,879	HEDGING DERIVATIVES		—	—
Debt securities		4,937	4,966	FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		—	—
Loans and advances-		275,023	444,913	PROVISIONS	10	3,637	916
To Central Banks		12,807	12,871	Pension and other post-employment defined benefit obligations		3,437	716
To Credit Institutions		123,839	150,062	Other long-term employee benefits		—	—
To Customers		138,377	281,980	Pending legal issues and tax litigation		200	200
Memorandum items: Lent or delivered as guarantee with disposal or pledge rights		—	—	Commitments and guarantees given		—	—
HEDGING DERIVATIVES		—	—	Other provisions		—	—
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGE OF INTEREST RATE RISK		—	—	TAX LIABILITIES:	11	51,212	55,701
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	7	232,309	180,291	Current		26,004	29,097
Subsidiaries		232,309	180,291	Deferred		25,208	26,604
Joint Ventures		—	—	SHARE CAPITAL REPAYABLE ON DEMAND		—	—
Associates		—	—	OTHER LIABILITIES	12	618,468	549,313
TANGIBLE ASSETS:	8	29,423	25,052	LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE		—	—
Property, plant and equipment – For own use		29,423	25,052	TOTAL LIABILITIES		2,639,488	2,375,259
Memorandum items: other assets leased out under finance lease		—	—				
INTANGIBLE ASSETS:	9	885,496	816,970	EQUITY:			
Goodwill		369,469	304,321	SHAREHOLDERS' EQUITY:			
Other intangible assets		516,027	512,649	Capital	14	1,609,886	1,434,138
TAX ASSETS:	11	94,578	129,446	Paid up capital		80,448	77,234
Current		2,658	20,150	Unpaid capital		—	—
Deferred		91,920	109,296	Memorandum items: Uncalled capital		—	—
OTHER ASSETS:	12	666,133	624,027	Share premium	14	1,186,592	1,045,807
Rest		666,133	624,027	Retained earnings	15	283,924	236,604
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE		—	—	Profit		115,922	89,493
TOTAL ASSETS		4,289,133	3,836,041	Less: Interim dividends	3	(57,000)	(15,000)
MEMORANDUM ITEMS:				ACCUMULATED OTHER COMPREHENSIVE INCOME:		39,759	26,644
Loan commitments given		—	—	Items not subject to be reclassified to income statement		(1,729)	932
Financial guarantees given		—	—	Actuarial profits or (-) losses on defined benefit pension plans		(1,729)	932
Other commitments given	16	114,283	111,183	Items that may be reclassified to profit or loss		41,488	25,712
				Foreign currency conversion		41,488	25,712
				TOTAL EQUITY		1,649,645	1,460,782
				TOTAL LIABILITIES AND EQUITY		4,289,133	3,836,041

(*) Presented for comparison purposes only. The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the balance sheet as at 31 December 2023.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

ALLFUNDS BANK, S.A.U.

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of Euros)

	Notes	Income/(Expenses)	
		2023	2022 (*)
INTEREST INCOME	18	76,402	8,091
Financial assets at fair value with changes in other comprehensive income		-	-
Financial assets at amortised cost		76,402	8,091
Other interest income		-	-
INTEREST EXPENSES	19	(1,683)	(6,571)
EXPENSES ON SHARE CAPITAL REPAYABLE ON DEMAND		-	-
NET INTEREST INCOME		74,719	1,520
DIVIDEND INCOME		3	3
FEE AND COMMISSION INCOME	20	2,744,025	2,724,991
FEE AND COMMISSION EXPENSE	21	(2,307,924)	(2,246,637)
GAINS OR LOSSES ON DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET		-	-
GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING, NET		1,592	(417)
GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS, NET		-	-
GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS, NET		698	(284)
GAINS OR LOSSES FROM HEDGE ACCOUNTING, NET		-	-
EXCHANGE DIFFERENCES (net)		(1,639)	(2,110)
OTHER OPERATING INCOME	23	7,959	5,771
OTHER OPERATING EXPENSES	23	(5,492)	(6,598)
GROSS INCOME		513,941	476,239
ADMINISTRATION COSTS:	22	(184,610)	(195,637)
Personnel expenses		(105,834)	(82,465)
Other administrative expenses		(78,776)	(113,172)
DEPRECIATION	8 and 9	(128,181)	(119,673)
PROVISIONS OR REVERSAL PROVISIONS	10	-	-
IMPAIRMENT OR REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS OR NET GAINS BY MODIFICATION	6	(1,152)	(9,026)
Financial assets measured at amortised cost		(1,152)	(9,026)
IMPAIRMENT OR REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS OF INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES		-	-
IMPAIRMENT OR REVERSAL OF IMPAIRMENT ON NON-FINANCIAL ASSETS		-	-
GAINS/(LOSSES) ON DERECOGNIZED OF NON-FINANCIAL ASSETS, NET	8	(39)	(1)
NEGATIVE GOODWILL RECOGNISED IN PROFIT OR LOSS		-	-
GAINS OR LOSSES FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS		-	-
OPERATING PROFIT BEFORE TAX		199,959	151,902
TAX EXPENSE OR INCOME RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATION	11	(84,037)	(62,409)
PROFIT FROM CONTINUING OPERATIONS		115,922	89,493
PROFIT FROM DISCONTINUED OPERATIONS (net)		-	-
PROFIT		115,922	89,493

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the income statement for 2023

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

ALLFUNDS BANK, S.A.U.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED

31 DECEMBER 2023 AND 2022

(Thousands of Euros)

	Income/(Expenses)	
	2023	2022 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	115,922	89,493
OTHER RECOGNISED INCOME (EXPENSES)	13,115	13,944
Items not subject to reclassification to income statement:		
Actuarial gains and losses on defined benefit pension plans	(2,661)	950
Non-current assets and disposal groups of elements held for sale	-	-
Changes in fair value of the equity instruments valued at fair value with changes in other comprehensive income	-	-
Gains or (-) losses resulting from the accounting for hedges of equity instruments measured at fair value with changes in other comprehensive income, net:	-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (item hedged)	-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedging instrument)	-	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-	-
Income tax relating to items not subject to reclassification to income statement	-	-
Items subject to reclassification to income statement:	15,776	12,994
Hedge of net investments in foreign operations (effective portion)	-	-
Foreign currency conversion	15,776	12,994
Cash flow hedges (effective part)	-	-
Hedge instruments (not designated elements)	-	-
Debt instruments at fair value with changes in other comprehensive income:	-	-
Valuation gains or losses taken to equity	-	-
Non current assets and disposal groups classified as held for sale	-	-
Income tax relating to items subject to reclassification to income statement	-	-
TOTAL RECOGNISED INCOME AND EXPENSE	129,037	103,437

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the statement of recognised income and expense for 2023.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

ALLFUNDS BANK, S.A.U.

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED

31 DECEMBER 2023 AND 2022

(Thousands of Euros)

2023

	TOTAL EQUITY						
	Paid up Capital	Share Premium	Retained Earnings	Profit or Loss	Interim Dividends	Accumulated Other Comprehensive Income	Total Equity
OPENING BALANCE (BEFORE REEXPRESSION)	77,234	1,045,807	236,604	89,493	(15,000)	26,644	1,460,782
Adjustments due to errors	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-
ADJUSTED BEGINNING BALANCE AT 1 JANUARY 2023 (*)	77,234	1,045,807	236,604	89,493	(15,000)	26,644	1,460,782
Total income/ expense recognized	-	-	-	115,922	-	13,115	129,037
Other changes in equity:	3,214	140,785	47,320	(89,493)	(42,000)	-	59,827
Issuance of ordinary shares (Note 14)	3,214	140,785	-	-	-	-	144,000
Dividend distribution (Note 3)	-	-	-	(64,500)	(57,000)	-	(121,500)
Transfers between total equity entries	-	-	9,993	(24,993)	15,000	-	-
Other increases or decreases in equity (Note 4 and Note 9)	-	-	37,327	-	-	-	37,327
ENDING BALANCE AT 31 DECEMBER 2023	80,448	1,186,592	283,924	115,922	(57,000)	39,759	1,649,645

2022 (*)

	TOTAL EQUITY						
	Paid up Capital	Share Premium	Retained Earnings	Profit or Loss	Interim Dividends	Accumulated Other Comprehensive Income	Total Equity
OPENING BALANCE (BEFORE REEXPRESSION)	68,774	913,267	252,571	163,612	(155,000)	12,700	1,255,924
Adjustments due to errors	-	-	-	-	-	-	-
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-
ADJUSTED BEGINNING BALANCE AT 1 JANUARY 2022	68,774	913,267	252,571	163,612	(155,000)	12,700	1,255,924
Total income/ expense recognized	-	-	-	89,493	-	13,944	103,437
Other changes in equity:	8,460	132,540	(15,967)	(163,612)	140,000	-	101,421
Issuance of ordinary shares	8,460	132,540	-	-	-	-	141,000
Dividend distribution	-	-	(23,300)	(8,600)	(15,000)	-	(46,900)
Transfers between total equity entries	-	-	12	(155,012)	155,000	-	-
Other increases or decreases in equity	-	-	7,321	-	-	-	7,321
ENDING BALANCE AT 31 DECEMBER 2022	77,234	1,045,807	236,604	89,493	(15,000)	26,644	1,460,782

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the statement of changes in total equity for 2023.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Bank in Spain (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

ALLFUNDS BANK, S.A.U.
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022
(Thousands of Euros)

	2023	2022 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	115,922	89,493
Adjustments to obtain the cash flow from operating activities-		
Depreciation and amortization	128,181	119,673
Other adjustments	95,078	80,866
Profit adjusted	339,181	290,032
Net increase/decrease in operating assets-		
Financial assets held for trading	(2,517)	35
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	(8,563)	(2,048)
Financial assets at amortized cost	168,768	(211,817)
Other operating assets	(42,107)	99,727
	(115,581)	(114,103)
Net increase/decrease in operating liabilities-		
Financial liabilities held for trading	508	363
Financial liabilities at amortized cost	196,335	(276,312)
Other operating liabilities	68,526	(115,199)
	265,369	(391,148)
Collection/Payments for income tax	(52,482)	(66,305)
Total Cash Flows from operating activities	667,649	(281,548)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments-		
Tangible assets	(13,726)	(7,059)
Intangible assets	(42,989)	(33,380)
Investments in subsidiaries, joint ventures and associates	(152,018)	(156,747)
Other payments relating to investing activities	-	-
Collections-	-	-
Total Cash Flow from investing activities	(208,733)	(197,186)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment-		
Dividends	(121,500)	(46,900)
Collections-	-	-
Issuance of own equity instruments	144,000	141,000
Total Cash Flow from financing activities	22,500	94,100
EFFECT EXCHANGE RATE CHANGES	(1,639)	(2,110)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS:	479,777	(386,720)
Cash and cash equivalents at beginning of year	1,607,322	1,994,042
Cash and cash equivalents at end of the period	2,087,100	1,607,322
MEMORANDUM ITEMS		
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD:		
Cash	3	10
Cash equivalents at central banks	1,337,233	948,234
Other financial assets	749,864	659,078
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	2,087,100	1,607,322

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 28 and Appendix I and II are an integral part of the statement of cash flows for 2023.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 1 and 28). In the event of a discrepancy, the Spanish-language version prevails.

Allfunds Bank, S.A.U.

Notes to the Financial Statements
for the year ended 31 December 2023

1. Description of the Bank, basis of presentation of the financial statements and other information

a) Description of the Bank

Allfunds Bank, S.A.U. ("the Bank") was incorporated for an indefinite period of time in Madrid on 14 December 2000. The Bank is a private-law entity subject to the rules and regulations applicable to banks operating in Spain. On 4 February 2019, the Bank changed its registered office to calle de los Padres Dominicos 7 (Madrid), where the bylaws and other public information on the Bank can be consulted. The Bank is registered in the Bank of Spain's Official Register of financial institutions under code 0011.

The activities that constitute the Bank's objectives are as follows:

- a. The performance of all kinds of activities, transactions and services of the banking business in general, related thereto or permitted to it under current legislation.
- b. The acquisition, holding, use, administration and disposal of Spanish and foreign marketable securities, shares and equity interests in companies, in accordance with current legislation.
- c. The provision of investment services and any applicable supplementary activities under current legislation.

At 31 December, 2023, the Bank conducts its business through one office in Spain, eight branches abroad (Italy, United Kingdom, Singapore, France, Poland, Luxembourg, Switzerland and Sweden) and four representative offices abroad (Colombia, Chile, Arab Emirates and United States). In addition to the operations carried on directly by it, the Bank is the head of a group of subsidiaries (see Note 7) that engage in various business activities and which compose, together with it, the Allfunds Group ("the Group").

On 21 November 2017, Liberty Partners, S.L.U. (a company belonging to the Hellman & Friedman Group) acquired all the shares of the Bank. Consequently, on 21 November 2017, the Bank's newly acquired sole shareholder status was publicly declared.

The principal shareholders of Allfunds Group Plc. (the sole shareholder of Liberty Partners, S.L.U.) at 31 December 2020 (LHC3 Plc, BNP Paribas Securities Services and Credit Suisse A.G. ("the Selling Shareholders")) agreed to make a private sale of 163,650,850 shares to various institutional investors in various jurisdictions as part of the initial public offering (IPO) performed by Allfunds Group Plc on

Euronext Amsterdam on 23 April 2021. Those shares were listed and started trading on Euronext on 23 April 2021 at an initial price of EUR 11.50, and the settlement date was 27 April 2021.

In this IPO, LHC3 Plc offered 101,923,008 shares, BNP Paribas Securities Services 36,821,441 shares and Credit Suisse AG 24,906,401 shares. Once the over-allotment option had been exercised, the number of offer shares increased to 188,198,478 (an additional 24,547,628 shares), representing 29.9% of the share capital of Allfunds Group Plc.

Credit Suisse AG is no longer a Principal Shareholder of the Bank following the sale of its entire shareholding in the Company in October 2022. At 31 December 2023, the significant shareholders (holding more than 5% of the share capital) were LHC3 Plc. and BNP Paribas Entities.

b) Basis of presentation of the financial statements

The Bank's financial statements for 2023 were issued by the Bank's directors at the Board meeting on 21 March 2024 in accordance with the regulatory financial reporting framework applicable to the Bank, which is that established in Bank of Spain Circular 4/2017, of 27 November, in the Spanish Commercial Code and in other Spanish corporate and commercial law, and other compulsory legislation approved by the Spanish Accounting and Audit Institute (ICAC) and the Bank of Spain, and, accordingly, they present fairly the Bank's equity and financial position at 31 December 2023, and the results of its operations and the cash flows in the year then ended. These financial statements, which were prepared from the accounting records of the Bank, have not yet been approved by the sole shareholder at the Annual General Meeting. However, the Bank's Board of Directors considers that they will be approved without any changes. The Bank's financial statements for 2022 were approved by the shareholders at the Bank's Annual General Meeting on 29 March 2023 and were filed at the Madrid Mercantile Registry.

As indicated in Note 1.a), the Bank is the head of a Group made up of several entities. However, it has not prepared consolidated annual accounts because it has availed itself of the consolidation exemption for being in a higher consolidated pursuant to what is permitted by article 43 of the Commercial Code. According to the internal information prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS – EU), the total amount of the consolidated assets of the Bank and Subsidiaries (the "Group") as of December 31, 2023 and 2022 amounts to 4,457,324 and 3,958,206 thousand of euros, respectively, consolidated equity at the end of 2023 and 2022 amounts to 1,756,510 and 1,547,903 thousand of euros, respectively and consolidated net income for 2023 and 2022 to 140,565 and 118,904 thousand of euros, respectively.

The principal accounting policies and measurement bases applied in preparing the Bank's financial statements for 2023 are indicated in Note 2. All mandatory accounting policies and measurement bases with a material effect on the financial statements for 2023 were applied in their preparation. No non-obligatory accounting principles were applied.

No pronouncements have entered into force that have had an impact on the annual accounts for this year.

c) Use of estimates

The information in these financial statements is the responsibility of the Bank's directors. In the Bank's financial statements for 2023 estimates were made by the senior executives of the Bank, later ratified by the directors, in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. The following are the main estimates made that include a higher degree of complexity

and/or uncertainty and are more likely to have a significant impact on the financial statements if the assumptions used were to be revised based on future events:

A) Estimates made in the application of accounting policies

1. The classification of financial instruments based on the business model and the compliance or not of the SPPI tests (see Note 6).
2. Useful life of tangible and intangible assets with a finite life: The directors use judgement in estimating the useful life of these assets and determining the most appropriate method of depreciation and amortisation. Any change in the estimated useful-life or expected economic benefits of the assets could have an impact on the financial statements (see Notes 8 and 9).
3. Evidence of impairment of intangible assets with a finite useful life arising from business combinations. The Bank's senior management analyses whether there is evidence of impairment of these assets. If the Bank's management concludes that there is evidence of impairment, it performs the impairment test in the same way as it does for goodwill (see Note 9).
4. Impairment testing of non-financial assets: Impairment tests are performed annually or when the directors consider that there is evidence of impairment (see Note 9).
5. Deferred tax assets arising from tax losses: Such assets are recognised only if it is considered probable that the consolidated entities will have sufficient future taxable profits against which the assets can be utilised. The directors therefore make significant judgements in determining the amount of any deferred tax assets arising from tax losses that can be recognised in the balance sheet, basing their assessment on the time within which they expect the assets to be utilised, the future tax benefits, and the tax strategies adopted by the Bank (see Note 11).
6. Provisions, contingent liabilities and contingent assets: The Bank records provisions in accordance with IAS 37. The estimated amount of these provisions is subject to the interpretation of events that have occurred, estimates of future events and estimates of the economic impact of these events on the Bank (see Note 2.j and 10).
7. Estimates of accrued and deferred income and accrued and prepaid expenses relating to the Bank's activity at the end of each year (see Note 12).

B) Main inputs considered in the estimates

1. Business combinations The Bank records business combinations using the acquisition method. The cost of an acquired company is allocated to the assets acquired and liabilities assumed, measured at their fair value at the acquisition date. Any excess of the purchase price over the assets acquired and liabilities assumed is recorded as goodwill. Determining the fair value of the assets acquired and liabilities assumed requires estimation and the use of valuation methodologies when the market values are not observable.
2. Provision for expected losses on financial assets at amortised cost: The Bank estimated the provision based on industry information and its own experience, grouping the assets into segments with similar default behavior. Given that these assets mature in the short term and that the Bank

has used the simplified approach under Circular 4/2017, the credit impairment losses and the estimated forward-looking information have no material impact, yet the analysis of the correlation between historical default rates and the expected loss is a significant estimate. Historical experience of impairment losses may therefore not be representative of future losses.

Although these estimates are based on the best information available at 31 December 2023, future events may require that they be modified in future periods. Where necessary, this would be done in accordance with Bank of Spain Circular 4/2017, that is to say, prospectively, with the effects of the change in the estimate being recognised in the income statements for the future periods in question.

d) Agency agreements

Neither at the end of 2023 or 2022 nor at any other time during these years did the Bank have any agency agreements in force, as defined in Article 21 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions.

e) Comparative information

The Bank's directors present, for comparison purposes only, in addition to the figures for 2023 for each item in the balance sheet, statement of profit or loss, statement of recognised income and expense, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2022, obtained through application of the provisions of Bank of Spain Circular 4/2017 and its subsequent amendments in force.

f) Environmental impact

In view of the business activities carried on by the Bank, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these Notes to the financial statements.

g) Capital and capital management

On 26 June 2013, the European Parliament and the Council of the European Union approved Regulation (EU) No 575/2013, on prudential requirements for credit institutions and investment firms, which came into force on 1 January 2014, and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, which came into force in July 2013. This legislation, known as CRR/CRD IV, implemented the Basel Capital Accord (Basel III) with a gradual transition schedule until full implementation was achieved on 1 January 2019.

On 2 February 2016, Bank of Spain Circular 2/2016, to credit institutions, on supervision and capital adequacy, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) No 575/2013, was published. It is applicable to the Bank.

On May 20, 2019, the European Parliament and the Council of the European Union approved Regulation (EU) 2019/876 or CRR II, which modifies the CRR, in relation to the following areas: the requirements of Own funds and eligible liabilities, Leverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Credit Risk, Counterparty Credit Risk (CCR), Market Risk, Counterparty Exposures central bank, exposures to

collective investment schemes, large exposures as well as the requirements for the presentation and disclosure of information and Regulation (EU) 648/2012.

On June 24, 2020, the European Parliament and the Council of the European Union approved Regulation 2020/873, which modifies Regulation 575/2013 and Regulation 2019/876, which modifies the CRR and CRR II in certain settings in response to the Covid-19 pandemic. The main modifications are established in the following areas: credit risk coverage (transitional provisions IFRS 9, etc.), leverage ratio, exposures granted to employees / pensioners, support factor for SMEs, exemption from deduction in certain software assets as well as the establishment of a temporary prudential filter that neutralizes the impact of unrealized losses on public debt and market risk.

The aforementioned EU Regulation introduces a review of the concept and of the components of regulatory own funds requirements for credit institutions. Regulatory own funds comprise two elements: Tier 1 capital and Tier 2 capital. In turn, Tier 1 capital consists of the sum of Common Equity Tier 1 capital and Additional Tier 1 capital. In other words, Tier 1 capital comprises instruments that are capable of absorbing losses when the institution is a going concern, whereas the elements of Tier 2 capital will absorb losses primarily when the institution, as the case may be, is at the point of non-viability.

Minimum capital requirements are calculated based on the Bank's exposure to credit, counterparty and dilution risk (based on the assets, commitments and other off-balance-sheet items that entail exposure to those risks), position risk, exchange rate risk, commodities risk, credit valuation adjustment (CVA) risk, trading book risk and operational risk. The Bank is also required to comply with risk concentration limits, leverage ratio limits, obligations relating to internal corporate governance, internal capital adequacy assessment and interest rate risk measurement, and market disclosure obligations. To ensure compliance, the Bank manages these risks in a comprehensive manner, in accordance with the aforementioned policies.

Allfunds Bank S.A.U, must at all times meet the following capital adequacy requirements:

- i. A Common Equity Tier 1 ratio of 4.5% (CET 1).
- ii. A Tier 1 capital (common equity plus additional capital) ratio of 6%.
- iii. A total capital ratio of 8%.

In addition to the above, based on the decision of the supervisory review and evaluation process (SREP), the Bank of Spain informed the Group to maintain a capital requirement of 7% (Pillar 2), of which at least 56.25% must be met with ordinary tier 1 capital (CET 1), and 75% with tier 1 capital (Tier 1). Additionally, in the last decision of the SREP it is established to maintain these same requirements with effect from January 1, 2024.

Additionally to these requirements, pursuant to the aforementioned legislation the Bank must comply with the following capital requirements:

- Hold a capital conservation buffer, which was established as Common Equity Tier 1 capital equal to 2.5%.
- Hold a countercyclical buffer of Common Equity Tier 1 capital that can be up to 2.5% of RWAs. From 2016 onwards, the level that this buffer must reach will be set by the national competent authorities, using macroeconomic variables, when a period of excess credit growth that might be leading to the

build-up of system-wide risk is observed. In this regard, the institution-specific countercyclical capital buffer is obtained as the weighted average of the countercyclical capital buffers that apply in the jurisdictions in which the relevant credit exposures of the institution are located. Specifically, the countercyclical capital buffer requirement of the Allfunds Bank, S.A.U., based on its geographic exposures was 0.3892% and 0.2942% at 31 December 2023 and 2022, respectively.

- Maintenance of a buffer as a systemically important institution in the event of designation as such. The Bank has not been designated a systemically important institution and no capital buffer was established for 2023 or 2022.

With all of the above, it is required to maintain a total CET1 ratio of 17.89%. In this sense, as of December 31, 2023 and 2022, and throughout both years, the CET1 ratio of Allfunds Bank SAU is at a comfortable level above the levels required by regulations.

- The main figures relating to the capital ratios applicable to the Bank pursuant to Regulation (EU) 575/2013, at 31 December 2023 and 2022, are as follows:

	Thousands of Euros	
	2023	2022
Common Equity Tier 1 (I)	711,543	595,919
Additional Tier 1 capital (II)	-	-
Total Tier 1 capital (III = I + II)	711,543	595,919
Tier 2 capital (IV)	-	-
Total eligible capital (V= III + IV)	711,543	595,919
Risk Weighted Assets	2,756,806	2,341,000
Common Equity Tier 1 ratio	25.81%	25.46%
Total capital ratio	25.81%	25.46%

Common Equity Tier 1 includes basically the Bank's share capital and reserves net of deductions.

At 31 December 2023 and 2022, the Bank's eligible capital exceeded the minimum required under the regulations in force.

A reconciliation of the main figures between the accounting capital and regulatory capital as of December 31, 2023 and 2022 is shown below:

	Thousands of Euros	
	2023	2022
Share capital	80,448	77,234
Share premium	1,186,592	1,045,807
Retained earnings	283,924	236,604
Profit attributable to owners of the Parent	115,922	89,493
Interim dividends	(57,000)	(15,000)
Shareholders equity	1,609,886	1,434,138
Accumulated other comprehensive income	39,760	26,644
Total Equity	1,649,646	1,460,782
Goodwill and other intangibles	(860,288)	(790,366)
Other adjustments and deductions	(77,815)	(74,497)
Equity Tier 1 capital	711,543	595,919
Total capital (Tier 1 and Tier 2)	711,543	595,919

Leverage ratio

The leverage ratio is calculated based on the regulations indicated in the previous section, establishing a ratio of 3% for all entities, being calculated as a quotient between Tier 1 capital divided by leverage

exposure, which is adjusted accordingly that it does not include those items considered as deductions in Tier 1 capital.

The following table presents a detail of the leverage ratio as of December 31, 2023 and 2022:

	Thousands of Euros	
	2023	2022
Equity Tier 1 capital (a)	711,543	595,919
Exposure to Leverage Ratio (b)	3,386,234	3,017,592
Leverage ratio (a)/(b)	21.01 %	19.75 %

Capital Management

The strategic objectives set by the Bank's Management in relation to the management of its own resources are the following:

- Comply, both individually and consolidated, with the applicable regulations regarding minimum capital requirements.
- Seek maximum efficiency in the management of own resources, so that, along with other profitability and risk variables, the consumption of own resources is considered a fundamental variable in the analyzes associated with investment decision-making for the company.

To meet these objectives, the Bank has a series of policies and processes for managing its own resources, the main guidelines of which are:

- The Bank monitors, controls and analyzes the levels of compliance with regulations regarding own resources.
- In the Bank's strategic and commercial planning, the impact of decisions on the Bank's computable own resources and the consumption-profitability-risk relationship is considered a key factor in decision-making.

Due to all of the above, the Bank considers that the own resources and the own resources requirements established by the aforementioned regulations constitute a fundamental element of the Bank's management, affecting, among others, investment decisions or the analysis of the viability of operations.

h) Deposit Guarantee Fund and Single Resolution Fund

i. Deposit Guarantee Fund

The Bank participates in the Deposit Guarantee Fund.

In 2023 and 2022, the accompanying income statements did not include any expense in this connection since there was no obligation to contribute in this respect, in accordance with Article 4 of Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions.

ii. Single Resolution Fund

The expense incurred by the Bank in relation to the contribution made to the SRF in 2023 totalled EUR 2,024 thousand (2022: EUR 1,895 thousand) and is recognised under "Other Operating Expenses" in the accompanying statement of profit or loss (see Note 23).

i) Customer care service annual report

As required by Article 17 of Ministry of Economy Order ECO/734/2004, of 11 March, on Customer Care Departments and Services and Customer Ombudsmen of Financial Institutions, the Customer Care Service's annual report was submitted to the Bank's Board of Directors at its meeting held on 21 March 2024. This Report indicates that the Service has received, during the year ended December 31, 2023, eighteen complaints and seven claims, of which thirteen and three have been admitted for processing, respectively. All complaints and claims received were attended to in a timely manner.

j) Investments in the share capital of credit institutions

As required by Article 20 of Royal Decree 1245/1995, of 14 July, at 31 December 2023 and 2022, Allfunds Bank, S.A.U., did not held interest of more than 5% of the share capital or voting power of a Spanish or foreign credit institution (see Note 7).

k) Other issues

Corporate transactions

Allfunds Digital Group Restructuring

On 27 June, 2023, the administrative bodies of (i) Allfunds Digital, S.L.U., a subsidiary wholly owned by the Bank, as the absorbing company and (ii) Allfunds Tech Solutions, S.A.U. (as the absorbed company) signed a common merger by absorption project of Allfunds Tech Solutions, S.A.U. (previously called Web Financial Group, S.A.)

The absorbing company, Allfunds Digital, S.L.U., acquired by universal succession all the assets and liabilities, rights and obligations, of the absorbed company that was extinguished due to its dissolution without liquidation. The merger was registered in the Commercial Registry on 3 October, 2023, with the accounting effect date being January 1, 2023, the date from which all actions carried out by the absorbed company are considered carried out by the absorbent company.

Allfunds Hong Kong Limited

On 20 April 2023, Allfunds Hong Kong Limited carried out a capital increase, in the amount of 15,000 thousand Hong Kong dollars (1,748 thousand euros) by increasing the nominal value of the shares. Consequently, at 31 December 2023 and 31 December 2022 the share capital of Allfunds Hong Kong Limited was 62,000 and 47,000 thousand Hong Kong dollars (6,977 and 5,231 thousand euros),

represented by 1,000 shares with a par value of 62 thousand and 47 thousand Hong Kong dollars respectively (6,977 euros and 5,231 euros) per share, fully subscribed and paid up.

Allfunds Investment Solutions

On 19 January 2023, 22 May 2023 and 28 September 2023 Allfunds Investment Solutions carried out three capital increases, in the amount of 2,000 thousand euros each, by increasing the nominal value of the shares. Consequently, at 31 December 2023 and 31 December 2022 the share capital of Allfunds Investment Solutions was 7,500 and 1,500 thousand euros respectively, represented by 15,000 registered shares, each with a par value of 500 Euro and 100 Euro respectively, fully subscribed and paid by the founding shareholder.

Acquisitions in 2023

Mainstreet Capital Partners Limited

On 17 February 2023, the Bank, through its fully owned indirect subsidiary, Allfunds Digital, S.L.U., entered into an agreement with third parties to acquire 65% or 45,443 shares, of the 64,918 total shares issued at that date of Mainstreet Capital Partners Limited ("MainStreet") and obtained control on that date.

Headquartered in London, MainStreet is a trusted Environmental, Social and Governance ("ESG") partner of financial groups, providing a one stop shop for their sustainability requirements. Founded in 2008 and employing 36 employees, MainStreet has developed a unique platform delivering proprietary ESG scoring, ESG investment strategies via model portfolios and empowered reporting. MainStreet reinforces Allfunds' strategy of providing value added services to its clients, covering an increasing breadth of specialized ESG related services.

The aggregate consideration to be paid for the acquisition was an amount equal to the closing price of EUR 41,147 thousand, of which an amount of EUR 4,004 thousand was agreed to be retained by the Group due to potential contingencies.

In the context of this acquisition, the Bank's sole shareholder decided to carry out a capital increase of the Bank, involving a monetary contribution (see Note 14).

LPA Business of Iccrea Bank

On 1 December 2023, Allfunds Bank, S. A.U., entered into an agreement to acquire the local paying agent business from the Iccrea Banking Group. This transaction was completed through the Milan branch of Allfunds Bank, S.A.U. and was through a long term exclusivity agreement. The price of acquiring the carve-out local paying agent business was EUR 101 million.

In the context of this acquisition, the Bank's sole shareholder decided to carry out a capital increase of the Bank, involving a monetary contribution (see Note 14).

With this transaction, the Bank will further develop and strengthen its position in the LPA business in Italy.

The assets and liabilities of LPA Business of Iccrea Bank recognised on the acquisition date were provisionally accounted for as follows:

	Thousand of Euros
	Fair Value
Asset:	
Financial assets at amortised cost	2,124
Liability:	
Financial liabilities at amortised cost	(736)
Other liabilities	(88)
Net assets acquired	1,300

Assets arising from the business acquisition

In this business acquisition, different assets were revealed as a consequence of the higher price paid for the acquired net assets whose provisional accounting at the acquisition date has been as follows:

	Thousands of Euros
Consideration transferred	101,300
Less- Fair value of the net assets acquired	(1,300)
Emerg ed goodwill from business combination	100,000

Acquisition related costs are expensed as incurred and included in other expenses. During the year ended December 31, 2023, 2,810 thousand euros were recorded as expenses.

The results from date of acquisition to 31 December 2023 were not significant.

Acquisitions in 2022

Instihub Analytics Limited

On 3 May 2022, the Bank, decided to make a monetary contribution to Allfunds Digital S.L.U. for amount of EUR 10,500 thousands, which was accounted as a contribution to own funds. The contribution was paid by cash transfer and this funds contributed to the acquisition of the representative shares of the 100% of the capital of Instihub Analytics Limited (currently named Allfunds Data Analytics).

On 4 May 2022, Allfunds Bank S.A.U., through its fully owned subsidiary Allfunds Digital, S.L.U., obtained control over Instihub Analytics Limited, purchasing all of its shares from a third party for a total of EUR 12,391 thousand. Allfunds Digital, S.L.U. acquired 100% of the share capital of Instihub Analytics Limited.

Web Financial Group

On 31 May 2022, Allfunds Bank, S.A.U., through its subsidiary Allfunds Digital, S.L.U., entered into an agreement with third parties to acquire Web Financial Group, S.A. (the Company), a European financial technology company and provider of software solutions to the wealth management sector. Allfunds Digital, S.L.U. obtained control of the Company on that date and the aggregate consideration to be paid for the acquisition was an amount equal to the closing price of EUR 129,713 thousand, of which was agreed to be retained by the Group due to potential contingencies of an amount of EUR 5,676 thousand. As a result of this acquisition, on 25 May 2022, the sole shareholder of the Bank carried out a capital increase with a monetary contribution amounting to 141,000 thousand euros in order to complete the acquisition. Subsequently, the Bank made a monetary contribution to Allfunds Digital for the amount of 141,000 thousand euros, which has led to an increase in said investment for the aforementioned amount.

1) Events after the reporting period

On 29 February, 2024, the option to extend the exclusivity agreement until November 2025 for the distribution of funds in the commercial network of a former shareholder was exercised through a payment of 30 million euros, which had Liberty Partners, S.L.U., sole shareholder of the Bank. Taking into account the economic background of the operation and given that the economic benefits of these exclusivity rights will fall to the Bank, an intangible asset has been recorded, increasing the company's own funds.

Since 31 December 2023 and up to the date of issuance of these annual accounts, there have been no significant subsequent events in addition to the above.

2. Accounting policies and measurement bases

The accounting policies and measurement bases applied in preparing these financial statements were as follows:

a) Definitions and classification of financial instruments

i. Definitions

A "financial instrument" is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity.

An "equity instrument" is any agreement that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A "derivative" is a financial instrument whose value changes in response to the change in a specified variable, sometimes called the underlying asset (such as an interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or the related index), which doesn't require an

initial investment or is very small compared with other financial instruments with a similar response to changes in market factors, and which is generally settled at a future date.

ii. Classification of financial assets for measurement purposes

Financial assets are initially classified into the various categories used for management and measurement purposes, unless they have to be presented as "Non-Current Assets and Disposal Groups Classified as Held for Sale", or relate, where appropriate, to "Cash, cash balances at Central Banks and other demand deposits", "Fair value changes of the hedge items in portfolio hedges of interest rate risk", "Hedging derivatives" or "Investments in subsidiaries, Joint Ventures and Associates", which are reported separately.

In accordance with Standard 22 of Circular 4/2017 of Bank of Spain, financial assets and liabilities are classified on the basis of the business model the Bank establishes to manage them and considering its contractual cash flows as defined below:

- The business model to manage financial assets is the way the Bank manages the financial asset groups together to generate cash flows. The aforementioned model can consist of holding financial assets to collect contractual cash flows, the sale of these assets or a combination of both objectives.
- The contractual cash flow characteristics of financial assets can be:
 - Those contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, commonly referred to as "SPPIs" and,
 - The rest of the characteristics.

a) Business models

There are three types of business model depending on how cash flows for financial instruments are handled:

- Amortised cost – collection of contractual cash flows: This consists of holding assets in order to collect contractual cash flows (principal and interests) on specific dates of the instrument.
- Mixed – collection of contractual cash flows and sale of financial assets: The mixed model combines the objective of holding assets to collect contractual cash flows the terms of which also respond solely to payments of the principal and interests, as well as selling these assets.
- Trading – sale of financial assets: The business model consists of buying and selling assets. The Bank makes its decisions based on the fair value of the assets and manages these to obtain their fair value.

b) SPPI test

The SPPI tests consists of determining if, in accordance with the contractual characteristics of the instrument, its cash flows represent only the return of its principal and interests, understood basically as compensation for the time value of money and debtor's credit risk.

The main purpose of the test is to distinguish between which products contained in the "collection of contractual cash flows" and "collection of contractual cash flows and sale of financial assets" business models can be measured at amortised cost and at fair value through other comprehensive income, respectively, or contrariwise, must be mandatorily measured at fair value through profit or loss. Debt instruments that are measured at fair value through profit and loss and equity instruments are not subject to this analysis.

Specifically, a financial asset, depending on its business model and the SPPI test, is classified into:

1. Financial assets at amortised cost: if the instrument is managed to generate cash flows in the form of contractual collections during the expected life of the instrument and passes the SPPI test.
2. Financial assets at fair value through accumulated other comprehensive income: if the instrument is managed to generate cash flows i) in the form of contractual collections during the expected life of the instrument and ii) by means of the sale of the same and passes the SPPI test.
3. Financial assets mandatorily measured at fair value through profit or loss: if the instrument is managed to generate cash flows through their sale or if it does not meet the SPPI with the aforementioned business models. There are two categories of these assets:
 - Financial assets that are held for trading; included in this subcategory are instruments that meet one of the following characteristics: i) are acquired or incurred principally for the purpose of selling or repurchasing them in the short term, ii) are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking and iii) are a derivative that do not meet the definition of a financial guarantee contract and have not been designated as a hedging instrument.
 - Non-trading financial assets mandatorily at fair value through profit or loss; Debt instruments that cannot be classified at amortised cost or at fair value through other comprehensive income shall be classified in this subcategory given that, owing to their contractual characteristics, the cash flows they generate are not solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Bank can irrevocably opt to include equity instruments that must not be classified as held for trading in the "Financial assets at fair value through accumulated other comprehensive income" portfolio. Resort shall be had to this option on an instrument-by-instrument basis. Moreover, at initial recognition, the Bank may irrevocably opt to designate any financial asset as at fair value through profit or loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses thereon using different criteria.

Regardless of the frequency and importance of the sales, certain types of sale are not compatible with the held for trading category to receive contractual cash flows: such as sales owing to drops in credit quality, sales close on transaction maturity, in such a way that market price variations would not have a significant impact on the cash flows of the financial asset, sales responding to a change in regulations or taxation, sales responding to an internal restructuring or significant business acquisition, sales arising from the implementing of a liquidity crisis plan when the crisis event is not reasonably expected.

The Bank has defined the business models and divided up its financial instrument portfolio for the purpose of doing the SPPI test, thereby distinguishing: i) families of instruments that group together fully homogeneous products ("umbrella families") in such a way that by testing a sample of portfolio products it would be possible to extrapolate the conclusion as to whether or not the rest of the products in the same family pass the test and ii) products which, because of their nature are analysed on a case-by-case basis, with respect to which the Bank conducted the SPPI test on each one.

iii. *Classification of financial assets for presentation purposes*

In addition to the categories included in section "ii" above, financial assets are classified, by type of instrument, into the following items in the balance sheet:

- Cash, cash balances in Central Banks and other demand deposits: cash balances and balances receivable on demand with central banks and other credit institutions.
- Loans and advances: includes the debit balances of all credit and loans granted by the Bank, other than those represented by securities, as well as finance lease receivables and other debit balances of a financial nature in favour of the Bank, such as cheques drawn on credit institutions, balances receivable from clearing houses and settlement agencies for transactions on the stock exchange and organised markets, bonds given in cash, capital calls, fees and commissions receivable for financial guarantees and debit balances arising from transactions not originating in banking transactions and services, such as the collection of rentals and similar items, where applicable.

They are classified, depending on the institutional sector to which the borrower belongs, under:

- Central banks: credit of any nature, including deposits made and money market operations in the name of the Bank of Spain or other central banks.
- Loans and advances to credit institutions: credit of any nature, including credit received and money market operations in the name of credit institutions.
- Customers: includes the remaining credit, including money market operations through central counterparties, if any.
- Debt instruments: bonds and other securities that create a debt for their issuer, that generate an implicit or explicit interest return at a contractually agreed rate, and that are in the form of certificates or book entries, irrespective of the issuer.
- Equity Instruments: financial instruments issued by other entities, such as shares and non-voting equity units, if any, which have the nature of equity instruments for the issuer, unless they are investments in subsidiaries, jointly controlled entities or associates. Investment fund units are included in this item, if any.
- Derivatives: includes the fair value in favor of the Bank of derivatives which do not form part of hedge accounting.

iv. *Classification of financial liabilities for measurement purposes*

Regarding financial liabilities are classified for measurement purposes into one of the following categories:

- Financial liabilities designated at fair value through profit or loss: include those financial liabilities designated as such from their initial recognition, whose fair value can be reliably estimated, and which meet the same conditions as those for financial assets at fair value through profit or loss described above.
- Financial liabilities held for trading: it includes compulsorily all the financial liabilities which comply with any of the following characteristics: they have been issued with the intention of being repurchased in the near future, they are short positions, belong to a portfolio of financial instruments identified and managed jointly, for which there is evidence of recent actions with the objective of achieving short term profit or there are derivatives instruments which do not meet with the definition of a financial guarantee contract and have not been designated as accounting hedging instruments.
- Financial liabilities at amortised cost: this category of financial instruments includes all financial liabilities except those with the characteristics mentioned in the rest of the portfolios.

v. Classification of financial liabilities for presentation purposes

Financial liabilities are classified by nature into the following items in the balance sheet for presentation purposes, where applicable:

- Deposits: includes all repayable balances received in cash by the Bank, including those having the substance of subordinated liabilities (amount of financing received which, for the purposes of payment priority, ranks behind ordinary debt), except for debt securities. This item also includes cash bonds and cash consignments received the amount of which may be invested without restriction. Deposits are classified on the basis of the creditor's institutional sector into:
 - Central Banks: deposits of any nature, including credit received and money market operations received from the Bank of Spain or other central banks.
 - Credit institutions: deposits of any nature, including credit received and money market operations in the name of credit institutions.
 - Customers: includes the remaining deposits, including money market operations through central counterparties.
- Derivatives: includes the fair value of the Bank's liability in respect of derivatives which do not form part of hedge accounting.
- Other financial liabilities: includes the amount of payment obligations having the substance of financial liabilities not included under any other item.

b) Measurement of financial assets and liabilities and recognition of fair value changes

In general, financial instruments are initially recognised at fair value which, in the absence of evidence to the contrary, is deemed to be their acquisition cost. Financial instruments not measured at fair value through profit or loss are adjusted by the transaction costs and any fees and commissions which, under the applicable rules, should form part of the calculation of the effective interest rate on the transactions. Investments in Group companies are initially measured at acquisition cost. Financial assets and liabilities are subsequently measured at each year-end as follows:

i. Measurement of financial assets

Financial assets are measured at fair value, without deducting any transaction costs that may be incurred on their sale or other form of disposal, except for financial assets at amortised cost, held-to-maturity investments, Investments in subsidiaries, joint ventures and associates and equity instruments, whose fair value cannot be determined in a sufficiently objective manner and financial derivatives, where applicable, that have those equity instruments as their underlying and are settled by delivery of those instruments.

The "fair value" of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable parties. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep active market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

Financial assets at amortised cost

"Financial assets at amortised cost" are measured subsequent to acquisition at amortised cost using the effective interest method. Amortised cost is understood to be the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal and interests repayments and the cumulative amortisation of the difference between the initial cost and the maturity amount. In the case of financial assets, amortised cost furthermore includes any reductions for impairment considered likely to occur. In the case of loans and receivables hedged in fair value hedges, the changes in the fair value of these assets related to the risk or risks being hedged are recognised. The interest earned on these assets is recognised under "Interest income" in the income statement. Any impairment losses that might arise are recognised under "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" in the income statement using the criteria indicated in Note 2-e. The assets denominated in foreign currencies are measured using the criteria included in Note 2-k.

The "effective interest rate" is the discount rate that exactly matches the initial amount of a financial instrument to the present value of its estimated cash flows during its life, based on the contractual terms, but disregarding future credit losses. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date adjusted, where applicable, by the fees and the transaction costs that, because of their nature, should be included in the calculation of the interest rate. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the next benchmark interest reset date.

Financial assets at fair value through accumulated other comprehensive income

Financial assets at fair value through other comprehensive income are recognised in the balance sheet at fair value from their trade date. Changes in the fair value of all these assets are recognised in equity ("Other comprehensive income"). When they consist of investments in debt instruments, the cumulative changes in value remain in equity until the asset is derecognised, at which time they are

reclassified to profit or loss; however, when they consist of equity instruments, the cumulative changes are reclassified directly to reserves when the asset is derecognised

Non-trading financial assets mandatorily at fair value through profit or loss

"Non-trading financial assets mandatorily at fair value through profit or loss" are recognised in the balance sheet at fair value from their trade date. Changes in the fair value of all these assets are recognised under "Gains or Losses on Financial Assets not held for trading compulsory measured value through profit and loss, Net" in the statement of profit or loss, except for any interest accrued by application of the effective interest method, which is recognised under "Interest Income" in the statement of profit or loss.

As of December 31, 2023, it includes 11,275 thousand euros, corresponding mainly to the participations in UCITS of funds managed by Allfunds Solutions and the purchase of an investment fund in the United Kingdom.

Financial assets held for trading

All derivatives classified as held for trading are recognised in the balance sheet at fair value from the trade date. If the fair value is positive, they are recognised as an asset and if the fair value is negative, they are recognised as a liability. The fair value on the trade date is deemed, in the absence of evidence to the contrary, to be the transaction price. The changes in the fair value of derivatives from the trade date are recognised in "Gains or Losses on financial assets and liabilities held for trading, net" in the income statement. Specifically, the fair value of any financial derivatives traded in organised markets included in the portfolios of financial assets or liabilities held for trading is deemed to be their daily quoted price and if, for exceptional reasons, the quoted price cannot be determined on a given date, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

The fair value of OTC derivatives is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using valuation techniques accepted in the financial markets: "net present value" (NPV), option pricing models, etc.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are measured at cost net, where appropriate, of any accumulated impairment losses. Impairment losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

At least at each reporting date the Bank tests financial assets not measured at fair value through profit or loss for impairment. When this occurs, the impairment loss is recognised or, as appropriate, reversed in the statement of profit or loss. The limit of any reversal of impairment losses is the carrying amount

of the financial asset that would be recognised at the date of reversal had no impairment loss been recognised.

ii. Measurement of financial liabilities

In general, financial liabilities are measured at amortised cost, as defined above, except for those included under "Financial liabilities held for trading", which are measured at fair value, using the same measurement and recognition methods as those described in the preceding section for derivatives with a favourable balance for the Bank.

iii. Valuation techniques

The fair value recognised by the Bank for the financial instruments included under "Financial assets held for trading" and "Financial liabilities held for trading" in the balance sheet as at 31 December 2023 is based on "internal valuation models" using data drawn from the market. The main technique used in the "internal valuation models" is the "present value" method.

Additionally, the fair value recognised by the Bank for the financial instruments included under "Non trading financial assets mandatorily at fair value through profit or loss" with regard to equity instruments not listed on organised markets and in which no other valid references for the estimation of fair value are available, the Bank recognises these instruments at cost in the balance sheet since it is not possible to estimate their fair value reliably and for other financial instruments included it is recognized using the NAV (net asset value) technique. 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.

The Bank's directors consider that the result of applying these valuation techniques on the financial assets and liabilities recognised in the balance sheet and the income arising from these financial instruments is reasonable and reflect their market value.

c) Derecognition of financial assets and liabilities

Financial assets are generally only derecognised when the cash flows they generate have been extinguished or when substantially all the inherent risks and rewards have been transferred to third parties. Similarly, financial liabilities are only derecognised when the obligations they generate have been extinguished or when they are acquired by the Bank (with the intention either to cancel them or to resell them).

In 2023 and 2022 the Bank did not transfer any financial instrument which was not derecognised.

d) Offsetting of financial instruments

Financial asset and liability balances are offset, i.e. reported in the balance sheet at their net amount, only if the Bank currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Bank did not hold any financial assets or liabilities in the accompanying balance sheets at 31 December 2023 and 2022 that had been offset or were eligible for offset.

e) Impairment of financial assets

A financial asset is considered impaired (and, accordingly, its carrying amount is adjusted to reflect the effect of its impairment) when there is objective evidence that events have occurred giving rise to:

- In the case of debt instruments, (loans and debt securities) a negative impact on estimated future cash flows at initial recognition.
- In the case of equity instruments, when their carrying amount cannot be fully recovered.

The amount for 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, 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 (3) 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. Impairments 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. 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.
- Stage 3 – Non-performing: credit-impaired transactions, i.e. there has been default. It shall be equal to the expected credit losses. Interest revenue shall be calculated by applying the effective interest rate at amortised cost (i.e. adjusted for an impairment allowance) of the financial instrument.

The measurement of whether or not there has been any significant increase in credit risk must be based on reasonable and supportable information that is available free of charge or disproportionate effort, which shall indicate the credit risk increases since initial recognition and must reflect historical, actual and forward-looking information.

The definitions established to measure the significant credit risk are in keeping with the following criteria:

- Drop in the credit rating given by credit rating agencies

- Drop in the country rating where the counterparty operates
- Increase in credit default swaps (CDS)
- Public information of results with losses
- Threat of systemic risk
- Merger, take-over or capital reduction
- Changes in shareholders
- Significant increase in consumption limits and in customer payment experience.

Whatever the case, Stage 2 is considered with respect to instruments with defaults of over 30 days.

Method to calculate expected losses

The measurement process for possible impairment losses for these instruments that involve the risk of insolvency for obligors (credit risk) is done collectively, as there are no significant individual cases that exceed a particular threshold. This estimate was made on the basis of industry-specific information and accumulated experience.

The amount for impairment losses, estimated in accordance with the criteria set forth above, are entered in the headings "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification".

As a general criterion, the carrying amount allowance for financial instruments due to impairment is entered in the profit and loss account for the reporting year in which the impairment appears. Recoveries of previously entered impairment losses, where appropriate, are reflected in the profit and loss account for the reporting year in which the impairment is eliminated or reduced.

Whenever it is considered that the probability of recovery of any amount entered is remote, this is removed from the balance, without prejudice to the Bank and its subsidiaries attempting its collection until their rights have definitively lapsed; whether owing to the statutory limitation, having been written off or some other reason.

f) Tangible assets

The Bank's tangible assets relate in full to property, plant and equipment for own use and are presented at acquisition cost, less:

- The related accumulated depreciation, and
- Any estimated impairment losses, calculated by comparing the carrying amount of each asset with its recoverable amount, which is defined as the higher of value in use and fair value less costs to sell.

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

The period tangible asset depreciation charge is recognised in the income statement and is calculated using the following depreciation rates (based on the average years of estimated useful life of the various assets):

	Annual Rate
Furniture and fixtures	10
Computer hardware	25
Right-of-use assets	10 - 33

The Bank assesses at the reporting date whether there is any internal or external indication that an asset may be impaired (i.e. its carrying amount exceeds its recoverable amount). If this is the case, the carrying amount of the asset is reduced to its recoverable amount with a charge to the income statement and future depreciation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life (if the useful life has to be re-estimated).

Similarly, if there is an indication of a recovery in the value of a tangible asset on which an impairment loss has been recognised, the Bank recognises the reversal of the impairment loss recognised in prior periods with a credit to the income statement and adjusts the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

The estimated useful lives of property, plant and equipment for own use are reviewed at least at the end of the reporting period with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recognised in the income statement in future years on the basis of the new useful lives.

Upkeep and maintenance expenses are recognised as an expense in the period in which they are incurred.

g) Leases

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.

The lessee is required to recognise a right-of-use asset representing its right to use the leased asset under "Tangible Assets - Property, Plant and Equipment" in the 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 balance sheet (see Note 13.3). For the purposes of the income statement, the depreciation of the right-of-use asset must be recognised under "Depreciation" (see Note 8), and the finance cost associated with the lease liability under "Interest Expenses" (see Note 19).

In the case of short-term leases and those whose underlying is of low value, the lessee may choose to recognize the expenses arising from operating lease agreements in the income statement in the year in which they accrue instead of recognizing the assets and liabilities detailed above.

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 provided.

At the end of the 2023 and 2022, the Bank has contracted with the lessors the following minimum lease payments (including, if applicable, the purchase options), in accordance with the current contracts in force, without taking into account the repercussion of common expenses: future increases by CPI, nor future updates of contractually agreed rents:

Financial Leases Minimum Fees	Thousands of Euros	
	2023	2022
	Current Value	Current Value
Less than 1 year	6,632	5,677
Between 1 and 5 years	14,966	9,741
More than 5 years	1,005	1,400
	22,603	16,818

h) 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 Bank, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Bank considers it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate tangible assets.

When the useful life of intangible assets cannot be reliably estimated, they will be amortized over a period of ten years. Unless proven otherwise, it will be presumed that the useful life of the goodwill is ten years.

Lastly, the Bank recognises any impairment loss on the carrying amount of these assets with a charge to "Impairment or Reversal of Impairment of Non-Financial Assets" in the income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for tangible assets (see Note 2-f).

This category mainly includes goodwill, computer applications and other intangible assets arising from the acquisition of the business of Banca Corrispondente (BNP), Investlab (Credit Suisse), Allfunds Sweden AB and LPA Business of Iccrea Bank (see Note 9).

Goodwill

The positive differences between the acquisition cost of the business and the net assets acquired at the acquisition date are allocated as follows:

- it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets (or reducing the value of the liabilities) whose fair values were higher (lower) than the carrying amounts at which they had been recognized in the acquired entities' balance sheets.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the balance sheet provided that the fair value of these assets within twelve months following the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill, which is allocated to one or more cash-generating units (hereinafter, "CGUs") (a cash generating unit is the smallest identifiable group of assets that, as a result of continuing operation, generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets).

Goodwill (which is only recognized when acquired for consideration) therefore represents prepayments made by the acquirer for future economic benefits derived from assets of the acquiree that are not individually and separately identifiable and recognisable.

At least annually and whenever there is any indication of impairment, it is estimated whether there has been any impairment reducing its recoverable amount to below its carrying amount and, if so, it is written down with a charge to "Impairment or Reversal of Impairment of Non-Financial Assets " in the income statement.

An impairment loss recognized for goodwill is never reversed in a subsequent period.

In accordance with the applicable regulations, useful life for goodwill is estimated to be 10 years, and its amortization is recorded annually.

Goodwill is allocated to one or more cash-generating units ("CGUs") that are expected to benefit from the synergies of the business combinations. Each CGU to which goodwill is allocated:

- Represents the lowest level within the entity at which goodwill is monitored for internal management purposes.
- Is not larger than a business segment.

The CGUs to which goodwill has been allocated are tested for impairment (the allocated portion of goodwill is included in their carrying amount). This test is performed at least annually or whenever there is an indication of impairment.

A CGU to which goodwill has been allocated is tested for impairment by comparing the carrying amount of that unit - adjusted by the amount of the goodwill attributable to non-controlling interests, if the Bank has opted not to measure non-controlling interests at fair value - with its recoverable amount.

The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. Value in use is calculated as the discounted present value of the cash flow projections estimated by management for the unit and is based on the most recent budgets available for the coming years. The main assumptions used in calculating value in use are: a sustainable growth rate to extrapolate the cash flows and/or dividends to perpetuity, and an interest rate to discount the cash flows and/or dividends, which is equal to the cost of capital allocated to each cash-generating unit and is the sum of the risk-free rate plus a premium that reflects the risk inherent in the business being assessed.

If the carrying amount of a CGU is higher than its recoverable amount, the Bank recognizes an impairment loss, which is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU, and then, if losses remain to be allocated, to reduce the carrying amount of the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the CGU. Where the Bank has opted to measure non-controlling interests at fair value, the impairment of the goodwill attributable to those non-controlling interests is recognized. An impairment loss recognized for goodwill is never reversed in a subsequent period.

i) Other assets and other liabilities

"Other Assets" in the balance sheet includes the amount of assets not recorded in other items, which relates basically to the accrued income from the Bank's activity.

"Other Liabilities" includes the payment obligations having the substance of financial liabilities not included in any other balance sheet item and mainly the accrual accounts arising from transfers of the fees and commissions associated with the Bank's main activity.

j) Provisions and contingent liabilities

Provisions are present obligations at the balance sheet date arising from past events which could give rise to a loss for the Bank, which is considered to be likely to occur and certain as to its nature but uncertain as to its amount and/or timing, and the Bank expects that an outflow of resources embodying economic benefits will be required to settle such obligations.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Bank. They include present obligations of the Bank when it is considered possible but not probable that an outflow of cash resources embodying economic benefits will be required to settle them or when their amount cannot be quantified in a sufficiently reliable manner.

The 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 (see Note 10). In accordance with current standards, contingent liabilities are not recognised in the financial statements, but rather are disclosed in the Notes.

In this respect, on 3 March 2011, Fairfield Sentry Limited and Fairfield Sigma 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 Bank and against the Bank, as a result of the reimbursements made by the Bank to the participants in the above 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 reasons, incorrect payments had been made and unjust enrichment had resulted from such reimbursements in the amount of USD 3,505,471.33 (approximately EUR 3,172 thousand).

On 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 includes 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 defendant was irrefutably 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.

After the decision of 6 December 2018, the parties (plaintiffs and defendants) agreed to close the claims in order to execute that decision. After this agreement was presented to the Court, on 4 April 2019, the Court accepted the closing of the claims relating to Allfunds. Subsequently, the plaintiffs have appealed the decision of the Court of 6 December 2018 (including the closing order regarding Allfunds).

On 19 July 2019, the plaintiff 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 (Renewed Motion).

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 eligible for the "free port" or safe harbor exemption under U.S. law by providing the necessary documentation.

On May 29, 2020, the Liquidators filed their opposition to Defendants' Renewed Motion and the Supplemental MOL, and Defendants filed a consolidated reply on June 19, 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 harbor defense 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, which include the Bank, did not permit or authorize the Liquidators to serve their complaints by international mail.

On December 14, 2020, the U.S. Bankruptcy Court issued a favorable 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 February 24, 2021, the order implementing the U.S. Bankruptcy Court's Fairfield III decision for the Bank was entered. On March 12, 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.

The plaintiffs subsequently appealed to the same district judge handling the Fairfield II appeal. And on August 24, 2022, the United States District Court issued a decision upholding the United States Bankruptcy Court's dismissal of the claims against the Bank.

The Liquidators again appealed the decision to the United States District Court. The Liquidators filed their initial brief on January 27, 2023. The defendants' opposition brief were filed on May 5, 2023 and the Liquidators filed their response brief on June 9, 2023. The Court has convened an oral hearing for April 12, 2024. The matter remains pending under the Second Circuit.

Based on all of the foregoing, the resolution of this issue seems close, although it cannot be confirmed to date whether the final resolution of the lawsuit will finally be favorable. In any case, the Bank considers that, ultimately, it will not have to bear the possible adverse consequences of the aforementioned procedure, since it understands that it acted as a mere intermediary without benefiting, in any case, from the reimbursements made, and without having reliable knowledge that the net asset value applicable at the time of redemptions was erroneous, therefore no provision has been made for this concept either as of December 31, 2023 or December 31, 2022.

Obligations

The Bank had entered into the following agreement with BNP in the context of the business acquisitions made:

- Transactional Services Agreement (TSA) with BNP following the business combination effected on 2 October 2020 with a duration of three years and a total cost of EUR 82.6 million which expired in April 2023.

At 31 December 2023 and 2022, the Bank recognised expenses amounting to EUR 2,143 thousand and EUR 45,602 thousand, respectively, and these amounts are recognised under "Subcontracted administrative expenses - Other Administrative Expenses" in the accompanying income statement (see Note 22.2).

The Bank had signed with Banco Iccrea an agreement within the framework of the business acquisition carried out during the 2023 financial year with a commitment of 400 thousand euros.

k) Foreign currency transactions

The Bank's functional currency is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency".

The detail, by currency and item, of the equivalent euro value of the main asset and liability balances in the balance sheet denominated in foreign currency at 31 December 2023 and 2022, taking into account the nature of the entries and the most meaningful foreign currencies to be represented is as follows:

Nature of Foreign Currency Balances	Equivalent Value in Thousand of Euros			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Balance in US dollars				
Cash, and cash balances with Central Banks and other	400.012	—	303.147	—
Non-trading financial assets mandatorily at fair value through profit or loss	2.270	—	1.879	—
Financial assets at amortised cost	72.681	—	165.672	—
Tangible assets	219	—	201	—
Tax assets	—	—	4	—
Other assets	98.971	—	93.783	—
Financial liabilities at amortised cost	—	396.619	—	447.404
Other liabilities	—	88.286	—	80.226
	574.153	484.905	564.686	527.630
Balances in pound sterling				
Cash, and cash balances with Central Banks and other	70.683	—	76.617	—
Non-trading financial assets mandatorily at fair value through profit or loss	7.992	—	—	—
Financial assets at amortised cost	1.763	—	5.039	—
Investments in subsidiaries, joint ventures and associates	1	—	1	—
Tangible assets	2.206	—	3.234	—
Tax assets	1.206	—	1.624	—
Other assets	6.015	—	5.357	—
Financial liabilities at amortised cost	—	79.657	—	99.702
Tax liabilities	—	929	—	2.095
Other liabilities	—	7.390	—	6.109
	89.666	87.976	91.872	107.906
Balances in Swiss francs				
Cash, and cash balances with Central Banks and other	54.618	—	68.204	—
Financial assets at amortised cost	4.687	—	2.921	—
Tangible assets	2.506	—	967	—
Intangible assets	238.641	—	257.130	—
Tax assets	45.074	—	48.522	—
Other assets	22.196	—	28.523	—
Financial liabilities at amortised cost	—	20.381	—	21.271
Tax liabilities	—	24.822	—	26.351
Other liabilities	—	21.544	—	26.348
	367.722	66.747	406.267	73.970
Balances in Swedish krona:				
Cash, and cash balances with Central Banks and other	11.153	—	12.361	—
Financial assets at amortised cost	33	—	4.911	—
Intangible assets	11.370	—	13.200	—
Tax assets	515	—	452	—
Other assets	32.954	—	26.142	—
Financial liabilities at amortised cost	—	7.790	—	15.267
Tax liabilities	—	601	—	297
Other liabilities	—	33.643	—	25.954
	56.025	42.034	57.066	41.518
Balances in other currencies:				
Cash, and cash balances with Central Banks and other	51.969	—	26.030	—
Derivatives assets	15	—	—	—
Financial assets at amortised cost	33.791	—	60.274	—
Investments in subsidiaries, joint ventures and associates	8.009	—	6.274	—
Tangible assets	1.369	—	1.856	—
Intangible assets	—	—	5	—
Tax assets	2.476	—	423	—
Other assets	17.826	—	18.594	—
Derivatives liabilities	—	8	—	—
Financial liabilities at amortised cost	—	47.207	—	56.715
Tax liabilities	—	53	—	—
Other liabilities	—	19.791	—	14.813
	115.455	67.060	113.456	71.528
Total foreign currency balances	1,203,222	748,721	1,233,347	822,552

In general, exchange differences arising on the translation of foreign currency balances to the functional currency are recognised, since substantially all of them arise from monetary items, at their net amount under "Exchange differences (net)" in the income statement, except for exchange

differences arising on any financial instruments at fair value through profit or loss (in the Bank's case, derivatives classified as Financial assets held for trading), which are recognised in the income statement without distinguishing them from other changes in the fair value of these instruments.

l) Recognition of income and expenses

The most significant criteria used by the Bank to recognise its income and expenses are summarised as follows:

i. Interest income, interest expenses and similar items

Interest income, interest expenses and similar items are generally recognised on an accrual basis using the effective interest method. Dividends received from other companies are recognised as income when the right to receive them arises, if any.

ii. Commissions, fees and similar items

Fee and commission income and expenses are recognised in the income statement 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.
- Those arising from transactions or services that are performed over a period of time are recognised over the life of these transactions or services.
- Commissions arising 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 Bank's customers, are recognized when incurred.
- Those relating to the provision of a service in a single act, which are recognised when the single act is carried out.

iii. Non-finance income and expenses

These are recognised for accounting purposes on an accrual basis.

iv. Deferred collections and payments

These are recognised for accounting purposes at the amount resulting from discounting the expected cash flows at market rates, when the effect of discounting is material.

m) Post-employment benefits and other commitments with employees

Under the collective agreements currently in force and other arrangements, the Bank has undertaken to supplement the public social security system benefits accruing to certain employees, and to their beneficiary right holders, for retirement, permanent disability or death.

Post-employment remuneration – Defined contribution plans

The Bank's post-employment obligations to its employees are deemed to be "defined contribution plans" when the Bank 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

The contributions made by the Bank each year under its defined contribution obligations are recognised under "Administration Costs - Personnel expenses" in the income statement (see Note 22.1).

Post-employment benefits: defined benefit plans

At 31 December 2023, the Bank had pension obligations to certain employees of the Branches in Italy and Switzerland which, pursuant to the applicable legislation, meet the conditions to be considered defined benefit obligations.

The Bank recognises the net present value of these post-employment defined benefit obligations under "Provisions - Pensions and Other Post-Employment Defined Benefit Obligations" on the liability side of the balance sheet.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the statement of profit or loss and includes the following items:
 - Current service cost, i.e., the increase in the present value of the obligations resulting from employee service in the current period, is recognised under "Administration Costs - Personnel expenses".
 - The past service cost, which arises from changes to existing post-employment benefits or from the introduction of new benefits and includes the cost of curtailments, is recognised under "Provisions or (-) Reversal of Provisions".
 - Any gain or loss arising from plan settlements is recognised under "Provisions or (-) Reversal of Provisions".
- Net interest on the net defined benefit liability (asset), i.e., the change during the year in the net defined benefit liability (asset) that arises from the passage of time, is recognised under "Interest Expenses" ("Interest Income" if it constitutes income) in the statement of profit or loss.
- The remeasurement of the net defined benefit liability/asset is recognised under "Other Comprehensive Income" in equity and comprises:
 - Actuarial gains and losses generated in the year, arising from the effects of differences between the previous actuarial assumptions and what has actually occurred and from the effects of changes in actuarial assumptions.
 - The return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.
 - Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/asset.

n) Termination benefits

Under current legislation, the Bank is required to pay termination benefits to employees terminated without just cause. At 31 December 2023 and 2022, there were no redundancy plans making it necessary to record a provision in this connection.

o) Income tax

The Bank, as the parent of the tax group, opted to apply the consolidated income tax regime in accordance with Royal Decree-Law 2/2011.

Under the special consolidated tax regime for corporate groups, the group of entities that contribute to the income tax base must be regarded, for all purposes, as a single taxpayer. However, each of the entities forming part of the consolidated tax group must calculate the tax debt that would correspond to it were it to file individual tax returns and recognise the income tax payable or receivable by it based on the profit or the loss, respectively, contributed by it to the group.

The current income tax expense is calculated as the tax payable on the taxable profit, adjusted by the amount of the period changes in the assets and liabilities arising from temporary differences and of any tax credit or tax loss carryforwards.

Deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases that are expected to reverse in the future, and tax loss and tax credit carryforwards, if any. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

"Tax Assets" in the balance sheet includes, if any, the amount of all tax assets, distinguishing between: "Tax Current Assets" (amounts of tax to be recovered within the next twelve months) and "Tax Deferred Assets" (amounts of tax to be recovered in future years, including those arising from any tax loss and tax credit carryforwards).

"Tax Liabilities" in the balance sheet includes, if any, the amount of all tax liabilities (except provisions for taxes), which are broken down into "Tax Current Liabilities" –the amount payable in respect of the Income tax on the taxable profit for the year and other taxes in the next twelve months– and "Tax Deferred Liabilities" –the amount of income tax payable in future years, that could exist.

Deferred tax liabilities are recognised for all taxable temporary differences that may exist, except those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that does not affect accounting profit (loss) and is not a business acquisition.

Deferred tax assets are only recognised for temporary differences to the extent that it is considered probable that the Bank will have sufficient future taxable profits against which the deferred tax assets can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business acquisition) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit. Any other deferred tax assets (tax loss and tax credit carryforwards that could exist) are only recognised to the extent that it is probable that the Bank will have future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each reporting date, where applicable, in order to ascertain whether they still exist, and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets, if any, are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

p) Investments

Investments in subsidiaries, joint ventures and associates

"Subsidiaries" or "Group entities" are defined as entities over which the Bank has the capacity to exercise control; control is, in general but not exclusively, presumed to exist when the Bank owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, as in the case of agreements with shareholders of the investee, the Bank is granted control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

"Joint ventures" are deemed to be ventures that are not subsidiaries but which are jointly controlled by two or more unrelated companies. This is evidenced by contractual arrangements whereby two or more entities (venturers) acquire interests in entities or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

Associates are entities over which the Bank is in a position to exercise significant influence, but not control or joint control, usually because it holds 20% or more of the voting power of the investee.

Investments in subsidiaries, joint ventures and associates are measured at cost net, where appropriate, of any accumulated impairment losses that may need to be recognised. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement.

Impairment losses are recognised immediately in the statement of profit or loss for the period in which they arise. Reversals of previously recognised impairment losses are recognised immediately in the statement of profit or loss for the period.

Any dividends earned on these ownership interests in the year are recognised under "Dividend Income" in the statement of profit or loss when earned, which is when the Bank's right to receive them is established, which is the date on which they are declared by the related governing bodies of the investees.

Note 7 to these financial statements provides significant information on these companies and on the most significant acquisitions and disposals in 2023 and 2022.

q) Statement of recognized income and expenses

This is a statement that presents the income and expenses generated by the Bank as a result of its business activity in the year, and a distinction is made between the income and expenses recognised in the income statement for the year and the other income and expenses recognised, in accordance with current regulations, directly in equity, making a distinction among the latter, in turn, between items that may be reclassified to the income statement, pursuant to applicable legislation, and those that may not.

Accordingly, this statement presents:

- a. Profit or Loss.
- b. The net amount of the income and expenses recognised in equity under accumulated other comprehensive income that will not be reclassified to profit or loss in the future.
- c. The net amount of the income and expenses recognised in equity that may be reclassified to profit or loss in the future.
- d. Total recognised income and expense calculated as the sum of a) to c) above.

r) Statement of total changes in equity

This is a statement that includes all the changes in equity, if any, including those due to changes in accounting policies and from the correction of errors. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the equity items, and the changes made are grouped together on the basis of their nature into the following items:

- Adjustments due to changes in accounting policies and adjustments due to errors: include the changes in equity arising as a result of the retrospective restatement of the balances in the financial statements due to changes in accounting policies or to the correction of errors, if any.
- Total income/expense recognized: includes, in aggregate form, the total of the aforementioned items recognised in the statement of recognised income and expense.
- Other changes in equity: includes the remaining items recognised in equity, including, inter alia, increases and decreases in the shareholders' funds, distribution of profit, transactions involving own equity instruments, equity-instrument-based payments, transfers between equity entries and any other increases or decreases in equity, if any.

s) Statements of cash flows

The following terms are used in the statements of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

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

For the purposes of preparing the statement of cash flows, "cash and cash equivalents" were considered to be under "Cash, cash balances at Central Banks and other demand deposits" in the balance sheet.

3. Distribution of the Bank's profit

The distribution of the Bank's net profit for 2023 that the Board of Directors will propose for approval by the sole shareholder is as follows:

	Thousands of Euros
Dividends	115,000
Reserves	
<i>Legal Reserve</i>	643
<i>Other Reserves</i>	279
	115,922

Dividends

At its meeting on 23 February 2023, the Board of Directors of the Bank agreed to pay a dividend of 64,500 thousand euros out of the profit for financial year 2022. The pro forma financial statements prepared by the Bank's directors pursuant to Article 277 of the Consolidated Text of the Capital Companies Act, showing that sufficient funds are available to pay interim dividends, are as follows:

	Thousands of euros
	31/12/2022
Profit after tax	89,493
To be deducted:	
Dividend paid	(15,000)
Legal reserve	1,692
Distributable profit	72,801
Dividend to be distributed	64,500
Gross dividend per share (euros)	25.05

Likewise, the Board of Directors of the Bank, at its meeting on 26 July, 2023, agreed to pay a dividend of 25,000 thousand euros charged to the profits for the financial year 2023. The provisional financial statements that, in accordance with the provisions of article 277 of the Consolidated Text of the Capital Companies Act, have been formulated by the Bank's Directors, evidencing the existence of sufficient resources for the distribution of Interim dividends are as follows:

	Thousands of euros
	30/06/2023
Profit after tax	54,451
To be deducted:	
Dividend paid	–
Legal reserve	605
Distributable profit	53,846
Dividend to be distributed	25,000
Gross dividend per share (euros)	9.34

On 5 September 2023, the only Shareholder of the Bank resolved to distribute interim dividends of EUR 16 million out of 2023 profits. The provisional accounting statements which, in accordance with the provisions of Article 277 of the Consolidated Text of the Capital Companies Act, have been prepared by the Bank's Directors, evidencing the existence of sufficient resources for the distribution of interim dividends, are as follows:

	Thousands of euros
	31/07/2023
Profit after tax	64,613
To be deducted:	
Dividend paid	25,000
Legal reserve	605
Distributable profit	39,007
Dividend to be distributed	16,000
Gross dividend per share (euros)	5.98

On 16 October 2023, the only Shareholder of the Bank resolved to distribute interim dividends of EUR 16 million out of 2023 profits; these amounts had been fully paid up as of the date of preparation of these financial statements. The provisional accounting statements which, in accordance with the provisions of Article 277 of the Consolidated Text of the Capital Companies Act, have been prepared by the Bank's Directors, evidencing the existence of sufficient resources for the distribution of interim dividends, are as follows:

	Thousands of euros
	30/09/2023
Profit after tax	82,229
To be deducted:	
Dividend paid	41,000
Legal reserve	605
Distributable profit	40,624
Dividend to be distributed	16,000
Gross dividend per share (euros)	5.98

On 26 February, 2024, the Bank's Board of Directors agreed to distribute interim dividends of 58 million euros against 2023 profits; This amount has been fully paid at the date of preparation of these annual accounts. The provisional financial statements that, in accordance with the provisions of article 277 of the Consolidated Text of the Capital Companies Law, have been prepared by the Bank's Directors, proving the existence of sufficient resources for the distribution of interim dividends, are the following:

	Thousands of euros
	31/12/2023
Profit after tax	115,922
To be deducted:	
Dividend paid	57,000
Legal reserve	643
Distributable profit	58,279
Dividend to be distributed	58,000
Gross dividend per share (euros)	21.63

Earnings/(loss) per share

The Bank is not the parent company of a dominant consolidated group with shares publicly listed and trading. For this reason, we do not provide basic earnings per share information in the present annual accounts.

4. Remuneration and other benefits paid to the Bank's directors and senior executives

a) Remuneration of directors

Following is a detail of the remuneration earned by the members of the Bank's Board of Directors in 2023 and 2022 in their capacity of directors.

	Thousands of Euros	
	2023	2022
Koro. Johannes	-	-
Rangoaswami. Javanrakasa	60	60
Reid. Christopher	-	-
Saurel. Leonora	-	-
Rueda Delfin	48	48
Delgado Mendes. Sofia	48	48
Gioffreda. Alessandro (*****)	-	-
David Pérez Renovales	65	65
Schliessler. Ursula	60	60
Dolly, Lisa	65	65
Kleinman, Blake (***)	-	-
Zia Shey, Fabian (**)	-	-
Bennett, David Jonathan (*)	200	129
Amaury Dauge (****)	-	-
Philippe Benoit (*****)	-	-
Juan Alcaraz	-	-
	546	475

(*) Appointment as director in May 2022

(**) Ceased in October 2022

(***) Ceased in December 2022

(****) Appointment as director in November 2021 and ceased in March 2022

(*****) Ceased in March 2023

(*****) Appointment as director in March 2023

During the ended period 2023 and 2022, respectively, the directors did not receive any other short-term remuneration, post-employment benefits, other long-term benefits, termination benefits or equity-instrument-based payments. Also, at 31 December 2023 and 2022, the Bank did not have any post-employment obligations to current or former members of its Board of Directors.

Likewise, the remuneration of executive directors for the exercise of their executive functions during the years ended December 31, 2023 and 2022 are detailed below, regardless of the date of joining the Board of Directors:

	Juan Alcaraz		Amaury Dauge	
	Thousands of Euros		Thousands of Euros	
	2023	2022	2023	2022
Fixed (*)	1,658	1,619	-	202
Variable	1,381	705	-	-
Long-term incentive	85	-	-	-
Pensions	68	68	-	-
	3,192	2,392	-	202

(*) Includes other short-term salary supplements

b) Remuneration of senior executives

For the purposes of the preparation of these financial statements, the Bank's senior executives were considered to be all the members of the Executive Committee, the other employees who belong to the Bank identified by the Bank excluding the Directors pursuant to the definition contained in Bank of Spain Circular 2/2016, of 2 February, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) 575/2013, and certain regional and area managers.

Following is a detail of the remuneration paid to the Bank's senior executives in 2023 and 2022:

	Number of Persons	Thousands of Euros			
		Salary			
		Fixed	Variable	Long-term	Total
2023	19	5,667	4,280	210	10,157
2022	17	5,476	2,159	—	7,635

(*) Includes other short-term salary supplements.

In 2021, 2022 and 2023 the Board of Directors approved the launch of a long-term incentive based on Allfunds Group Plc shares for executive directors, other members of the Identified Group and key employees of the Group ("ILP"). The first cycle of the ILP, which was granted in October 2021, the second in April 2022 and the third in April and July 2023, respectively. These cycles are divided into two types of incentives:

- (i) A share-based incentive granted to the executive directors, other members of the Identified Staff and certain employees which is linked to the beneficiary's remaining in the employ of Allfunds until the payment date and to the degree to which two performance metrics are achieved: (a) the evolution of the total shareholder return (TSR) of Allfunds Group Plc in comparison with that of the TSR of a group of comparable companies and (b) the Group's adjusted EBITDA ratio compared with the budgeted adjusted EBITDA, in both cases for a previously agreed performance period. This incentive was divided into two equal tranches, the first of which will vest, if appropriate, at the beginning of 2023, and the second at the beginning of 2024 (for the second and third incentive the date is at the beginning of 2025 and 2026, respectively).
- (ii) A share-based incentive granted to the other beneficiaries of the ILP, linked solely to the employee's remaining in the employ of the Allfunds Group until the payment date of the incentive, which will also vest in two equal tranches at the beginning of 2023 and 2024 for first cycle and the beginning of 2025 and 2026 for the second and third one, respectively.

The incentive is subject to standard "malus" and clawback clauses for remuneration schemes of this kind.

The Bank has recognised the accrued expense relating to the total ILP in 2023 and in 2022 amounting to EUR 7,350 thousand and EUR 7,321 thousand, under "Personnel expenses" (see Note 22.1 and 25) with a credit to reserves, so far as Allfunds Plc bears the cost. Senior executives have received in 2023 the first remuneration derived from Long-Term Incentive Plan 2021.

Post the year end the Company delivered 89,343 and 55,836 ordinary shares to the beneficiaries of the 2021 Employee shares scheme that had vested on January 2023 and April 2023 respectively; and 88,939 ordinary shares that had vested on January 2024. These shares were delivered at no cost for the receiving beneficiaries.

The members of Senior Management did not receive any variable compensation associated with long-term incentive plans during fiscal years 2023 and 2022 other than that detailed above.

c) Pension, insurance and other obligations

At 2023, year-end, the Bank had commitments to defined benefit post-employment obligations with 16 of the current senior executives of the Bank for retirement, permanent disability or death (2022: 17 members). The contributions made in this connection in 2023 amounted to EUR 452 thousand (2022: EUR 367 thousand) (see Note 22.1).

The capital guaranteed by life insurance policies for senior executives (including those who serve as Directors) amounted to EUR 14,038 thousand at 31 December 2023 (31 December 2022: EUR 16,877 thousand). The Bank paid premiums of EUR 50 thousand (31 December 2022: EUR 41 thousand) to insurance companies in this connection in 2023. At 31 December 2023 and 2022, there were no life insurance policies covering directors.

d) Loans

As of December 31, 2023, and 2022, the Bank had no direct risks with the former or current members of the Bank's Board of Directors or the Bank's Senior Management or guarantees provided to them.

e) Information regarding situations of conflict of interest involving the directors

At the end of 2023, the members of the Bank's Board of Directors had not notified the other members of the Board of Directors of any direct or indirect conflict of interest that they or persons related to them as defined in the Spanish Limited Liability Companies Law might have with respect to the Bank.

5. Cash, cash balances at Central Banks and other demand deposits

The detail of "Cash, cash balances at Central Banks and other demand deposits" in the accompanying balance sheets as at 31 December 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Cash	3	10
Cash balances at Central Banks (*)	1.337.233	948.234
Other demand deposits	749.864	659.078
	2,087,100	1,607,322

(*) This balance relates to cash held at the Bank of Spain, the Bank of Italy, the Bank of Luxembourg and the Bank of Switzerland. The cash is considered eligible for liquidity requirements and enables the Bank to reduce its counterparty risk concentration.

The balance recognised under this heading at 31 December 2023 and 2022 represents the maximum level of credit risk exposure assumed by the Bank in relation to these instruments.

Note 24 provides information on the residual maturities and the average interest rates on the debt instruments classified in this financial asset category.

Note 26 provides information about these financial instrument's fair value at 31 December 2023 and 2022.

At 31 December 2023 and 2022, the Bank did not hold any assets in this category with accrued, past-due amounts or that were impaired.

6. Financial assets at amortised cost

The detail, by type of financial instrument, of "Financial assets at amortised cost" at 31 December 2023 and 2022 in the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Financial assets at amortised cost:		
Debt securities	4,937	4,966
to Central Banks	12,807	12,871
to Credit Institutions	123,839	150,062
to Customers	138,377	281,980
	279,960	449,879

The amount recognized in "Financial assets at amortized cost - Debt Securities" at 31 December 2023 in the forgoing table corresponds to a French bond, acquired on 1 December 2023 and which mature on 2 May 2024.

6.1 Loans and advances to Central Banks

The balance of this item on the asset side of the accompanying balance sheets as at 31 December 2023 and 2022 relates in full to the balances held with the Bank of Spain, the Bank of Italy, the Bank of Luxembourg and the Bank of Singapore in order to meet the minimum reserve ratio requirements. This ratio is calculated based on customer deposits and securities other than shares maturing in less than two years.

At 31 December 2023 and 2022, the Bank met the minimum reserve ratio required by the applicable Spanish legislation.

6.2 Loans and advances to credit institutions

The detail, by type and currency of the transaction, of "Loans and Advances to Credit Institutions" at 31 December 2023 and 2022 in the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Type:		
Time deposits	122,272	149,190
Add: Valuation adjustments	1,567	872
Of which-		
Accrued interest	1,567	872
	123,839	150,062
Currency:		
Euro	3,929	4,772
Foreign currencies	119,910	145,290
	123,839	150,062

Note 24 contains a detail of the terms to maturity of these assets at 2023 and 2022 year-end and of the average interest rates in 2023 and 2022. Note 26 provides information on the fair value of these financial assets.

6.3 Loans and advances to customers

The detail, by loan type and status and geographical area of residence, of "Loans and Advances to Customers" at 31 December 2023 and 2022 on the asset side of the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
By operation type and status:		
Receivable on demand and other (*)	134,509	276,313
Impaired assets (**)	14,707	15,591
Less: Valuation adjustments	(10,839)	(9,924)
Of which:		
Impairment losses	(10,839)	(9,924)
	138,377	281,980
By borrower's geographical area:		
Spain	10,757	15,820
European Union (excluding Spain)	111,436	212,281
Rest of the world	16,184	53,879
	138,377	281,980

(*) As of December 31, 2023 and December 31, 2022, it includes 51,215 and 201,780 thousand euros, respectively, corresponding to commissions for the sale of shares in Collective Investment Institutions pending collection not impaired on those dates. As of December 31, 2023 and 31, 2022 it includes 17,885 and 30,037 thousand euros for financial operations pending settlement.

(**) Corresponds, entirely, to the commissions for sale of shares from Collective Investment Undertakings pending of collection at that dates (see Note 20).

Note 24 contains a detail of the terms to maturity of these assets at 2023 and 2022 year-end and of the average annual interest rates in 2023 and 2022. Note 26 provides information on the fair value of these financial assets.

At 31 December 2023 and 2022, there were no loans and advances to customers for material amounts without fixed maturity dates.

Changes in loans and advances classified as "Financial Assets at Amortised Cost".

Following is a detail of the changes in the balance of loans and advances to credit institutions and loans and advances to customers recognised under "Financial Assets at Amortised Cost" in the balance sheets as at 31 December 2023 and 2022, based on their accounting classification and excluding any impairment losses:

2023

	Thousands of euros		
	Stage 1	Stage 2	Stage 3
Opening balance	239,113	37,200	15,591
Additions relating to new transactions	463,396	69,644	—
Changes in balances and full repayments	(584,965)	(65,489)	(25,274)
Reclassification to Stage 1	—	—	—
Reclassification to Stage 2	—	—	—
Reclassification to Stage 3	—	(24,391)	—
Reclassification to written-off	—	—	—
Reclassification from Stage 1	—	—	—
Reclassification from Stage 2	—	—	24,391
Reclassification from Stage 3	—	—	—
Balance at end of year	117,544	16,965	14,707

2022

	Thousands of Euros		
	Stage 1	Stage 2	Stage 3
Opening balance	147,799	19,582	10,946
Additions relating to new transactions	286,542	110,569	15,012
Changes in balances and full repayments	(195,228)	(65,921)	(37,397)
Reclassification to Stage 1	—	—	—
Reclassification to Stage 2	—	—	—
Reclassification to Stage 3	—	(27,030)	—
Reclassification to written-off	—	—	—
Reclassification from Stage 1	—	—	—
Reclassification from Stage 2	—	—	27,030
Reclassification from Stage 3	—	—	—
Balance at end of year	239,113	37,200	15,591

Impairment losses

During the ended year 31 December 2023, the expense incurred by the Bank in relation to the impairment losses amounted to EUR 1,152 thousand (31 December 2022: income EUR 9,026 thousand).

The changes in the balance of "Impairment losses" in the foregoing table in 2023 and 2022 were as follows:

2023

	Thousands of Euros			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	271	223	9,430	9,924
Increase through cause/acquisition	1,023	771	16,195	17,989
Decreases due to derecognition	(1,065)	(715)	(15,294)	(17,074)
Changes due to credit risk variation (recoveries)	-	-	-	-
Changes due to modifications without derecognition(net)	-	-	-	-
Use of provisions	-	-	-	-
Ending balance	230	279	10,331	10,839

2022

	Thousands of Euros			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	44	98	6,879	7,021
Increase through cause/acquisition	816	950	17,066	18,832
Decreases due to derecognition	(589)	(674)	(8,545)	(9,808)
Changes due to credit risk variation (recoveries)	-	(151)	151	-
Changes due to modifications without derecognition(net)	-	-	-	-
Use of provisions	-	-	(6,121)	(6,121)
Ending balance	271	223	9,430	9,924

Past-due but not impaired financial assets

The Bank held past-due but not impaired financial assets in the accompanying balance sheet as of 31 December 2023 and 2022 amounting to EUR 51,215 thousand and EUR 201,780 thousand, respectively, all of which had maturities of less than 30 days, were held with other financial companies and arose from uncollected fees from the marketing of units in collective investment undertakings and demand deposit overdrafts at those dates.

Impaired assets

The detail of the changes in the balance of the financial assets classified as financial assets at amortised cost and collectively estimated to be impaired due to credit risk at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	15,591	10,946
Additions net of recoveries	(884)	4,645
Ending balance	14,707	15,591

At 31 December 2023 and 2022, there was no accrued interest receivable on these assets.

In addition, following is a detail of the financial assets classified as financial assets at amortised cost which were considered to be impaired due to credit risk at 31 December 2023 and 2022, classified by age of the oldest past-due amount:

	Thousands of Euros					
	With Balances Past Due by					Total
	Within 6 Months	6 to 9 Months	9 to 12 Months	12 to 24 Months	More than 24 Months	
Balance at 31 December 2023	5,350	3,861	1,259	4,237	–	14,707
Balance at 31 December 2022	8,686	6,326	340	239	–	15,591

Written-off assets

At 31 December 2023 and 2022, the Bank did not hold any financial assets classified as loans and advances and considered to be written-off assets, and there were no changes in this connection in those years.

7. Investments in subsidiaries, joint ventures and associates

This heading includes equity instruments issued by Group entities and held by the Bank.

“Subsidiaries” or “Group entities” are defined as entities over which the Bank has the capacity to exercise management control; this capacity that is manifested, in general though not only, by the ownership, direct or indirect, of at least 50% of the political rights of the investee companies or, in this case, even if this percentage is lower or null, if, as in the case of agreements with shareholders of the abovementioned, the Bank is granted that control. For these purposes, an entity is considered to control another when:

- It has the power, due to legal or bylaw provisions or agreements, to govern the significant activities of the investee, i.e. those that significantly affect its performance;
- It has the ability to use power over the investee to affect the amount of the investor’s returns; and
- It has exposure, or rights, to variable returns from involvement with the investee.

7.1. Group companies

The detail of the ownership interests and other relevant information on these entities, at 31 December 2023 and 2022, as follows:

31 December 2023

Name of Company	Location/Registered Office	Line of Business	Ownership	Ownership Interest	Thousands of euros			
					Data on the Investee (*)			Net carrying value
					Share Capital	Retained earnings and share premium	Profit/Loss	
Allfunds Nominee, Limited	UK	Assets holding	Direct	100%	1	—	—	1
Allfunds Bank Brasil Representações, Ltda.	Brazil	Representation services	Direct	100%	1,043	(553)	42	1,043
Allfunds Digital, S.L.U. (**)	Spain	Computer programming	Direct	100%	3	182,255	(8,693)	207,823
Allfunds Hong Kong Limited	Hong Kong	Institutional brokerage services	Direct	100%	6,977	(3,794)	(1,875)	6,977
Allfunds Blockchain, S.L.U.	Spain	Computer programming and technological development activities	Direct	100%	862	5,855	(2,098)	8,515
Allfunds Information & Technology Services (Shanghai) Co., Ltd. (***)	China	Institutional intermediation	Direct	100%	450	—	41	450
Allfunds Investment Solutions	Luxembourg	Investment Fund Manager	Direct	100%	1,500	4,851	(4,427)	7,500
								232,309

(*) These entities financial statements for 2023 have not yet been approved by their shareholder. However, the Bank's directors consider that the aforementioned financial statements will be approved without changes.

(**) Through this company, a 100% stake in the share capital of Allfunds Data Analytics (formerly named Instihub Analytics Limited) and 65% of Mainstreet Capital Partners Limited is maintained. Additionally, on July 27, 2023, the merger by absorption of Allfunds Tech Solutions, S.A.U. was signed (formerly called Web Financial Group) by Allfunds Digital, S.L.U. (see Note 1.k). The data included is consolidated data from Allfunds Digital.

(***) A company whose activity started in the year 2023.

31 December 2022

Name of Company	Location/Registered Office	Line of Business	Ownership	Ownership Interest	Thousands of euros			
					Data on the Investee			Net carrying value
					Share Capital	Retained earnings and share premium	Profit/Loss	
Allfunds Nominee, Limited	UK	Assets holding	Direct	100%	1	—	—	1
Allfunds Bank Brasil Representações, Ltda.	Brazil	Representation services	Direct	100%	1,043	(559)	(2)	1,043
Allfunds Digital, S.L.U. (*)	Spain	Computer programming	Direct	100%	3	154,133	(6,928)	164,000
Allfunds Hong Kong Limited	Hong Kong	Institutional brokerage services	Direct	100%	5,231	(2,638)	(1,261)	5,232
Allfunds Blockchain, S.L.U.	Spain	Computer programming and technological development activities	Direct	100%	862	7,118	(1,391)	8,515
Allfunds Solutions (**)	Luxembourg	Investment Fund Manager	Direct	100%	1,500	258	(1,609)	1,500
								180,291

(*) Through this company, a 100% stake in the share capital of Web Financial Group and Instihub Analytics Limited, is maintained.

(**) A company incorporated in May 2022.

Annex I includes details of all those indirectly owned by the Bank.

None of these companies are listed on the stock exchange.

Neither as of December 31, 2023 and December 31, 2022, nor during said fiscal year, were any impairment losses recorded in the Bank's holdings.

8. Tangible assets

The changes in 2023 and 2022 in "Tangible Assets" in the accompanying balance sheets were as follows:

	Thousands of Euros	
	2023	2022
Cost:		
Beginning balance	59,817	55,940
Additions	13,726	7,059
Withdrawals	(9,957)	(3,168)
Other changes (*)	(198)	(14)
Ending balance	63,388	59,817
Accumulated depreciation:		
Beginning balance	(34,765)	(28,289)
Charge for the year	(9,118)	(9,621)
Withdrawals	9,918	3,168
Other changes (*)	-	(23)
Ending balance	(33,965)	(34,765)
Tangible assets, net	29,423	25,052

(*) Relates, mainly to exchange differences.

The detail, by type of asset, of the items composing "Tangible Assets" at 31 December 2023 and 2022 in the accompanying balance sheets, by type of asset, is as follows:

	Thousands of Euros		
	Cost	Accumulated Depreciation	Carrying Amount
Right-of-use assets	40,089	(23,790)	16,299
Furniture and fixtures	15,197	(7,609)	7,588
Computer hardware	4,531	(3,366)	1,165
Balance at 31 December 2022	59,817	(34,765)	25,052
Right-of-use assets	43,249	(21,261)	21,988
Furniture and fixtures	15,813	(9,116)	6,697
Computer hardware	4,326	(3,588)	738
Balance at 31 December 2023	63,388	(33,965)	29,423

At 31 December 2023, fully depreciated tangible assets amounted to approximately EUR 3,739 thousand (31 December 2022: approximately EUR 5,297 thousand). In 2023 and 2022, the Bank record EUR 39 and 1 thousand of losses in the income statement associated with the derecognition of property, plant and equipment under "Gains/ or (losses) on derecognition of non-financial assets, net".

In view of the nature of the Bank's tangible assets, its directors consider that their fair values do not differ significantly from their respective carrying amounts at 31 December 2023 and 2022.

No impairment losses were recognized on the Bank's property, plant and equipment for use at 31 December 2023 and 2022 or during the years then ended.

9. Intangible assets

The detail of "Intangible Assets" in the accompanying balance sheets as at 31 December 2023 and 2022, is as follows:

	Thousands of euros	
	31-12-2023	31-12-2022
IT developments	156,545	118,903
Goodwill:	518,497	407,585
<i>Investlab</i>	182,337	171,467
<i>Allfunds Sweden AB (Nordiq)</i>	17,590	17,548
<i>Banca Corrispondente Business of BNP</i>	218,570	218,570
<i>LPA Business of Iccrea LP</i>	100,000	-
Cooperation agreement – Investlab	191,061	179,655
Exclusivity agreement – BNP	104,056	104,056
Relation with clients – Investlab	4,387	4,140
Relation with clients – Nordic	1,537	1,534
Relation with clients – BNP	109,231	109,231
Technological platform – BNP	22,730	22,730
Subdistribution agreement – PAM (*)	161,000	161,000
Cooperation Agreement Santander (**)	30,000	-
Less: Accumulated Amortization	(413,548)	(291,864)
Total (net)	885,496	816,970

(*) Includes VAT amounting to EUR 14,637 at 31 December 2023 and 2022.

(**) A cooperation agreement has been reached between Banco Santander and the Bank for the next two years.

At 31 December 2023 or 2022, all of the Bank's intangible assets had a finite useful life except goodwill.

On 1 December, 2023, the option that Allfunds held to extend the exclusivity contract with the former shareholder of Allfunds Bank, Banco Santander until November 2025 was exercised. In this context, an amount of 30 million euros has been disbursed. Given the nature of this non-financial asset that meets the definition of an identifiable non-monetary intangible asset and controlled by the entity to generate future benefits, it has been recorded as such intangible asset (given the payment was made by the Sole Shareholder, taking into account the economic background of the transaction, an increase in own funds for the same amount has been recorded). It will be amortized considering a useful life of two years that coincides with the contractual term of the asset.

Below are the expirations of cooperation/exclusivity contracts:

	Maturity	Extension	Maturity after extension
Credit Suisse (*)	2026	3	2029
BNP (*)	2025	5	2030
Allfunds - Santander	2023	2	2025

(*) Extendable at the discretion of Allfunds.

The changes (gross amounts) in 2023 and 2022 in "Intangible Assets" in the accompanying balance sheets were as follows:

	Thousands of euros	
	2023	2022
Beginning balance (*)	1,108,355	1,058,906
Additions		
IT Developments	38,279	30,853
Goodwill – Iccrea (Note 1.k)	100,000	–
Cooperation Santander	30,000	–
Capitalisation of internal staff costs (Note 23)	4,710	2,527
Withdrawals and others	5,349	(479)
Exchange differences	23,049	16,548
Ending balance	1,299,044	1,108,355

The changes in "Accumulated Amortisation" in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	(291,864)	(176,300)
Charge for the year	(119,063)	(110,052)
Withdrawals and others	5,349	–
Exchanges differences	(7,970)	(5,512)
Ending balance	(413,548)	(291,864)

At 31 December 2023, fully amortised intangible assets amounted to approximately EUR 14,573 thousand (31 December 2022: approximately EUR 8,000 thousand).

None of the Bank's intangible assets were impaired or had become impaired at 31 December 2023 or 2022 or in the years then ended, and no balance was recognized in this connection in those years.

9.1 Goodwill

The breakdown of goodwill, based on the cash-generating units (CGU) that originate it, is as follows:

	Thousands of euros	
	2023	2022
Banca Corrispondente of BNP	147,565	169,419
Investlab	112,478	122,909
Nordic	10,261	11,993
Iccrea	99,165	-
Total	369,469	304,321

The changes in 2023 and 2022 have been the following:

	Thousands of euros
Balance at 1 January 2022	340,299
Additions	
Amortization	(40,093)
Exchange differences	4,115
Balance at 31 December 2022	304,321
Additions	100,000
<i>Iccrea</i>	100,000
Amortization	(40,659)
Exchange differences	5,807
Balance at 31 December 2023	369,469

Impairment test

At least once per year (or whenever there is any indication of impairment), the Bank reviews goodwill for impairment (i.e., a potential reduction in its recoverable amount to below its carrying amount) (see Note 2-h). The first step that must be taken in order to perform this analysis is the identification of the cash-generating units, i.e. the Bank'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 acquisition) of all the assets and liabilities of all the branches 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 Bank'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 Bank'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 Bank calculates the recoverable amount of each cash-generating unit to which goodwill has been allocated and, to this end, it uses internal estimates.

Firstly, the Bank determines the recoverable amount by estimating the fair value of each cash-generating unit and calculating its value in use using discounted cash flow projections. The main assumptions used in this calculation are: (i) projections of earnings and intermediated funds which cover a five-year period, and based on the financial budgets approved by the Bank's directors, (ii) discount rates determined as the cost of capital taking into account the risk-free rate of return plus a risk premium in line with the market and the business in which the units operate and (iii) constant growth rates to extrapolate earnings to perpetuity which do not exceed the long-term average growth rate for the market in which the cash-generating unit in question operates, considering the expected evolutions and the long-term nominal growth of the unit's geographic location.

The cash flow projections used by Bank management to obtain the values in use are based on the financial budgets approved by the Bank's directors. The Bank's management prepares its budgets using the following key assumptions:

- Microeconomic variables of the cash-generating unit: management takes into consideration the off-balance-sheet intermediated funds, the net fees and commissions generated by these assets, the fee and commission mix and the business decisions taken in this regard.
- Past performance variables: in addition, management takes into consideration in the projection the difference (both positive and negative) between the cash-generating unit's past performance and that of the market.

Following is a detail of the main assumptions used in determining the recoverable amount, at 2023 year-end, of the cash-generating units valued using the dividend discount model.

	2023		
	Projected Period	Discount Rate	Growth Rate
Investlab	5 years	9.0%	2.9%
Allfunds Sweden	5 years	10.8%	2.9%
Banca Corrispondente	5 years	11.5%	2.9%

Given the degree of uncertainty of these assumptions, the Bank performs a sensitivity analysis of these assumptions using reasonable changes in the key assumptions on which the recoverable amount of the cash-generating units is based in order to confirm whether the recoverable amount continues to exceed their carrying amount. The sensitivity analysis consisted of adjusting +/- 50 basis points the discount rate and +/- 50 basis points the perpetual growth rate. Following the sensitivity analysis, the value in use of all cash generating units continues to exceed their carrying value. Consequently, the Bank has not recorded any impairment associated with goodwill as of December 31, 2023 and 2022.

As referred to earlier, the Group's directors assess the existence of any indication that might be considered to be evidence of impairment of the CGUs by reviewing various macroeconomic and

microeconomic data. In this regard, the directors continue to review and assess such indications and the effect in the carrying amount of goodwill and intangible assets, especially those originated in the business combination of CS- Investlab AG . In this sense, the Group's exclusivity agreements remain in place and are enforceable until their expiration date, regardless of any potential changes in the ownership structure of the customers with whom these agreements were signed.

10. Provisions

The details of the provisions of the balance sheet at the end of the 2023 financial year, as well as the main movements recorded during the year, are as follows:

Provisions	Thousands of euros						
	Beginning Balance	Other Adjustments Due to Business Combinations	Charge for the year	Change in value recognized in Equity	Contributions and payments	Exchange differences and Others	Ending Balance
Pensions and other post-employment defined benefit obligations	716	-	900	2,661	(967)	127	3,437
Other long-term employee benefits	-	-	-	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-	-	-	-
Commitments and guarantees given	-	-	-	-	-	-	-
Other provisions	200	-	-	-	-	-	200
Total	916	-	900	2,661	(967)	127	3,637

Long-term defined Benefit remuneration

The detail of the present value of the obligations assumed by the Bank in relation to post-employment benefits and other long-term employee benefits, of the related plan assets and of the amounts not recognised at the end of 2023 is as follows:

	Thousands of euros 2023
Present value of employee benefits	14,827
Less - Fair value of the plan assets	(11,390)
Long-term provisions - Provisions for long-term employee benefit obligations	3,437

The present value of the obligations was determined by qualified independent actuaries using the following actuarial techniques:

- Valuation method: projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.
- Actuarial assumptions used: unbiased and mutually compatible. In general, the most significant actuarial assumptions used in the calculations were as follows:

Actuarial Assumptions	2023	
	Switzerland	Italy
Discount rate	2.98 %	3.17 %
Mortality and life expectancy tables	BVG 2020	RG48
Adjustable salary increase rate	0.94 %	2.10 %

The discount rates used to discount future cash flows have been determined by reference to high quality corporate bonds of each of the currencies. The expected return on Plan assets corresponds to the discount rate established.

The retirement ages for the commitments are determined at the earliest date on which retirement eligibility is established, contractually agreed in the case of early retirements or by using retirement rates.

Changes in the main assumptions can affect the calculation of the obligations. Following is a table of sensitivities showing the effect on the obligations of a change in the main assumptions:

Sensitivity analysis (Thousands of Euros)

	Key assumptions	Increase	Decrease
Discount rate	0.25 %	(569)	609
Salary increase rate	0.25 %	167	(162)
Life expectancy	1 year	228	(226)

The sensitivities were calculated at the reporting date and relate to separate changes in each assumption while the others remain unchanged and, therefore, possible combined effects are excluded.

Following is a summary of the changes in the obligations that affected, in 2023, the amounts recognised in the balance sheet in relation to the post-employment obligations to current and former and other long-term employee benefits:

2023

	Thousands of euros		
	Defined Benefit Obligation	Plan Assets	Net Obligation
Balance at 1 January 2023	10,760	(10,044)	716
Amounts charged directly to profit or loss:	-	-	-
<i>Staff costs - Normal cost for the year</i>	905	-	905
<i>Interest cost relating to the obligations</i>	328	(333)	(5)
<i>Net Liabilities (Assets) recalculation recognized in "Other Accumulated Comprehensive ..."</i>			
<i>Actuarial gains and losses</i>	2,117	-	2,117
<i>Return on assets</i>	-	544	544
<i>Other adjustments</i>	-	-	-
Exchange differences and others	786	(659)	127
Contributions	255	(970)	(715)
Benefits paid	(324)	72	(252)
Balance at 31 December 2023	14,827	(11,390)	3,437

11. Tax matters

The Bank is taxed under the Spanish consolidated tax regime. In particular, it forms a Spanish tax group with its sole shareholder, Liberty Partners, S.L.U., under which both entities are taxed at a rate of 30%. The Bank is the Spanish representative company of this tax group.

11.1 Reconciliation of accounting and tax results

The detail of the full amount of the income tax expense incurred by the Bank and its branches at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Allfunds Bank, S.A.U.	24,914	24,908
Allfunds Bank Milan Branch	42,690	24,481
Allfunds Bank London Branch	1,369	2,786
Allfunds Bank Singapore Branch	-	-
Allfunds Bank Paris Branch	6,308	3,005
Allfunds Bank Warsaw Branch	61	87
Allfunds Bank Luxembourg Branch	8,197	6,864
Allfunds Bank Swiss Branch	193	273
Allfunds Bank Stockholm Branch	305	5
Total income tax expense	84,037	62,409

Although the Bank's corporate income tax return for 2023 has not been filed yet, the reconciliation of the accounting profit with the estimated taxable profit in Spain and the current income tax expense recognized in Spain for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Profit before tax	199,958	151,902
Differences:	(124,341)	(76,073)
Additions (*)	80,739	84,487
Reductions (**)	(205,080)	(160,560)
Taxable base	75,617	75,829
Tax rate	30%	30%
Total	22,685	22,749
Less deductions (***)	(1,252)	(80)
Income tax expense	21,433	22,669
Gross tax payable	21,433	22,669
Advanced tax payments made by Allfunds Bank S.A. - Spain	(18,801)	(16,636)
Current tax (assets) / liabilities	2,632	6,033

(*) Mainly correspond to losses incurred by branches abroad, eliminations in the integration process and non-deductible tax expenses / positive book-to-tax adjustments.

(**) Correspond to the results of the branches abroad, which are taxed in each of the countries in which they are established.

(***) Corresponds to IT deductions recorded in the Bank's Corporate Tax return corresponding to tax year 2022 and pending to be applied.

In addition, in 2023, the above tax expense is increased by 3,480 thousand euros, mainly corresponding to (i) the adjustment resulting from the difference between the amount recorded and the amount finally paid for corporate income tax for 2022, and (ii) the movements of deferred tax assets and liabilities recorded in its individual books, as detailed below.

11.2 Tax assets and liabilities

The detail of current and deferred tax asset balances as of 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Current tax assets:	2,658	20,150
Other Spain (VAT)	161	167
Advanced tax payments – Branches:	421	19,984
France	8	930
Switzerland	15	10
Sweden	70	9
UK	328	–
Italy	–	18,915
Singapore	–	114
Other (VAT) Branches	2,076	6
Deferred tax assets:	91,920	109,296
Adjustment 30% amortization of fixed assets (Spain)	63	125
Variable remuneration / bonus provision (Spain)	350	237
ILP provision (Spain)	1,355	1,067
Loan impairment (Spain)	–	300
Poland: provision (bonus, intragroup operations and others)	400	309
Goodwill Italy	43,368	57,824
Tax Goodwill Switzerland - CS-Investlab	45,060	48,513
Tax losses (Sweden)	445	443
ILP provision UK	878	477
Total	94,578	129,446

Deferred Tax Assets” includes generally:

- The tax asset that arose in the business combination through which the distribution business of Credit Suisse was acquired (Investlab) and which amounted to 64,915 thousand euros. As of 31 December 2023, 5,575 thousand euros have been amortized (4,787, 4,925, 5,245 and 5,282 thousand euros correspond to the amounts amortized in the years 2022, 2021, 2020 and 2019 respectively), and there has been a valuation adjustment for foreign exchange differences of EUR 5,959 thousand euros.
- The deferred tax asset in the amount of 43,368 thousand euros recognized by the Italian branch for the tax amortization, from 2022, of the goodwill that arose in the business combination resulting from the acquisition of BNP’s Banca Corrispondente business. Specifically, the amortization of this goodwill is tax-deductible because the Italian branch has opted into the tax revaluation regime (“regimi di francancamento”).

The detail of current and deferred tax liability balances in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Current tax liabilities:	26,004	29,097
Deferred tax liabilities:	25,208	26,604
Arising from business combinations	25,050	26,600
CS - Investlab business	24,822	26,351
Nordic Fund Market	228	249
Italy	158	4
Total	51,212	55,701

"Deferred tax liabilities" includes (i) 24,822 thousand euros associated with the recognition of certain intangibles arising from the acquisition of the distribution business of Credit Suisse (Investlab); and (ii) 228 thousand euros associated with the recognition of certain intangibles arising from the acquisition of Allfunds Sweden AB (Nordic Fund Market).

The balance of "Tax liabilities - Current tax liabilities" includes mainly the corporate income tax payable - netted with interim payments - in Italy (9,181 thousand euros), Spain (3,580 thousand euros), France (1,398 thousand euros), the United Kingdom (929 thousand euros) and Luxembourg (10,490 thousand euros).

11.3 Tax losses carried forward

Certain branches of the Bank have the following tax loss carryforwards due to losses from previous years that have not been capitalized for accounting purposes.

Entity	Country	Year incurred	Amount in tax base (thousands of euros)
Allfunds Bank, S.A. Singapore Branch	Singapore	2017	3,019
		2018	3,668
		2019	6,579
		2020	5,903
		2021	1,116
		2022	3,409
Allfunds Bank, Stockholm Branch	Sweden	2020	268
		2021	92
Allfunds Bank, S.A.U. Zurich Branch	Switzerland	2017	20,772
		2018	12,266
		2019	9,491
		2020	81,309
		2021	67,265
		2022	33,785
Total			248,942

11.4 Transactions carried out under Title VII, Chapter VII of the Spanish Income Tax Law

The Bank has not carried out transactions under Title VII, Chapter VII of the Spanish Corporate Income Tax Law (CIT Law) during FY 2023.

However, in FY 2021 certain transactions were carried out under the aforementioned special tax regime. In this respect, we refer to the 2021 financial statements report with regards these restructuring transactions carried out in 2021, thus complying with the requirements set forth in Article 86 of the CIT Law.

11.5 Option for the tax revaluation regime in Italy ("affrancamento")

Allfunds Bank Milan Branch made the following elections in June 2021:

a) *Ordinary step-up election for the BNP Paribas Securities Services (BP2S) LPA business (BNP LPA business) intangibles, under which:*

- Allfunds Bank Milan Branch was required to pay -in three instalments each June from 2021 to 2023- a total tax step-up amount of EUR 36,700 thousand (which includes 2.5% interest accruing on the second and third instalment). All these payments were already settled.
- Allfunds Bank Milan Branch is entitled to amortize the BNPP LPA business intangible assets for tax purposes over their useful life and starting from 2021 (inclusive).

b) *Special step-up election for the BNPP LPA business goodwill, under which:*

- Allfunds Bank Milan Branch made a step-up tax payment amounting to EUR 35,000 thousand in one single instalment by June 2021 (already paid); and
- Allfunds Bank Milan Branch is entitled to amortize the BNPP LPA business goodwill for tax purposes over 5 years starting from 2022.

From an accounting perspective, for 2023, payment of the third instalment under (a) above has no impact in the statement of comprehensive income of Allfunds Bank Milan Branch (with the exception of interest paid) as this step-up tax cost was recognised in 2021.

11.6 Years open for the review by the tax authorities

Under current legislation, tax returns cannot be deemed to be definitive until they have been reviewed by the tax authorities or until their related statute-of-limitations period has expired.

As of December 31, 2023, and except as established in the following paragraph, the Bank had open to inspection by the tax authorities the taxes that apply to it for its activity with respect to which, as of that date, the tax period had not elapsed the period established by the corresponding regulations for its review, which, in the case of Spanish regulations, is four years from the end of its voluntary declaration period.

On April 18, 2023, the Bank and Liberty (both taxed under the 30% tax consolidation regime) received a notification of initiation of tax inspection in relation to (i) Corporate Tax (fiscal years 2018¹ to 2021) and (ii) in the case of Liberty, also the Withholding of Non-Resident Income Tax (fiscal years 2019 to 2021). As confirmed by the tax inspection, the Bank was notified due to its status as the tax representative entity of the Spanish tax group. The tax inspection is currently underway.

Likewise, due to the different interpretations that may be given of certain tax regulations applicable to the operations carried out by the Bank for the years open to inspection, there could be certain tax liabilities of a contingent nature which cannot be reasonably estimated at the present time. However, in the opinion of the Bank's Directors and its tax advisors, the tax charge that, if applicable, could arise from possible actions of the Tax Administration or from those already carried out pending of final resolution, should not have a significant impact. in these annual accounts.

11.7 Other contributions

On 28 December 2022, the Law for the establishment of the temporary tax on credit institutions and financial credit establishments was published in the Official State Gazette.

This law establishes an obligation to pay a non-tax public economic levy during the years 2023 and 2024 for those credit institutions that operate in Spain whose total gross income for interest income and commission in 2019 equals or exceeds 800 million euros.

¹ FY 2019 until FY 2021 for the Bank.

The amount of the benefit to be paid will be the result of applying the percentage of 4.8 percent to the sum of the interest margin and the commission income and expenses derived from the activity carried out in Spain that appear in the loss account and profits of the tax consolidation group to which the credit institution belongs corresponding to the calendar year prior to the birth of the payment obligation. The impact for 2023 has been 7.2 million euros (already paid), which has been considered a non-deductible expense for Corporate Tax purposes. Likewise, impact in 2024 is expected to be approximately 7 million euros (See Note 22.2 Other administrative expenses – Contributions and taxes).

The Bank has undertaken the appropriate legal measures to appeal this bank levy.

11.8 Pillar Two Model Rules

The OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans under the Pillar Two Framework to introduce a global minimum tax rate of 15% and the OECD issued model rules in 2021. Further OECD guidance has been released during 2022 and 2023.

Allfunds Group plc ("Group plc") would be the Ultimate Parent Entity (UPE) of Allfunds Group plc (UK) for Pillar Two purposes.

Some of the jurisdictions where Group plc operates, such as UK, Italy, Switzerland, Sweden, France and Luxembourg, have already enacted new legislation to implement the global minimum top-up tax, while others, as is the case in Spain, are still in the process of transposition of the Directive 2022/2523 into Spanish legislation. However, in line with the provisions of the Preliminary Draft Bill submitted for public information, it is expected to take effect for tax periods beginning on or after 31 December, 2023.

The UK Government enacted legislation on 11 July 2023 to implement the global minimum tax rules and a UK domestic minimum tax. The UK's Pillar Two rules apply for accounting periods beginning on or after 31 December 2023 and will apply in respect of profits for every jurisdiction where Group plc operates.

In this regard, Group plc has adopted the International Tax Reform - Pillar Two Model Rules amendment to IAS 12, which were issued on 23 May, 2023. Group plc has applied the exception set out in paragraph 4A in respect of recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two taxes.

Group plc has reviewed the published legislation alongside the OECD model rules and guidance and has performed an assessment of the expected impact of the new regime. This assessment has been carried out as a preliminary exercise of the Group plc exposure to Pillar Two based on both 2022 and 2023 consolidated figures of Group plc in each of the constituent jurisdictions and the analysis of the Transitional Safe Harbour envisaged by the OECD.

In this regard, additional taxes resulting from the implementation of Pillar Two are not expected to arise from 1 January 2024. Group plc will continue to review further guidance due to be released by the OECD and Governments implementing this new tax regime to assess the potential impact and will continue to review the regulations and guidance as they are issued.

12. Other assets and Other liabilities

The detail of "Other Assets" and "Other Liabilities" in the accompanying balance sheets as at 31 December 2023 and 2022, is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	2023	2022	2023	2022
Sundry accounts	3,398	4,627	27,465	4,375
Accrued expenses (*)	-	-	30,324	22,972
Accrued fees and commissions on the marketing of units in collective investment undertakings (Note 20 v 21)	642,474	603,407	560,679	521,966
Other accrued income receivable	19,188	15,778	-	-
Prepaid expenses	1,073	215	-	-
	666,133	624,027	618,468	549,313

(*) At 31 December 2023 and 2022, this item included EUR 22,954 and 13,785 thousand, respectively, relating to the variable remuneration payable at those dates. The Bank's directors consider that no significant differences will arise between these amounts and those finally paid.

13. Financial liabilities at amortised cost

The detail, by type of financial instrument, of "Financial Liabilities at Amortised Cost" at 31 December 2023 and 2022 in the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Financial liabilities at amortised cost:		
Deposits from credit institutions	431,091	572,123
Deposits from customers	1,127,407	791,320
Other financial liabilities	406,407	405,127
	1,964,905	1,768,570

13.1 Deposits from credit institutions

The detail, by type and currency, of "Deposits from Credit Institutions" at 31 December 2023 and 2022 on the liability side of the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Type:		
Demand accounts	431,091	572,123
	431,091	572,123
Currency:		
Euros	211,709	320,659
Foreign currencies	219,382	251,464
	431,091	572,123

Note 24 contains a detail of the terms to maturity of these liabilities at 2023 and 2022 year-end and of the average annual interest rates in 2023 and 2022 and Note 26 provides information on the fair value of these financial liabilities.

13.2 Deposits from customers

The detail, by classification, type and currency, of “Deposits from Customers” at 31 December 2023 and 2022 on the liability side of the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Type:		
Demand accounts	1,127,407	791,320
	1,127,407	791,320
Currency:		
Euros	888,730	497,783
Foreign currencies	238,677	293,537
	1,127,407	791,320

The balance of “Deposits from Customers” included current accounts held by the non-resident sector, for an amount of EUR 1,104,440 thousand and EUR 766,924 thousand at 31 December 2023 and 2022, respectively.

Note 24 contains a detail of the terms to maturity of these assets at 2023 and 2022 year-end and of the average annual interest rates in 2023 and 2022 and Note 26 provides information on the fair value of these financial liabilities.

13.3 Other financial liabilities

The detail of “Other Financial Liabilities” at 31 December 2023 and 2022 in the accompanying balance sheets is as follows:

	Thousands of Euros	
	2023	2022
Lease liabilities	22,603	16,818
Tax collection accounts	61,566	50,181
Special accounts	202,239	115,651
Payment obligations	89,847	85,927
Other	30,152	136,550
	406,407	405,127

"Special accounts" in the foregoing table basically refers to funds temporarily held on behalf of customers due to orders for the transfer of investments in collective investment undertakings received, which were yet to be settled at year-end.

Also, "Payment obligations" includes EUR 70,046 thousand and EUR 70,630 thousand relating to accrued fees and commissions payable at 31 December 2023 and 2022 (see Note 21). This caption also includes EUR 1,951 thousand for the agreement signed between the Bank and BNP, signed in the framework of the operation carried out, as of December 31, 2022 (see Note 2.j) and 22.2).

Note 24 contains a detail of the terms to maturity of these liabilities at 2023 and 2022 year-end and Note 26 provides information on the fair value of these financial liabilities.

Disclosures on the average periods of payment to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July

Set forth below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions. The aforementioned required disclosures are as follows:

	Days	
	2023	2022
Average period of payment to suppliers	28	28
Ratio of transactions settled	28	28
Ratio of transactions not yet settled	27	19

	Thousands of Euros	
	2023	2022
Total payments made	97,489	81,353
Total payments outstanding	517	3,587

The monetary volume and number of invoices paid within the established legal term is detailed as follow:

	Thousands of Euro
	2023
Monetary volume	69,950
<i>% of total payments made</i>	<i>71.37 %</i>
Number of total invoices (n°)	3,598
<i>% of total invoices</i>	<i>74.15 %</i>

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services.

"Average period of payment to suppliers" is taken to be the period that elapses from the date of receipt of the invoices (with no significant differences compared to the corresponding dates of the invoices) and the payment date.

14. Paid up capital and share premium

On 8 February 2023, Allfunds Digital S.L.U., direct subsidiary of Allfunds Bank S.A.U., completed the acquisition of 65% of Mainstreet Partners for GBP 33,000 thousand (EUR 37,400 thousand). To provide funding for the acquisition, on 8 February 2023 Liberty Partners, S.L.U. ownly shareholder of Allfunds Bank S.A.U., made an increase of capital of the Company for an amount of EUR 44,000 thousand through the issuance of 100,865 shares, of EUR 30.00 par value each and with a share premium of EUR 406.23 per share, which were subscribed and paid in full by Liberty Partners, S.L.U. (sole shareholder of the Bank).

On 1 December 2023, due to the acquisition of the LPA Business of Iccrea Bank by Allfunds Bank S.A.U., the Bank's sole shareholder carried out a capital increase involving a monetary contribution amounting to EUR 100,000 thousand, through the issuance of 6,282 shares, of EUR 30.00 par value each and with a share premium of EUR 15,888.50 per share, which were subscribed and paid in full by Liberty Partners, S.L.U.

At 31 December 2023 and 31 December 2022, the Bank's share capital amounted to EUR 80,448 and EUR 77,234 thousand and was represented by 2,681,606 and 2,574,459 fully subscribed and paid registered shares, of EUR 30 par value each and with a share premium of EUR 1,186,592 and 1,045,807 thousand, all with the same dividend and voting rights, and its sole shareholder was Liberty Partners, S.L.U.

15. Retained earnings

The balance of "Retained earnings" in the accompanying balance sheets includes the net amount of the accumulated profit or loss recognised in previous years through the income statement that, in the distribution of the profit, was assigned to equity and has not been distributed to the Bank's shareholders.

The detail of "Retained earnings" at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Retained earnings:		
Legal	15,447	13,755
Not available reserve	13,845	15,949
To voluntary reserves	254,632	206,900
	283,924	236,604

Legal reserve

Under Legislative Royal Decree 1/2010, of 2 June, approving the Consolidated Spanish Limited Liability Companies Law, Spanish entities must transfer 10% of net profit for each year to the legal reserve. These transfers must be made until the balance of this reserve reaches 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. As a result of the capital increases carried out during the year, as of 31 December 2023, the legal reserve is not fully constituted. The distribution of the result will contribute to fully constitute the legal reserve of the Bank (Note 3).

Not available reserve

Article 25 of Law 27/2014, of November 27, on Corporate Tax introduces the figure of the capitalization reserve, which consists of an unavailable reserve that allows a reduction in the tax base of 10% of the amount of the increase in own funds with a limit of 10% of the tax base prior to the compensation of any negative tax bases, if applicable, provided that said increase is maintained for 5 years from the close of the tax period to which this adjustment corresponds, except for the existence of accounting losses in the company. As a consequence of the above, in 2016 the Bank provided a capitalization reserve in the amount of 4,636 thousand euros, which has been transferred to voluntary reserves in 2023.

In fiscal year 2019, the Bank provided the capitalization reserve in the amount of 5,318 thousand euros with a charge to voluntary reserves due to the increase in own funds in fiscal year 2018.

Additionally, an amount of 8,527 thousand euros is included (8,016 thousand euros as of December 31, 2022) corresponding to the total amount of the special reserves established in Luxembourg as an essential requirement for the total reduction of the Net Wealth Tax quota ("Net Wealth Tax"). On an annual basis, a special reserve must be allocated from the profits of the previous year, which must remain unavailable and identified for 5 years.

Specifically, during 2023, we proceeded to (i) release the special reserves corresponding to the years 2016 and 2017 (due to compliance with the legal maintenance period) and (ii) provide the special reserve corresponding to 2023 with a charge to the profits of 2022, in the amount of 2,719 thousand euros.

According to Decree Law 104/2023 of August 10, 2023 converted into Law No. 136 of October 9, 2023, an extraordinary tax has been introduced for Banks operating in Italy that taxes extraordinary profits, equivalent to 40% of the interest margin for the year prior to January 1, 2024 that exceeds by at least 10% the same margin relative to the year prior to January 1, 2022. The tax may not exceed 0.26% of the

total amount of the risk exposure on an individual basis, determined in accordance with sections 3 and 4 of article 92 of Regulation (EU) No 575/2013 with reference to the closing date of the financial year 2022. This extraordinary tax must be paid within the sixth month following the end of fiscal year 2023. In this sense, Conversion Law 136/2023 introduced article 5-bis to Decree Law 104/2023, which provides for the possibility that banks operating in Italy, even through a permanent establishment, such as the Bank, do not pay the tax if a non-distributable or restricted reserve of no less than 2.5 times the calculated tax is recorded in the approval of the annual accounts.

Given that the amount of the tax calculated in accordance with Decree Law 104/2023, based on the risk exposure on an individual basis as indicated is equal to 1,928 thousand euros and the profit of the Italian branch included in these annual accounts is greater than the amount that must be assigned to the non-distributable reserve, the Board of Directors of the Bank will propose to the Sole Shareholder the allocation of a non-distributable reserve in the amount of 4,819 thousand euros charged to voluntary reserves, in accordance with article 26 of the Decree Law 104/2023.

16. Memorandum items

"Memorandum Items" in the balance sheets as at 31 December 2023 and 2022 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 Bank although they may not impinge on its net assets.

Contingent obligations held by the Bank 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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Available to third parties:		
Credit institutions	86,375	85,256
Other resident sectors	2,982	2,268
Other non- resident sectors	24,926	23,659
	114,283	111,183

Also, at 31 December 2023, the Bank held off-balance-sheet funds under administration relating to units in collective investment undertakings (CIUs) amounting to EUR 1,383,562 and 1,295,551 million at 31 December 2023 and 2022. The detail is as follows:

	Millions of euros	
	2023	2022
Off-balance-sheet funds		
Assets under administration	1,239,748	1,147,344
Assets under distribution	143,814	148,208
	1,383,562	1,295,552

The Bank classifies as assets under administration the funds with respect to which it acts as intermediary in subscriptions and redemptions of investments in collective investment undertakings; the Bank receives the related orders from its customers, sends them to the collective investment undertaking management

companies to be executed and is also responsible for the settlement of the transactions and the management of the resulting positions for its customers.

Also, the Bank classifies as assets under distribution the customer funds covered by distribution agreements between the Bank and fund managers in which the customers act as sub-distributors of the Bank and the Bank provides distribution-related services (distribution of investments in collective investment undertakings, trading, calculation and payment of fees returned, remittance of data and documentation on collective investment undertakings, etc.) but does not participate in the brokerage of subscriptions and redemptions of investments in collective investment undertakings or the settlement or management of these positions.

17. Notional values of hedging derivatives

The detail of the notional and/or contractual amounts of the trading derivatives held by the Bank at 31 December 2023 and 2022:

	Thousands of Euros	
	2023	2022
Unmatured foreign currency purchases and sales (*):		
Purchases	131,905	117,455
Sales	261,336	207,248

(*) Relating to OTC foreign currency purchases and sales.

The above transactions mature at less than one year.

The notional and/or contractual amounts of the aforementioned contracts do not reflect the actual risk assumed by the Bank, since the net position in these financial instruments is the result of offsetting and/or combining them. This net position is used by the Bank basically to hedge the currency risk.

18. Interest income

"Interest Income" at 2023 and 2022 in the accompanying income statements comprises the interest accruing in the year on all financial assets with an implicit or explicit return, calculated by applying the effective interest method, irrespective of measurement at fair value (except for derivatives).

The detail of the main items of interest income earned by the Bank in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Loans and advances to central banks	50,066	333
Loans and advances to credit institutions	23,724	6,259
Loans and advances to customers	1,404	1,478
Return on assets related to pension plans	333	-
Other interests	875	21
	76,402	8,091

19. Interest expenses

"Interest Expenses" in 2023 and 2022 in the accompanying income statements for 2023 and 2022 includes the interest accruing in the year on all financial liabilities with an implicit or explicit return, calculated by applying the effective interest method, irrespective of measurement at fair value (except for those that might have arisen from derivatives).

The detail of the main items of interest expense and similar charges accrued by the Bank in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Deposits from credit institutions	352	1,567
Cash balances at Central Banks	-	4,223
Lease liabilities	444	338
Deposits from customers	-	2
Financial cost of pension commitments (Note 10)	328	67
Other interest	559	374
	1,683	6,571

20. Fee and commission income

"Fee and Commission Income" comprises the amount of all fees and commissions accruing in favor of the Bank in the year, except those that form an integral part of the effective interest rate on financial instruments, if applicable.

The detail of "Fee and Commission Income" in the accompanying income statements in 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Fee and commission income arising from:		
Marketing of products-		
Investment funds	2,573,736	2,537,086
Other	108,691	112,573
	2,682,427	2,649,659
Investment services-		
Administration and custody	9,060	8,555
Securities trading	2,427	2,501
	11,487	11,056
Other-		
Foreign exchange	19,481	32,655
Other fees and commissions	30,630	31,621
	50,111	64,276
	2,744,025	2,724,991

Fee and commission income arising from the distribution of units in collective investment undertakings in 2023 and 2022 amounted to EUR 2,573,736 thousand and EUR 2,537,086 thousand, respectively, of which EUR 708,396 thousand and EUR 820,778 thousand had not been received at 31 December 2023 and 2022, and were recognised under "Financial assets at amortised cost" and "Other Assets", respectively, in the accompanying balance sheets (see Notes 6.3 and 12).

21. Fee and commission expenses

"Fee and commission expenses" shows the amount of all fees and commissions paid or payable by the Bank in the year, except those that form an integral part of the effective interest rate on financial instruments.

The detail of "Fee and Commission Expenses" in 2023 and 2022 in the accompanying income statements, is as follows:

	Thousands of Euros	
	2023	2022
Fees and commissions assigned to:		
Third parties	7,081	6,077
Distributors	2,300,843	2,240,560
	2,307,924	2,246,637

The fee and commission expenses incurred in 2023 and 2022 in respect of fees and commissions paid to distributors amounted to EUR 2,300,843 thousand and EUR 2,240,560 thousand, respectively, of which EUR 630,725 thousand and EUR 592,596 thousand were payable at 31 December 2023 and 2022, respectively, and were recognised under "Financial Liabilities at Amortised Cost – Other Financial Liabilities" and "Other Liabilities" in the accompanying balance sheets as at those dates (see Notes 12 and 13.3).

22. Administration cost

22.1 Personnel expenses

"Personnel expenses" comprises all the remuneration accruing in the year in any respect to permanent or temporary employees, regardless of their function or post.

The detail of "Personnel expenses" in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Wages and salaries	76,567	57,572
Social security costs	12,536	11,138
Termination benefits	3,446	931
Contributions to defined contribution pension funds (Note 2-m) (*)	1,306	1,320
Allocation to defined benefit pension plans (Note 10)	905	821
Long-term incentive plan (Note 4)	7,350	7,321
Training expenses	405	382
Other staff costs	3,319	2,980
	105,834	82,465

(*) Includes contributions to defined contribution pension plans for 2023 and 2022, of which EUR 452 thousand and EUR 435 thousand corresponded to contributions made for the Bank's Senior Management (including executive Directors) in 2023 and 2022, respectively (see Note 4.c).

The average number of employees at the Bank, by professional category, in 2023 and 2022 was as follows:

	Average Number of Employees	
	2023	2022
Senior Executives & CEO	18	18
Other Executives & Senior Management	12	13
Middle Management	233	224
Professionals	576	565
	839	819

At 31 December 2023 and 2022 the number of employees at the Bank, by professional category and gender, was as follows:

	2023		2022	
	Women	Men	Women	Men
Senior executives & CEO	1	18	1	17
Other Executives & Senior Management	5	8	5	7
Middle Management	95	134	102	136
Professionals	263	285	294	294
	364	445	402	454

At 31 December 2023, the Bank's Board of Directors consisted of 4 women and 8 men (4 women and 8 men at 31 December 2022).

Also, it is hereby stated that in 2023 and 2022 the Bank has 9 and 14 employees, respectively, with a disability equal to or greater than 33%.

At 31 December 2023 and 2022, under the collective agreements currently in force and other agreements, the Bank had defined contribution obligations to supplement the public social security system benefits accruing to certain employees in the Milan and London branches, Madrid office, and to their beneficiary right holders, for retirement, permanent disability or death.

22.2 Other administrative expenses

The detail of "Other General Administrative Expenses" in 2023 and 2022 in the accompanying income statements is as follows:

	Thousands of Euros	
	2023	2022
Property, fixtures and supplies	2,230	2,341
Information technology	27,842	23,161
Communications	7,211	5,391
Advertising and publicity	1,443	1,383
Legal expenses and lawyers' fees	2,476	1,020
Technical reports	6,339	9,032
Surveillance and cash courier services	202	172
Insurance and self-insurance premiums	2,463	2,402
Governing and Control Bodies	545	474
Representation and staff travel expenses	1,881	1,722
Association membership fees	538	526
Subcontracted administrative services (*)	13,327	62,308
Levies and taxes	11,730	2,916
Contributions to foundations	168	190
Other expenses	381	134
	78,776	113,172

(*) Includes, at 31 December 2023 and 2022, EUR 2,143 and 45,602 thousand, respectively, are included corresponding to the temporary services agreement ("TSA") between the Allfunds Bank, S.A.U. and BNP, and at 31 December 2022, EUR 2,725 thousand corresponding to the Sub distribution agreement, signed between PAM and Allfunds Bank, S.A.U., both signed within the framework of the operation carried out.

In 2023, "Technical reports" in the foregoing table includes, among others, the fees for audit and other services provided by the auditor or companies related thereto by control, common ownership or management, which are detailed below:

	Thousands of euros
Audit Services	1,043
Services other than auditing	227
<i>Services required by applicable regulations</i>	200
<i>Other verification services</i>	27
<i>Tax services</i>	-
<i>Other services</i>	-
Total professional services	1,270

The services provided by the Bank's auditors meet the independence requirements included in the applicable regulation in Spain and did not involve the performance of any work that is incompatible with the audit function.

23. Other operating income and other operating expenses

The balance of "Other operating income" in the accompanying income statements during the year ended 31 December 2023 and 2022, are as follow:

	Thousands of euros	
	2023	2022
Capitalisation of internal staff costs (Note 9)	4,710	2,527
Other	3,249	3,244
	7,959	5,771

The balance of "Other operating expense" in the accompanying income statements during the year ended 31 December 2023 and 2022, are as follow:

	Thousands of euros	
	2023	2022
Contribution to the Single Resolution Fund (Note 1.h)	2,024	1,895
Losses	3,433	4,638
Other	35	65
	5,492	6,598

24. Residual maturity periods and average interest rates

The detail, by maturity, of the balances of certain items in the accompanying balance sheets as at 31 December 2023 and 2022, and of the average interest rates in both years is as follows:

31 December 2023

	Thousands of Euros							Average Annual Interest
	Demand	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total	
Assets:								
Cash and cash balances at Central Banks (Note 5)	1,337,236	-	-	-	-	-	1,337,236	3.30 %
Other Demand deposits (Note 5)	749,864	-	-	-	-	-	749,864	4.70 %
Financial assets at amortised cost (Note 6)-								
Debt securities-	-	-	-	4,937	-	-	4,937	1.63 %
Loans and advances to Central Banks	-	12,807	-	-	-	-	12,807	3.30 %
Loans and advances to credit institutions	-	35,971	51,669	36,199	-	-	123,839	4.66 %
Loans and advances to customers	136,560	475	33	170	726	413	138,377	3.53 %
	2,223,660	49,253	51,702	41,306	726	413	2,367,060	
Liabilities:								
Financial liabilities at amortised cost (Note 13)-								
Deposits from credit institutions	431,091	-	-	-	-	-	431,091	0.12 %
Customer deposits	1,127,407	-	-	-	-	-	1,127,407	0.00 %
Other financial liabilities	322,256	62,480	838	4,862	14,966	1,005	406,407	0.12 %
	1,880,754	62,480	838	4,862	14,966	1,005	1,964,905	

31 December 2022

	Thousands of Euros							Average Annual
	Demand	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5	Total	
Assets:								
Cash and cash balances at Central Banks (Note 5)	948,244	-	-	-	-	-	948,244	(0.50) %
Other Demand deposits (Note 5)	659,078	-	-	-	-	-	659,078	0.24 %
Financial assets at amortised cost (Note 6)-								
Debt securities-	-	-	-	4,966	-	-	4,966	1.89 %
Loans and advances to Central Banks	-	12,871	-	-	-	-	12,871	(0.50) %
Loans and advances to credit institutions	-	87,269	51,618	11,175	-	-	150,062	1.34 %
Loans and advances to customers	280,603	230	250	108	423	366	281,980	0.68 %
	1,887,925	100,370	51,868	16,249	423	366	2,057,201	
Liabilities:								
Financial liabilities at amortised cost (Note 13)-								
Deposits from credit institutions	572,123	-	-	-	-	-	572,123	0.27 %
Customer deposits	791,320	-	-	-	-	-	791,320	0.03 %
Other financial liabilities	338,128	50,737	1,559	3,563	9,741	1,400	405,128	0.08 %
	1,701,571	50,737	1,559	3,563	9,741	1,400	1,768,571	

This table, prepared pursuant to the legislation applicable to the Bank, does not reflect the Bank's liquidity position since it considers demand deposits and other customer deposits as any other liability, whereas their stability is a typical feature of commercial banking. Considering this effect, the differences between assets and liabilities for each of the maturity periods are within reasonable thresholds in view of the business volume managed, and the directors do not envisage any liquidity problems or stress for the Bank.

25. Related party transactions

a) Transactions with related party companies

The detail of the Bank's most significant balances at 31 December 2023 and 2022 and of the results of the transactions performed in those years with its related party companies is as follows:

	Thousands of Euros			
	2023		2022	
	Shareholders	Allfunds Group Entities	Shareholders	Allfunds Group Entities
Assets:				
Deposits in credit institutions	134,877	-	52,771	-
Loans and advances to credit institutions	10	-	529	-
Loans and advances to customers	643	839	16,400	-
Intangible assets (*)	188,876	-	211,954	-
Other assets	7,729	-	6,140	304
Liabilities:				
Deposits from credit institutions	72,133	-	35,288	-
Other financial liabilities	-	2,647	7,882	2,328
Trading derivatives	-	-	-	-
Other liabilities	31,407	-	32,493	59
Equity:				
Interim dividends	(57,000)	-	(15,000)	-
Contribution to reserves (**)	7,350	-	7,321	-
Profit and loss:				
Debit-				
Interest expenses	-	-	-	-
Fee and commission expenses	126,040	-	131,194	-
Other administrative expenses	3,167	-	44,134	1,133
Staff costs	7,350	-	7,321	-
Amortizations	23,078	-	23,078	-
Impairment of financial assets	-	-	-	-
Credit-				
Interest income	-	-	-	-
Dividends income	-	-	-	-
Commission income	37,247	-	45,237	-
Other operating income	-	-	233	463

(*) Includes balances with BNP Group in 2023 and 2022.

b) Transactions with the Bank's Board members and senior executives

Certain employees of the Bank have invested in the Management Equity Plan of LHC Manco Limited. Together, the employees through LHC Manco Limited indirectly own 0.284% of Allfunds Bank S.A.U. Those employees acquired shares of LHC Manco Limited voluntarily and at fair value, subject to a series of conditions restricting the capacity to dispose of them and their disposal price.

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 financial statements.

The information on the remuneration payable to the Bank's Board members and senior executives is detailed in Note 4.

26. Fair value of financial assets and financial liabilities

The following breakdown, by class of financial asset and liability, of the fair value of the Bank's financial instruments at 31 December 2023 and 2022:

	Thousands of Euros			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash, cash balances at Central Banks and other demand deposits	2,087,100	2,087,100	1,607,322	1,607,322
Financial assets held for trading – Derivatives	2,859	2,859	342	342
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	11,275	11,275	2,712	2,712
Financial assets at amortised cost - Debt Securities	4,937	4,937	4,966	4,966
Financial assets at amortised cost - Loans and advances	275,023	279,518	444,913	449,644
	2,381,194	2,385,689	2,060,255	2,064,986
Financial liabilities:				
Financial liabilities held for trading – Derivatives	1,266	1,266	759	759
Financial liabilities at amortised cost	1,964,905	1,964,905	1,768,570	1,768,570
	1,966,171	1,966,171	1,769,329	1,769,329

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 recognised 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 recognised them at cost in the balance sheet 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 amortised cost - Debt securities: to obtain fair values, the present value model has been used, which discounts future flows at the present time, using rates based on directly or indirectly observable market data.
- Financial assets at amortized cost – Loans and advances: the fair value of financial assets at amortised 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 amortised cost - Loans and advances:** these relate to financial liabilities at amortised cost at a minimum interest rate and maturing mainly 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.

In accordance with the applicable legislation, following is certain information regarding the classification of financial instruments recognised at fair value pursuant to the following definitions:

- **Level 1:** financial instruments whose fair value was determined by reference to their quoted prices (unadjusted) in active markets, without making any changes to these assets.
- **Level 2:** financial instruments whose fair value was estimated by reference to quoted prices on organised markets for similar instruments or using other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.
- **Level 3:** instruments whose fair value was estimated by using valuation techniques in which one or another significant input is not based on observable market data.

The detail of the financial instruments held by the Bank at 31 December 2023 and 2022 based on the method of measurement at fair value is as follows:

	Thousands of Euros					
	31-12-2023			31-12-2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Cash, cash balances at central banks and other demand deposits	2,087,100	—	—	1,607,322	—	—
Financial assets held for trading - Derivatives	—	2,859	—	—	342	—
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	—	11,275	—	—	2,038	674
Financial assets at amortised cost - Debt Securities	4,937	—	—	4,966	—	—
Financial assets at amortised cost - Loans and	—	—	279,518	—	—	449,644
	2,092,037	14,134	279,518	1,612,288	2,380	450,318
Financial liabilities:						
Financial liabilities held for trading - Derivatives	—	1,266	—	—	759	—
Financial liabilities at amortised cost	—	—	1,964,905	—	—	1,768,570
	—	1,266	1,964,905	—	759	1,768,570

27. Risk management

a) Credit risk exposure

Credit risk is the possibility of loss stemming from the failure of customers or counterparties to meet their payment obligations to the Bank. Specifically, the exposure is mainly to regulated institutions (which are the only authorised customers for the Bank) to which the Bank 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 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 Bank to be aware at all times of the unused credit line for each counterparty.

As can be seen in the following sections of this Note and in the various sections of these notes to the financial statements, at 31 December 2023 and 2022, the main asset positions held by the Bank relate to those held with financial institutions in the European Union and balances of an eminently temporary nature associated with its activity, with non-performing (impaired) balances representing 0.34% and 0.41%, respectively, of its assets at 31 December 2023 and 2022 and the coverage ratio at those dates being 74% and 64%, respectively.

In view of the business activities carried on by it, the Bank does not provide financing for real estate construction and development or provide financing to households for home purchase.

In 2023 and 2022, and in prior years, the Bank did not conduct any material renegotiation or restructuring of its debit balances, as those terms are defined in the applicable legislation.

b) Settlement risk exposure

Settlement risk is the risk arising from counterparties not fulfilling or failing to settle transactions.

The Bank has developed a procedure for limits and calculating settlement risk exposure by counterparty, establishing alerts and consumption indicators as limits in accordance with the internal methodology described above. The control is performed by the Risk Control Unit. Automatic delivery-versus-payment (collateralised order) procedures are also established for counterparties identified as sensitive by the Bank's Risk Committee.

c) Interest rate risk exposure

The Bank does not have any significant exposure to this risk because its main balance sheet aggregates are either on demand or mature at short term and the balance between assets and liabilities is perfect, meaning that the exposure to interest rate risk is practically zero.

d) Liquidity risk exposure

Liquidity risk is the risk that the Bank might not have sufficient liquidity to meet its payment commitments.

The Bank's Board of Directors has established conservative criteria for the management and dilution of losses stemming from liquidity risk. Liquidity risk management is duly instrumented and documented,

and is also fully compliant with the applicable legislation on liquidity. The Bank periodically prepares various regulatory reports relating to liquidity, such as the LQ statements, the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the Additional Liquidity Monitoring Metrics (ALMM), as well as the liquidity stress tests as part of the Internal Capital Adequacy Assessment Process (ICLAAP), in order to measure the adequacy of the Bank's capital and liquidity to carry on its business activity in normal markets conditions and in stress situations.

To supplement the monitoring performed by the Risk Control Unit, the Settlement Department of the Transactions Area performs ongoing follow-up of order settlement processes in each of the currencies in which the Bank operates, thus providing twofold control of the Bank's liquidity.

e) Operational risk exposure

Operational risk is defined as "the risk of loss resulting from deficiencies or failures of internal processes, human resources or systems or that arising due to external causes". This risk relates to events of a purely operational nature, which differentiates it from market or credit risk.

The Bank's aim in operational risk control and management is to identify, prevent, measure, mitigate and monitor this risk. The priority, therefore, is to identify and eliminate any clusters of operational risk.

In order to reduce this risk, the main operating processes are analysed periodically. These processes are contained in procedures manuals and include the measures required to perform a comprehensive operational control.

The Bank considers insurance as a key factor in operational risk management, placing special emphasis in third-party liability and employee fidelity insurance policies, as well as in cybersecurity insurance policy.

f) Exposure to other market risks

In addition to the risks above, the Bank is exposed to the structural exchange rate risk arising from its foreign currency transactions. This risk is monitored and managed on a daily basis and the impact on the income statement is limited by setting maximum exposure limits and applying procedures subsequently to ensure that these limits are not exceeded, and by using hedges.

g) Risk concentration

Following is the detail, at 31 December 2023 and 2022, of the information on risk concentration, broken down by geographical area and business segment of the Bank's counterparties at those dates, which includes the "Cash, Cash Balances at Central Banks and Other Demand Deposits" (except the cash), "Financial Assets Held for Trading", "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" and "Financial Assets at Amortised Cost" line items.

31 December 2023

	Thousands of Euros				
	Spain	Other EU Countries	America	Rest of the World	Total
Central Banks and Credit Institutions	357,998	1,509,682	139,366	219,410	2,226,456
Public sector Central government	-	4,937	-	-	4,937
Other financial institutions	10,956	120,850	4,070	12,110	147,986
Non-financial companies and individual entrepreneurs-	245	496	12	394	1,147
Other purposes – SMEs and individual entrepreneurs	245	496	12	394	1,147
Other households and NPISH (*) -	664	1	-	-	665
Consumer loans	664	1	-	-	665
Other purposes	-	-	-	-	-
Total	369,863	1,635,966	143,448	231,914	2,381,191

(*) NPISH: non-profit institutions serving households.

31 December 2022

	Thousands of Euros				
	Spain	Other EU Countries	America	Rest of the World	Total
Central Banks and Credit Institutions	400,601	1,075,925	88,585	205,346	1,770,457
Public sector Central government	4,966	-	-	-	4,966
Other financial institutions	16,484	213,206	2,540	51,218	283,448
Non-financial companies and individual entrepreneurs-	239	324	11	384	958
Other purposes – SMEs and individual entrepreneurs	239	324	11	384	958
Other households and NPISH (*) -	415	-	-	-	415
Consumer loans	415	-	-	-	415
Other purposes	-	-	-	-	-
Total	422,705	1,289,456	91,136	256,948	2,060,244

(*) NPISH: non-profit institutions serving households.

31 December 2023

	Thousands of Euros			
	Cantabria	Comunidad Valenciana	Madrid	Total Spain
Central Banks and Credit Institutions	9,980	90,128	257,889	357,998
Public sector Central Government	-	-	-	-
Other financial institutions	-	-	10,956	10,956
Non-financial companies and individual entrepreneurs-	-	-	245	245
<i>Other purposes – SMEs and individual entrepreneurs</i>	-	-	245	245
Other households and NPISH (*) -	-	-	664	664
<i>Consumer loans</i>	-	-	664	664
<i>Other purposes</i>	-	-	-	-
	9,980	90,128	269,754	369,863

(*) NPISH: Non-profit institutions serving households.

31 December 2022

	Thousands of Euros			
	Cantabria	Comunidad Valenciana	Madrid	Total Spain
Central Banks and Credit Institutions	18,185	108,745	273,670	400,601
Public sector Central Government	-	-	4,966	4,966
Other financial institutions	-	-	16,484	16,484
Non-financial companies and individual entrepreneurs-	-	-	239	239
<i>Other purposes – SMEs and individual entrepreneurs</i>	-	-	239	239
Other households and NPISH (*) -	-	-	415	415
<i>Consumer loans</i>	-	-	415	415
<i>Other purposes</i>	-	-	-	-
	18,185	108,745	295,775	422,705

(*) NPISH: Non-profit institutions serving households.

28. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Bank in Spain (see Note 1-b). Certain accounting practices applied by the Bank that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I

Investment in indirect subsidiaries, joint ventures and associates

Below we present a detail of the indirect participation percentages and other relevant information of these entities as of December 31, 2023:

31 December 2023

Name of Company	Location/Registered Office	Line of Business	Ownership Interest	Thousands of Euros			
				Data of Investee (*)			Net carrying value
				Share Capital	Retained earnings and share premium	Profit/Loss	
Allfunds Data Analytics Limited	UK	Computer programming and data solutions provider	100%	216	527	(383)	216
Mainstreet Capital Partners Limited	UK	ESG consulting services	65%	87	13,072	(1,658)	87
Allfunds Tech Solutions France	France	IT programming activities	100%	328	45	192	563
Allfunds Tech Solutions Germany GmbH	Germany	IT programming activities	100%	125	(81)	10	54
Allfunds Tech Solutions Sweden AB	Sweden	IT programming activities	100%	9	92	(215)	(115)
Allfunds Tech Solutions Switzerland AG	Switzerland	IT programming activities	100%	1,768	(581)	(250)	937
Allfunds Tech Solutions UK Limited	UK	IT programming activities	100%	199	829	245	1,273
Mainstreet Analytics Limited	UK	ESG consulting services	65%	144	66	40	143

(*) These entities financial statements for 2023 have not yet been approved by their shareholder. However, the Bank's directors consider that the aforementioned financial statements will be approved without changes.

Appendix II

Annual banking report

This information was prepared in compliance with Article 89 of Directive 2013/36/EU of the European Parliament and Council, of 26 June 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 (commonly known as CRD IV) and its transposition to Spanish domestic legislation in accordance with Article 87 and Transitional Provision Twelve of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions, published in the Official State Gazette of 27 June 2014.

Pursuant to the aforementioned Article, from 1 January 2015, credit institutions must for the first time publish, specifying, by country in which they are established, the following information on a consolidated basis for the last complete financial year:

- a. Name, nature and geographical location of the activity.
- b. Turnover.
- c. Number of employees on a full-time equivalent basis.
- d. Profit before taxes.
- e. Income tax.
- f. Subsidies or state aid received.

As indicated in Note 1.b), the Bank has not prepared consolidated annual accounts for having availed itself of the consolidation exemption for being in a higher consolidated pursuant to what is permitted by article 43 of the Commercial Code

Pursuant to the above, Allfunds Banks, S.A.U. (the "Bank") hereby provides the required information mentioned above.

Name, nature and geographical location of the activity.

- This information is available in Notes 1 and 7 of the present financial statements of Allfunds Bank S.A.U., for the year ended 31 December 2023 and prior years, which give details of the companies that operate in each jurisdiction, including their name, geographical location and the nature of their activity, amongst other things. These annual accounts are available to the public on the Bank's website at the following address:

<https://www.allfundsbank.com/lr/web/public/company-information>

As shown in the information indicated above, the main activity carried on by the Allfunds Bank Group in the various jurisdictions in which it operates is the provision of investment services and, specifically, the marketing of units/ shares in collective investment undertakings.

- The information corresponding to turnover and the number of employees on an equivalent full-time basis is shown below, together with some explanatory notes on the basis of presentation of that information:

Jurisdiction	Millions of Euros	No. of Employees on a Full-Time Equivalent Basis
	Turnover	
Chile	–	4
Dubai (EAU)	–	4
Colombia	–	2
Singapore	8	21
Spain	224	417
Italy	208	112
Luxembourg	59	21
France	30	14
Poland	12	146
United Kingdom	32	36
Switzerland	40	23
Sweden	5	7
United States of America	–	2
Total	618	809
Integration adjustments	(104)	
Allfunds Bank S.A.U.	514	

For the purposes of this report, turnover is considered to be gross income, as defined and presented in the income statement that forms part of the Allfunds Bank S.A.U. financial statements.

The data on turnover per country, shown in the previous table, was obtained from the statutory accounting records for 2023 of the Bank with the corresponding geographic location and was converted into euros.

“Integration adjustments” in the above table includes the necessary adjustments in order to convert the above aggregate information into information on the Bank and it therefore includes adjustments for uniformity and to eliminate transactions between the Bank branches.

The number of employees on a full time equivalent basis was obtained from the headcount of each company/country at 2023 year-end.

The consolidated income statement for the year ended 31 December 2023 includes profit before tax for Allfunds Bank S.A.U., of EUR 200 million and income tax of EUR 84 million;

Jurisdiction	Millions of Euros	
	Profit Before Tax	Income Tax
Spain	33	25
Italy	127	43
Luxembourg	32	8
United Kingdom	5	2
France	(4)	6
Poland	—	—
Singapore	1	—
Switzerland	28	—
Sweden	2	—
Total	224	84
Consolidation adjustments	(24)	
Consolidated Allfunds Bank Group	200	

At 31 December 2023, the Group's return on assets (ROA) was estimated at 2.70%.

Allfunds Bank, S.A.U.

Directors' Report for the year ended
31 December 2023

Allfunds Bank, S.A.U.

The financial statements of Allfunds Bank, S.A.U. ("the Bank") for 2023 consist of the balance sheet, statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements, which are audited by Deloitte, S.L. The accompanying directors' report summarizes the main characteristics of the Bank's performance and outlines the most significant future prospects.

Directors' report for 2023

In 2023 the Bank obtained net profit amounting to EUR 115,922 thousand, 29.53% off compared the previous year. Fee and commission income was the largest revenue item. It decreased by 8.83% in net terms mainly due to the significant decrease in average brokerage volume during the year compared to 2022.

The distribution, by geographical area, of customer positions at 31 December 2023 is as follows:

Geographical Area	Millions of Euros
Continental Europe, except Spain and Portugal	993,031
Spain and Portugal	188,203
UK and Ireland	103,722
America	42,058
Middle East, Asia and Oceania	56,458

Economic environment

After the strong impact of the coronavirus in 2020, the global economy turned around and demonstrated a strong capacity for recovery. Economic growth has been hampered by geopolitical tensions in recent years (such as the beginning of Russia's invasion of Ukraine) or the most recent war in the Middle East. The response to all these events in the world economy has been proportional to the current tensions, increasing the price of a barrel of oil and therefore preventing reductions in the cost of gas and electricity. All this has meant an increase in production and distribution costs and therefore a general growth in prices for all products. Supply problems persist in industry and construction. The contribution of external demand to growth will be restricted by the environment of high energy and financial costs.

Economic activity has been strengthened, despite the war and the increase in prices, for different reasons. Some of them are, on the one hand, the challenge of decarbonization and the energy transition that entails greater volumes of investment in sustainable infrastructure and technologies, and on the other, artificial intelligence and the boost that this will bring to global productivity. Another reason is geopolitical polarization and new trade flows that have been altered by the rivalry between the United States and China, as well as the rise of unlisted private markets that encompass private debt, investment in natural

resources and the sector. real estate and venture capital, which are becoming main actors in growth and innovation in companies.

The main problems for the year 2024 will be the high levels of inflation since they may continue to remain at figures similar to those of 2023. Therefore, central banks will probably be forced to lower interest rates in order to help the global economy to achieve a soft landing. Greater dynamism of structural reforms could boost productivity and lead to positive cross-border spillovers. On the negative side, new increases in raw material prices due to geopolitical problems - such as the conflict in the Red Sea - and supply disruptions could prolong restrictive monetary conditions.

External demand presented a contribution of 0.8 points, which was 2.1 points less than in 2022. Thus, according to a first estimate of annual growth for 2023, the GDP of the euro zone and the EU increased by 0.5%

The Spanish economy grew by 2.5% in 2023, exceeding all expectations and leading advanced economies. The position of the tourism sector will improve in the coming months, thanks to the progressive acceleration of activity in the countries of origin, geopolitical uncertainty, and the increase in growth capacity due to investment and immigration. Household consumption will be supported in 2024 by the recovery of part of the purchasing power lost in 2022 and 2023. Household current spending will benefit from improvements in their wealth, the normalization of the savings rate and a balance less sensitive to increases in interest rates.

US growth for 2023 as a whole stood at 2.5%, which represents an acceleration compared to the growth observed the previous year. This strength of the North American country has been due above all to the good performance of private consumption, favored in turn by the stability of the labor market and the savings achieved during the pandemic.

China's average GDP growth in the two-year period of 2022 and 2023 fell to 4.1%, well below the previous pre-pandemic level of "over 6%", which dates to 2019. The rate Year-on-year growth in the fourth quarter reached 5.2%, up from 4.9% year-on-year in the third quarter of 2023. Looking ahead to 2024, the Chinese economy is recovering, although it is not considered to have a solid foundation yet, since the deep adjustment of the real estate market and the over-indebtedness of local governments continue to be the main risks. Monetary and fiscal policies will remain expansionary in 2024 to support the growth recovery and rebuild market confidence.

Growth outlook

Projections place global growth at 3.1% in 2024 and 3.2% in 2025.

The Spanish economy will advance moderately in 2024, with GDP growth of 1.6% during this year. Regarding the CPI, which moderated in the last months of 2023, the forecast that experts maintain for this year is that it will drop to an average of 3%. The interannual rate for December would be 2.7%.

After an end to 2023 marked by weakness, we entered a phase of gentle growth.

Europe has just gone through its two worst quarters in terms of growth in 2023. From this point, we enter a phase of soft growth in the first part of 2024, progressively accelerating towards 2025. Growth in 2024 is estimated at 0.7%.

Regarding the US economy, the forecasts of the members of the central bank's monetary policy committee for 2024 published in December 2023 anticipate the desired scenario: a growth of 1.4%, an unemployment rate of 4.1% and an inflation that is close to the 2% target.

The Chinese economy could grow 5% in 2024, according to central government planning. China set an economic growth target for 2024 of around 5%, similar to last year and in line with analysts' expectations. In addition, it will cut its tariffs on advanced technologies.

Transaction performance

In 2023 our main aims focused on the following:

- Our client wins keep on consolidating our place as market leader in Europe and globally. This year, we managed to onboard 53 new Distributors, continuing 2022's strong momentum, and 81 new Fund Houses. We have also benefited from maintaining long-standing, deeply embedded relationships resulting in outstanding retention rates for both, Distributors and Fund Houses.
- Consequently, migrations from new clients have continued to be strong, and these underpin the strength of our franchise: up to €60 billion of AuA.
- We launched two initiatives in the private markets space. Allfunds Alternatives Solutions (AAS) division was created in March 2023 to provide clients in the wealth management sector with better access to alternative investments and private markets, and driven by a dedicated, industry-leading team. And we also created the Allfunds Private Partners (APP) programme in July 2023, in partnership with some of the top global houses in this segment, who consider Allfunds their ideal partner to access a large and untapped growth opportunity in Europe. The APP aims at promoting, educating and distributing the products of this emerging asset class in Europe.
- We continue leading in innovation by promoting the adoption of our Allfunds Blockchain technology by the industry, and by promoting our fund hosting services within our ManCo, which is gaining good traction.
- We made a total of €50 million in new investments mainly to fund growth initiatives, while maintaining best-in-class platform services. In the medium to long term, these investments will deliver a more scalable and efficient business and enhance our customer offering.
- This year, we acquired a majority stake in MainStreet Partners, a specialist in ESG analytics and advisory. We also bought the local paying agent business of Iccrea Banca in Italy, which consolidates our leading position in Banca Corrispondente.

Evolution of the types of the Entity

Being a very significant element for obtaining income from the Bank, the distribution channels in which the Bank operates are:

- The direct distribution of funds (Retail and Portfolios) represented 14.52% compared to 15.40% in 2022.
- Credit institutions and private banking accounted for 48.16% of the total traded volume by customer type, compared with 37.45% in 2022.

- Insurance entities and pension funds accounted for 21.15% in 2023, compared with 20.09% in 2022.
- Entities other than these accounted for 16.17% in 2023, compared with 27.06% of the total traded volume 2022.

Balance sheet

As of December 31, 2023, the commissions pending collection and payment amount to EUR 708,396 and 630,725 thousand, respectively, which means an 13.69% decrease in collections and an 6.43% increase in payments with respect to fiscal year 2022, respectively.

At December 31, 2023, the total amount of the Bank's assets amounted to EUR 4,289,133 thousand, which represents an increase of 11.81% with respect to 2022 year-end.

In the same way as in previous years, the items related to the balance of the accounts (deposits in credit institutions), are those that represent the greater relative weight of the assets of the balance. The position held in these accounts amounts to EUR 873,703 thousand, increasing by 8.18% compared to the end of the previous year.

Intangible assets amounted to EUR 885,496 thousand, up 8.39% year on year.

Tangible assets (furniture, IT equipment and facilities), net of amortization, amounted to EUR 29,423 thousand, representing an increase of 17.45%.

The Bank offers its clients the possibility to open current accounts in it, in order to provide them with a better intermediation service in the purchase and sale of shares and holdings in CIUs. The balance maintained, as of December 31, 2023, in these accounts amounts to EUR 1,558,498 thousand, increasing by 14.31% with respect to the previous year.

Earnings

The net profit obtained by the Bank amounts to EUR 115,922 thousand at the end of the year, being 29.53% greater than at the end of the 2022 financial year.

Net interest income increased to a positive amount of EUR 79,719 thousand as a result of the positive returns obtained due to the increase in interest rates.

Net fee and commission income amounted to EUR 436,101 thousand, which represents a decrease of 8.83% compared to 2022. The 63% in 2023 and 62% in 2022 of these fees and commissions are related to the intermediation in the distribution of shares and participations in CIUs.

Administrative costs, which comprise staff costs and other general administrative expenses, amounted to EUR 184,610 thousand, 5.64% less than in 2022.

Off-balance-sheet figures

As in previous years, the main activity carried on by the Bank is the provision of brokerage services in the distribution of foreign CIUs, which it performs without taking ownership of the assets in which the

investments are made. As a result, none of the customers' assets are recognized on the Bank's balance sheet.

The volume of patrimony of clients intermediated as of December 31, 2023 amounts to EUR 1,383,562 million, which represents an increase of 6.79%.

Share capital and treasury shares

As of December 31, 2023, the Bank's share capital amounted to EUR 80,448 thousand, represented by 2,681,606 registered shares, each with a par value of 30 euros, fully subscribed and paid.

At current date, the owner of the Bank is Liberty Partners, S.L.U.

During the year 2023, no transactions were carried out on own shares or treasury stock.

Research and development policy

The year 2024 will focus mainly on the following three lines:

- The 360° digitalisation of Allfunds, internally and in the relationship or interaction with our clients, through the continued enhancement of our Connect Integrated Dashboard (CID) hub. This CID initiative aims to streamline compliance and legal requirements, in order to ease fund set-up operations so that Fund Houses and Distributors can quickly deploy their go-to-market strategy.
- We continue expanding our Blockchain offering, with FAST having the most success in facilitating funds transfer and commercialization in Italy, Spain and beyond with transfer agents. Allfunds Business Smart Contracts also utilise Blockchain in a fully digital ecosystem.
- Since 2018, we have been working on hyper automation, starting with Robotic Process Automation, and have achieved tangible results. Immediate next steps include embarking on Generative AI in 2024 with specific use cases in information extraction and intelligent search engines offered on our data & analytics platform.

Staff

The main data in this connection are disclosed in Note 22.1 to the consolidated financial statements.

Financial risk management policies

The main risks arising from the Bank's activity are the following: operational risk, liquidation, liquidity, credit, interest and market risk. The Entity has established a series of procedures to identify, evaluate, monitor, manage, mitigate and validate these risks that respond to risk aversion established by the Bank's Board of Directors as the highest governing body.

For this purpose, general management provides the Bank with the human and technological resources it needs in order to develop risk management best practices.

The actions carried out by the Bank with regard to the management of risks are described in Note 27 to the Annual Accounts Report.

Outlook

The Bank's management policy for 2024 includes the following aims:

- Continue gaining market share, especially in the new markets we have just entered.
- Continue adding Fund Houses to the platform.
- Onboarding of key specific large Distributors when possible.
- Monetize "Connect" and strengthen it with collaborations with third parties.
- Increase the weight in our income of our "Digital" proposal.
- Continue with the fund harmonization initiative.
- Launch the alternative investments offering
- Lead blockchain transformation and gather assets for All Solutions, our sub-advisory platform.
- 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.
- Allfunds will evaluate opportunities to expand its global footprint and gain access to new markets.
- Allfunds' M&A strategy will complement its organic growth ambitions.
- Finalise the integration of recently acquired businesses.

Environment

In view of the Bank's operations, there are no environmental implications in this respect (see Note 1-f to the financial statements).

Average payment period to suppliers

The average period of payment to suppliers in 2023 was 28 days, which was less than the maximum period established in the applicable legislation (see Note 13.3 to the accompanying financial statements).

Events after the reporting period

On 29 February, 2024, the option to extend the exclusivity agreement until November 2025 for the distribution of funds in the commercial network of a former shareholder was exercised through a payment of 30 million euros, which had Liberty Partners, S.L.U., sole shareholder of the Bank. Taking into account the economic background of the operation and given that the economic benefits of these exclusivity rights will fall to the bank, an intangible asset has been recorded, increasing the company's own funds.

Since 31 December 2023 and up to the date of issuance of these annual accounts, there have been no significant subsequent events in addition to the above.

Non-financial information report

The company is exempt from the obligation to include the non-financial information statement in this management report because it is included, together with its subsidiaries, in the consolidated management report of the Group's parent company, Allfunds Group plc. Allfunds Group plc is a company domiciled in the United Kingdom and whose shares are admitted to trading on Euronext Amsterdam. The non-financial information statement of this company and its group corresponding to the year 2023, which has been prepared in accordance with the provisions of article 262 of the Capital Companies Law, is called ESG Report 2023 and is available on its page website www.allfunds.com.