ALGEBRIS (UK) LIMITED
Registered No. 10308570

# Algebris (UK) Limited

Annual Report and Consolidated Financial Statements

**For The Year Ended 31 December 2022**

**Registered No. 10308570**

**ALGEBRIS (UK) LIMITED**
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## Contents

**ALGEBRIS (UK) LIMITED**
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## Company Information

| | |
|---|---|
| **Directors** | D. Serra<br>A. Lasagna |
| **Secretary** | D. Serra |
| **Company number** | 10308570 |
| **Business address / Registered office** | 1 St James's Market<br>London<br>SW1Y 4AH |
| **Independent Auditor** | KPMG LLP<br>15 Canada Square<br>London<br>E14 5GL |

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Strategic Report

The directors present their strategic report for Algebris (UK) Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2022.

### Principal Activity and Review of the Business and Future Developments

The Company was incorporated as a private limited company in England and Wales on 2 August 2016. The Company is a wholly owned subsidiary of Algebris Investments Luxembourg Sarl. The principal activity of the Group and Company is to provide investment management services. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

On 18 May 2022, the Company incorporated Algebris Series 1 Limited, a wholly owned subsidiary. The primary purpose of Algebris Series 1 Limited is to hold seed investments in Algebris Funds to facilitate the marketing and distribution of strategies and maintenance of share class track records.

Following a strategic planning review of the Algebris corporate structure the senior executives identified a need to consolidate certain entities within the Algebris group to further support and facilitate the growth strategy in the upcoming years.

The restructure will entail the transfer of the Company to a new two-tier UK holding company structure. As a result, the immediate parent entity of the Company will change from Algebris Investments (Luxembourg) Sarl to Algebris Investments Group Limited and the other subsidiaries of Algebris Investments Luxembourg Sarl and their activities, will transfer to the new two-tier UK holding company structure. There will be no change to the ultimate controlling entity or ultimate beneficial owner. The change in control was approved by the FCA on 21 December 2022 and the restructure is expected to be completed by 31 May 2023.

Notwithstanding the structural change for the Algebris Group, the directors do not foresee any major changes in the principal activities of the Company or of the Group.

The Group reports an operating profit of €6,269,871 for the year ended 31 December 2022 (2021: €64,540,795). The *decrease in operating profit is largely attributable to lower revenue in the current year. The decrease in revenue in the* current year to €97,197,146 from €193,280,384 is due to a decrease in performance related fees directly dependent on the underlying performance of the funds. The Group has net assets of €39,253,405 as at 31 December 2022 (2021: €73,850,753).

The directors are satisfied with the results for the year. The directors will focus efforts on maximising income and profits by maintaining and increasing the assets under management of the funds to whom it provides investment management services.

### Key Performance Indicators ("KPIs")

The key performance indicators used and reviewed by the directors to understand the performance of the Group include the performance of the funds, net flows of Assets Under Management ("AUM") and growth in management fees in conjunction with operating costs. The decrease in Fund performance and reduction in net inflows of AUM have been negatively impacted by external market conditions. Management fees have remained consistent with the previous year due to stable average AUM over the period. Operating costs have reduced due to a reduction in compensation costs and transfer pricing charges with other Group companies due to lower fund performance and performance fees.

| Key Performance Indicator | 2022 (EURm) | 2021 (EURm) | Change (EURm) | Change (%) |
|---|---|---|---|---|
| Fund Performance | (1,416.7) | 582.7 | (1,999.4) | (343.1) |
| Net Inflows of AUM | 227.1 | 3,218.7 | (2,991.6) | (92.9) |
| Management Fees | 91.3 | 92.1 | (0.8) | (0.9) |
| Operating Costs | 90.9 | 128.7 | (37.8) | (29.4) |

**Principal Risks and Uncertainties**

The management of the business and the execution of its strategies are subject to a number of risks. In assessing these risks and uncertainties, the Group has considered their potential impact, their likelihood, what controls it has in place and what steps it can take to mitigate such risks. The Group's principal risks can be broadly grouped as operational, business, financial and market risk.

**a) Operational risk**

Operational risk is the risk of loss from inadequate processes, people, systems or external events. The potential impact of these risks could include monetary fines, or, in the worst case, the Group being removed as the investment manager of the underlying funds.

The Group considers its control environment to be robust. The risk management policy sets out the culture and awareness which is reinforced by training and development of employees throughout the organisation. The operational risk management committee meets at least quarterly to review the risk register and track identified risks. The committee identifies material risks that are escalated to senior management.

Therefore, the likelihood of these risks resulting in a significant negative impact on the Group is considered remote.

**b) Business risk**

Business risk is the risk that the strategies implemented are unsuccessful and result in a downturn in performance and outflow of AUM, which directly impacts the level of revenue the Group generates.

Management continuously reviews its current and potential strategies and implements management actions to ensure the business is safeguarded.

The directors are of the opinion that the funds managed by the Company are well established and have sufficient assets under management to withstand such risks and uncertainties.

**c) Financial risk**

Financial risk is the risk that the Group will be unable to meet its financial obligations due to a downturn in the Group's performance due to credit risk.

The Group and Company are exposed to credit risk through its cash deposits, trade debtors and group balances.

The Group will hold all cash with banks whom the Group has strong, well-established relationships and who typically have at least an investment grade rating with Moody's or S&P. Management review amounts owed to the Group and Company, including intercompany positions, to assess collectability.

The directors are satisfied that our banking relationships are robust and that no provisions are required in respect of trade debtors and intercompany positions.

**d) Market risk**

Market risk is the risk that performance of the Group will decline due to market risk factors which may impact the revenue of the Group.

The Group's exposure to market risk is primarily the foreign exchange risk arising from the mismatch between the Group's cash flows and its functional currency. The Group does not actively seek to hedge its exposure to foreign exchange risk, however, it monitors foreign exchange exposure on the balance sheet and within the income statement on a monthly basis and stands ready to mitigate risk through hedging mechanisms if required.

In accordance with the AIFMD, the Company has published information on its risk management objectives and also policies on regulatory capital requirements and resources at the following website link: https://www.algebris.com/disclaimer/

The following material uncertainties were observed during the year and post year-end period.

***Russia / Ukraine***

The Russia-Ukraine war has continued to elevate geo-political instability as military activity escalated and sanctions continue to be imposed with Russia implementing countermeasures to such sanctions.

The directors monitor the situation continually to assess the impact of events such as military action and sanctions alongside the reaction of global financial markets.

The invasion of Ukraine has not impacted the performance of the Group materially and the directors have concluded that there is minimal exposure to the Group. The directors will continue to monitor the situation and take mitigating actions as required.

***Market Conditions***

In March 2023, volatility in global markets picked up following stress in the US regional banks and the UBS takeover of Credit Suisse. Volatility in bank stocks has historically led to tightening of lending, unless offset by Government or Central Bank policy. The implication is a gradual slowdown in core inflation and some earnings slowdown.

While the situation remains fluid, the directors believe fears may be unwarranted. The banking sector, especially in Europe, is in a robust position with high capital ratios, healthy asset quality and very diligent supervision. In US, the volatility is limited to regional banks, which means a tightening in credit standards but no systemic risk.

Overall, the directors believe the main implications of the ongoing market uncertainty are a greater chance of a slowdown and a softer outlook for inflation.

The Group and Company do not have exposure to US regional banks and no direct exposure to Credit Suisse's additional tier 1 capital or subordinated debt. The investment team that manages Algebris funds is dedicated to the analysis of banking capital structures and positioned fund portfolios into senior debt in anticipation of stresses on Credit Suisse.

The directors are confident that the risk to the Group and the Company of lower revenues due to the performance of Algebris funds is mitigated by the expertise of the investment management team and their positioning of Algebris fund portfolios such that the ongoing economic uncertainty is not having and will not have a long-term impact on performance.

Nevertheless, the directors continue to monitor the impact of higher downside risks for equities, lower upside risks for rates and the likelihood of generalised increases in credit spreads across sectors and their impact on management and performance fees earned by the Group and the Company and will take mitigating actions if deemed necessary.

**Section 172(1) statements - duty to promote the success of the Company**

The directors of the Company as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006, which is summarised as follows:

A director of a company must act in the way he considers in good faith, would be most likely to promote success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, customers and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the Company.

The following section describes how the directors have performed their duty to promote the success of the Company and the Group, engaged with our stakeholders and, in particular, how they have considered section 172(1) of the Companies Act.

**Stakeholder engagement and key considerations for the Board**

The directors continued to focus on our culture and values, risk management and engagement with key stakeholders. This engagement is a core element of a responsible business and advances the implementation of our strategy. In discharging their responsibilities, the directors sought to understand, and have regard to, the interests and priorities of the Company and Group's key risks and stakeholders, including with respect to material decisions that were taken by the Board during the year. The following paragraphs summarise how the directors fulfil their duties:

*Culture and Values*

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

*Risk Management*

Our business activities are exposed to various risks and properly managing these risks is one of our key priorities. It is important for us to maintain capital adequacy and meet business objectives in any economic environment, to protect our clients, and to comply with laws and regulations. Therefore, we recognise the need to effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

*Our People*

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, communities and society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

*Business Relationships*

Our strategy prioritises organic growth, driven by boosting sales to existing clients and attracting new clients. To do this, we strive to provide value for money to clients by acting with integrity as skilled investors and as reliable stewards of capital. We value all of our suppliers and have multi-year contracts with our key suppliers.

*Community and Environment*

The Group's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

*Members*

The Board is committed to openly engaging with our members, as we recognise the importance of a continuing effective dialogue. It is important to us that members understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

Signed on behalf of the board of directors.

D. Serra
Director

Date: 21 April 2023

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Directors' Report

The directors present their report together with the consolidated financial statements of the Group for the year ended 31 December 2022.

### Directors

The following directors have held office during the year and up to the date of signing the financial statements:

D. Serra

A. Lasagna

### Dividends

Interim dividends of €39,000,000 (2021: €40,818,717) were paid in the current year. The directors do not recommend any final dividend (2021: Nil).

### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Based on the assessment, the directors have a reasonable expectation that the Group can continue to operate for the foreseeable future, and that it is appropriate, therefore, to prepare these financial statements on a going concern basis.

### Emissions

Emissions are reported following the Greenhouse Gas Protocol. The definition of the scopes set out in the Protocol are the basis for the mandatory Greenhouse Gas reporting below.

- Scope 1 represents the direct emissions the Group and Company create directly.
- Scope 2 represents the indirect emissions resulting from the use of electricity and energy to run the business.
- Scope 3 represents indirect emissions attributed to upstream and downstream activities taking place to provide services to customers.
    - Upstream activities include business travel and emissions from suppliers including transport, distribution and waste.
    - Downstream activities include those related to investments.

The Company and Group do not create any direct emissions (Scope 1), whilst Scope 2 emissions are a result of the energy used in our offices. Scope 3 encompasses Category 6 – business travel. Due to data collection constraints, we do not report emissions in Scope 1 and 2 in relation to remote working or commuting.

Due to the nature of the business, carbon dioxide is the main greenhouse applicable to the operations. As such, other greenhouse gases, such as nitrous oxide, are not reported based on materiality.

During the year the Group consumed 162,201 KwH of energy in its UK operations (2021: 114,916 KwH). This represents approximately 35.5 tonnes of C02 emissions (2021: 25.3 tonnes). The Groups energy consumption has increased post Covid due to return to the office and increased business travel. The above information was calculated by analysing the electricity usage in the group's UK operations during 2022 and converting the usage to C02 emissions based on standard conversion rates. This equates to 0.4 tonnes of C02 emissions per employee (2021: 0.3 tonnes).

| Greenhouse Gas Emissions in tonnes $CO_2e$ | 2022 | 2021 |
|---|---|---|
| Scope 2 | 22.1 | 20.0 |
| Scope 3 | 13.4 | 5.3 |
| Total | 35.5 | 25.3 |

| | | |
|---|---|---|
| UK | 25.9 | 17.3 |
| EU | 9.5 | 8.0 |

| | | |
|---|---|---|
| $CO_2e$ per FTE | 0.4 | 0.3 |

The Group have taken the below initiatives during the year:

- Reduced travel to minimum levels among employees and utilizing remote meetings as much as possible.
- The Company makes regular donations to charity, which activities include the planting of trees to combat climate change.

**Political donations**

The Group made no donations during the year (2021: €nil).

**Charitable donations**

The Group made donations during the year of €955,581 (2021: €3,195,561).

**Disclosure of information to Auditor**

The directors who held office at the date of approval of this Directors' Report confirmed that, so far as they are aware, there is no relevant audit information of which the Group's Auditor is unaware; and that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Pursuant to Section 487(2) of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the board of directors.

D. Serra
Director

Date: 21 April 2023

## Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Consolidated and the Company Financial Statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group and of the Company for that period.

In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

# Independent Auditor's Report to the Directors of Algebris (UK) Limited

### Opinion

We have audited the consolidated and the Company's financial statements of Algebris (UK) Limited ("the Company") and its consolidated subsidiary (collectively, "the Group") for the year ended 31 December 2022 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Financial Position, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows (collectively, "the financial statements") and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud

- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-complex and straightforward, limited judgements necessary, involvement of third party administrators, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year end closing journals.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, data protection, employment law, market abuse regulations and financial services regulations including Client Assets, specific areas of regulatory capital and liquidity, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group and the Company, or returns adequate for our audit have not been received from branches not visited by us; or the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Carla Cassidy

**Carla Cassidy (Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants

15 Canada Square

London

E14 5GL

Date: 21 April 2023

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

| | Note | 2022<br>€ | 2021<br>€ |
|---|---|---|---|
| **Turnover** | | 97,197,146 | 193,280,384 |
| Administrative expenses | | (90,927,275) | (128,739,589) |
| **Operating profit** | 4 | **6,269,871** | **64,540,795** |
| Interest receivable | | 2,628 | 585,206 |
| Interest payable and similar charges | | (461,433) | (77,316) |
| Unrealised (loss)/gain on investments | | (3,885) | 1,899 |
| **Profit on ordinary activities before taxation** | | **5,807,181** | **65,050,584** |
| Tax charge | 6 | (1,404,529) | (11,639,701) |
| **Profit on ordinary activities after taxation** | | **4,402,652** | **53,410,883** |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | **4,402,652** | **53,410,883** |

There was no other comprehensive income in the financial year and therefore the total comprehensive income is stated in the amounts above.

The accounting policies and the notes on pages 20 to 33 form an integral part of these financial statements.

**ALGEBRIS (UK) LIMITED**
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## Consolidated Statement of Financial Position as at 31 December 2022

| | Note | 2022 € | 2021 € |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 7 | 646,403 | 788,946 |
| Intangible assets | 8 | 7,460 | 34,370 |
| Investment in subsidiary undertakings | 9 | 48,500 | 48,500 |
| Other Investments | 10 | 34,801 | 32,052 |
| | | **737,164** | **903,868** |
| **Current assets** | | | |
| Deferred tax assets | 14 | 88,814 | 76,953 |
| Debtors | 11 | 31,145,951 | 90,872,284 |
| Cash at bank and in hand | | 37,154,807 | 68,486,679 |
| **Current assets** | | **68,389,572** | **159,435,916** |
| **Creditors: Amounts falling due within one year** | 12 | (29,632,033) | (86,155,921) |
| **Net current assets** | | **38,757,539** | **73,279,995** |
| **Total assets less current liabilities** | | **39,494,703** | **74,183,863** |
| **Creditors: Amounts falling due after one year** | 13 | (241,298) | (333,110) |
| **Net assets** | | **39,253,405** | **73,850,753** |
| **Capital and reserves** | | | |
| Called up share capital | 15 | 300,002 | 300,002 |
| Share premium | | 1,499,998 | 1,499,998 |
| Retained earnings | | 37,453,405 | 72,050,753 |
| **Total shareholders' funds** | | **39,253,405** | **73,850,753** |

The accounting policies and the notes on pages 20 to 33 form an integral part of these financial statements.

The financial statements on pages 14 to 33 were approved by the Board of Directors on 21 April 2023 and were signed on their behalf by:

D. Serra
Director

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

| | Note | Called up share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|---|
| | | € | € | € | € |
| **Balance as at 1 January 2021** | | **300,002** | **1,499,998** | **59,458,587** | **61,258,587** |
| Total comprehensive income | | - | - | 53,410,883 | 53,410,883 |
| Equity dividends paid | | - | - | (40,000,000) | (40,000,000) |
| Distribution in-specie | | - | - | (818,717) | (818,717) |
| **Balance as at 31 December 2021** | | **300,002** | **1,499,998** | **72,050,753** | **73,850,753** |

| | Note | Called up share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|---|
| | | € | € | € | € |
| **Balance as at 1 January 2022** | | **300,002** | **1,499,998** | **72,050,753** | **73,850,753** |
| Total comprehensive income | | - | - | 4,402,652 | **4,402,652** |
| Equity dividends paid | | - | - | (39,000,000) | **(39,000,000)** |
| **Balance as at 31 December 2022** | | **300,002** | **1,499,998** | **37,453,405** | **39,253,405** |

The accounting policies and the notes on pages 20 to 33 form an integral part of these financial statements.

The directors do not consider that there are any significant accounting judgements or estimates utilised in the preparation of these financial statements.

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Company Statement of Financial Position as at 31 December 2022

| | Note | 2022 € | 2021 € |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 7 | 276,335 | 284,355 |
| Intangible assets | 8 | - | 25,398 |
| Investment in subsidiary undertakings | 9 | 2,428,501 | 928,500 |
| Other investments | 10 | 30,663 | 32,052 |
| | | **2,735,499** | **1,270,305** |
| **Current assets** | | | |
| Deferred tax assets | 14 | 44,466 | 32,605 |
| Debtors | 11 | 39,739,138 | 91,853,728 |
| Cash at bank and in hand | | 26,807,887 | 66,902,685 |
| **Current assets** | | **66,591,491** | **158,789,018** |
| **Creditors: Amounts falling due within one year** | 12 | (28,120,019) | (85,587,426) |
| **Net current assets** | | **38,471,472** | **73,201,592** |
| **Total assets less current liabilities** | | **41,206,971** | **74,471,897** |
| **Creditors: Amounts falling due after one year** | 13 | (241,298) | (333,110) |
| **Net assets** | | **40,965,673** | **74,138,787** |
| **Capital and reserves** | | | |
| Called up share capital | 15 | 300,002 | 300,002 |
| Share premium | | 1,499,998 | 1,499,998 |
| Retained earnings | | 39,165,673 | 72,338,787 |
| **Total shareholders' funds** | | **40,965,673** | **74,138,787** |

The Company has elected to take the exemption permitted under Section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The Company's profit for the year was €5,826,886 (2021: €34,886,698).

The financial statements on pages 14 to 33 were approved by the Board of Directors on 21 April 2023 and were signed on their behalf by:

D. Serra

Director

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Company Statement of Changes in Equity for the Year Ended 31 December 2022

| | Note | Called up share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|---|
| | | € | € | € | € |
| **Balance as at 1 January 2021** | | **300,002** | **1,499,998** | **60,192,746** | **61,992,746** |
| Total comprehensive income | | - | - | 52,964,758 | **52,964,758** |
| Equity dividends paid | | - | - | (40,000,000) | **(40,000,000)** |
| Distribution in-specie | | - | - | (818,717) | **(818,717)** |
| **Balance as at 31 December 2021** | | **300,002** | **1,499,998** | **72,338,787** | **74,138,787** |

| | Note | Called up share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|---|
| | | € | € | € | € |
| **Balance as at 1 January 2022** | | **300,002** | **1,499,998** | **72,338,787** | **74,138,787** |
| Total comprehensive income | | - | - | 5,826,886 | 5,826,886 |
| Equity dividends paid | | - | - | (39,000,000) | (39,000,000) |
| **Balance as at 31 December 2022** | | **300,002** | **1,499,998** | **39,165,673** | **40,965,673** |

The accounting policies and the notes on pages 20 to 33 form an integral part of these financial statements.

**ALGEBRIS (UK) LIMITED**
**Registered No. 10308570**

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

| | Note | 2022 € | 2021 € |
|---|---|---|---|
| **Net cash from operating activities** | **16** | **6,513,183** | **43,436,571** |
| **Cash flow from investing activities** | | | |
| Purchase of tangible fixed assets | **7** | (320,030) | (127,175) |
| Disposal of tangible fixed assets | **7** | - | 5,439 |
| Disposal of intangible fixed assets | **8** | - | 5,588 |
| Purchase of investments | **10** | (14,139) | (4,478) |
| Disposal of investments | **10** | 15,275 | 7,957 |
| Investment in subsidiaries | **9** | - | (12,000) |
| Receipt of loan principal | **11** | - | 20,000,000 |
| Interest received | | 2,628 | 2,520,000 |
| Interest paid | | (461,433) | (77,316) |
| **Net cash (used in) / from investing activities** | | **(777,699)** | **22,318,015** |
| **Cash flow from financing activities** | | | |
| Dividends paid | | (39,000,000) | (40,818,717) |
| **Net cash used in financing activities** | | **(39,000,000)** | **(40,818,717)** |
| **Net movement in cash and cash equivalents** | | **(33,264,516)** | **24,935,869** |
| Cash and cash equivalents at the beginning of the period | | 68,486,679 | 43,077,537 |
| Impact of foreign exchange on cash and cash equivalents | | 1,932,644 | 473,273 |
| **Cash and cash equivalents at the end of the year** | | **37,154,807** | **68,486,679** |

The accounting policies and the notes on pages 20 to 33 form an integral part of these financial statements.

# Notes to the financial statements

## 1. General Information

Algebris (UK) Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The Company was incorporated on 2 August 2016. The address of its registered office is 4th Floor, 1 St James's Market, London, SW1Y 4AH.

The Company is included in the consolidated financial statements of N1 S.a.r.l ("The Algebris Group").

## 2. Statement of Compliance

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

## 3. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Based on the assessment, the directors have a reasonable expectation that the Group can continue to operate for the foreseeable future, and that it is appropriate, therefore, to prepare these financial statements on a going concern basis.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain financial instruments in accordance with FRS 102, as specified in the accounting policies below.

In preparing the Company individual financial statements, the Company has taken advantage of the following exemptions available to a qualifying entity:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures.
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings which are considered to be material. The Group financial statements do not consolidate the financial statements of subsidiary undertakings which are considered to be immaterial.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Uniform accounting policies have been applied across the Group.

The Group's interests in its immaterial subsidiaries, and the Company's interests in its subsidiaries are held at cost less impairment.

## Notes to the financial statements (continued)

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements and accompanying notes.

The directors do not consider there to be any critical accounting judgments or estimates involved in preparation of these financial statements.

(d) Turnover

Turnover represents fees receivable during the period in respect of the investment management and related services. All fees are stated net of Value Added Tax ("VAT").

Management fees are recognised in the period in which the service is performed and calculated as a percentage of funds managed in accordance with management agreements. Performance fees are typically calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. The fee is recognised when the amount can be estimated reliably and it is probable that the fee is receivable.

Geographical information is classified by the domicile of the funds and before the impact of transfer pricing.

| **€'m** | **2022** | **2021** |
|---|---|---|
| Europe | 95.6 | 191.9 |
| Americas | 1.6 | 1.4 |
| **Total** | **97.2** | **193.3** |

(e) Foreign currency

*(i) Functional and presentation currency*

The Group's functional and presentation currency is the Euro.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are recognised in profit or loss.

(f) Taxation

Taxation expense for the year comprises current tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

## Notes to the financial statements (continued)

*(ii) Current tax*

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Current taxation assets and liabilities are not discounted.

*(i) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

*(ii) Overseas tax*

Overseas tax represents the amount of tax payable in respect to taxable profits at the applicable tax rates in the jurisdictions in which the subsidiaries operate.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are recognised at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows;

| | |
|---|---|
| IT equipment | over 1 - 4 years straight line |
| Fixtures and fittings | over 3 - 8 years straight line |
| Leasehold Property | over the lease term |
| Transportation equipment | over 4 - 5 years straight line |

(h) Intangible fixed assets and depreciation

Amortisation is recognised in administrative expenses. Intangible assets are amortised on a systematic basis over their useful lives as below;

| | |
|---|---|
| Software | over 3 years straight line |

(i) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

(j) Pensions and other post-retirement benefits

The Group operates a money purchase scheme or group self-invested personal pension scheme for all of its employees. Contributions to the scheme are recognised as an expense in profit or loss in the year in which they become payable.

## Notes to the financial statements (continued)

(k) Operating lease commitments

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the term of the lease.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank.

(m) Investments in subsidiary undertaking

Investments in subsidiary undertakings are recognised at cost less accumulated impairment losses.

(n) Financial instruments

*(i) Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## Notes to the financial statements (continued)

(o) Administrative expenses

Included within administrative expenses are trailer fees paid to third party distributors and group expenses from other entities in the Algebris Group. These expenses include recharges comprised of both cost-plus and cost-plus profit share recharge arrangements for the provision of services to the Company by these entities.

### 4. Operating Profit

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| Operating profit is stated after charging / (crediting): | | |
| Depreciation on tangible assets | 458,828 | 612,978 |
| Amortisation of intangible assets | 1,512 | 1,511 |
| Foreign exchange movement | (1,932,644) | (477,953) |
| Operating lease rentals - leasehold property | 820,507 | 1,046,515 |
| Fees payable to the Company's Auditor for the audit of these financial statements | 212,700 | 153,673 |
| Fees payable to the Company's Auditor for the audit of the financial statements of subsidiaries of the Company | 14,072 | - |
| Audit related assurance services | 26,844 | 24,290 |
| Fees payable to the Company's Auditor for the provision of tax compliance services | 40,540 | 13,686 |

In addition to fees noted above, an amount of EUR 92,679 (2021: 57,724) is payable to the Company's Auditor in respect of the voluntary audit of Algebris Investments (US) Inc, an affiliate of the Group and the Company.

## Notes to the financial statements (continued)

### 5. Directors and employee numbers and costs

The average number of persons employed by the Group (including the directors) during the period, was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | No. | No. | No. | No. |
| Administrative staff | 66 | 64 | 36 | 37 |
| Professional staff | 18 | 18 | 17 | 15 |
| | **84** | **82** | **53** | **52** |

The total payroll costs of these persons were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Wages and salaries | 15,712,736 | 23,205,807 | 13,374,659 | 21,074,123 |
| Social security costs | 2,878,009 | 3,093,471 | 2,102,581 | 2,832,778 |
| Short term benefits | 830,918 | 710,964 | 294,575 | 191,248 |
| Pension contributions | 412,080 | 219,574 | 412,080 | 219,574 |
| | **19,833,743** | **27,229,816** | **16,183,895** | **24,317,723** |

The directors' emoluments are as follows:

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| Remuneration | 58,635 | 59,585 |
| Benefits | 20,814 | 21,704 |
| | **79,449** | **81,289** |

Aggregate emoluments paid to the highest paid director for qualifying services during the year was €66,219 (2021: €67,512). No amounts were paid to pensions on behalf of the Company's directors (2021: Nil).

The directors of the Group and Company are considered to be the key management personnel of the Group and Company as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Therefore, the directors' remuneration reflects total compensation paid to key management personnel.

ALGEBRIS (UK) LIMITED
Registered No. 10308570

## Notes to the financial statements (continued)

### 6. Tax on profit

| | 2022 | 2021 |
|---|---|---|
| | € | € |
| (a) Tax on profit on ordinary activities | | |
| The tax charge is made up as follows: | | |
| *Current tax:* | | |
| UK corporation tax | 1,414,389 | 12,376,632 |
| Overseas tax | 2,001 | 45,535 |
| Under provision in prior years | - | (893,706) |
| Current tax charge | **1,416,390** | **11,528,461** |
| *Deferred tax:* | | |
| Origination and reversal of timing differences (note 14) | (1,189) | 111,240 |
| Change in tax rates | (10,672) | - |
| Deferred tax charge | **(11,861)** | **111,240** |
| **Tax on profit on ordinary activities** | **1,404,529** | **11,639,701** |
| (b) Factors affecting the total tax charge | | |
| Profit on ordinary activities before tax | **5,807,181** | **65,050,584** |
| Profit before tax multiplied by standard rate of corporation tax in the UK 19% | 1,103,364 | 12,294,702 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 54,101 | 81,930 |
| Impact of overseas tax rates | 258,925 | 45,535 |
| Under provision in prior years | - | (893,706) |
| Change in tax rates | (10,672) | - |
| Origination and reversal of timing differences | (1,189) | 111,240 |
| **Tax on profit on ordinary activities** | **1,404,529** | **11,639,701** |

The deferred tax asset at the balance sheet date has been calculated at 25% in the UK and 24% in Italy (2021: 19% in the UK and 24% in Italy). The UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

ALGEBRIS (UK) LIMITED
Registered No. 10308570

## Notes to the financial statements (continued)

### 7. Tangible fixed assets

| Group | IT Equipment € | Office Equipment € | Leasehold Property € | Transportation equipment € | Total € |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1 January 2022** | **847,149** | **213,972** | **1,179,268** | **790,609** | **3,030,998** |
| Additions | 229,718 | 12,566 | 77,746 | - | **320,030** |
| Disposals | (4,471) | - | - | - | **(4,471)** |
| **At 31 December 2022** | **1,072,396** | **226,538** | **1,257,014** | **790,609** | **3,346,557** |
| **Accumulated depreciation** | | | | | |
| **At 1 January 2022** | **(584,676)** | **(115,314)** | **(856,868)** | **(685,194)** | **(2,242,052)** |
| Charge for the period | (157,949) | (52,482) | (142,982) | (105,415) | **(458,828)** |
| Disposals | (33,250) | 33,976 | - | - | **726** |
| **At 31 December 2022** | **(775,875)** | **(133,820)** | **(999,850)** | **(790,609)** | **(2,700,154)** |
| **Net book value** | | | | | |
| **At 31 December 2022** | **296,521** | **92,718** | **257,164** | **-** | **646,403** |
| **At 31 December 2021** | **262,473** | **98,658** | **322,400** | **105,415** | **788,946** |

| Company | IT Equipment € | Office Equipment € | Leasehold Property € | Transportation equipment € | Total € |
|---|---|---|---|---|---|
| **At 1 January 2022** | **424,278** | **44,921** | **825,389** | **790,609** | **2,085,197** |
| Additions | 184,453 | 8,406 | 77,746 | - | **270,605** |
| **At 31 December 2022** | **608,731** | **53,327** | **903,135** | **790,609** | **2,355,802** |
| **Accumulated depreciation** | | | | | |
| **At 1 January 2022** | **(345,494)** | **(38,830)** | **(731,324)** | **(685,194)** | **(1,800,842)** |
| Charge for the period | (41,332) | (37,524) | (94,354) | (105,415) | **(278,625)** |
| Disposals | (33,976) | 33,976 | - | - | **-** |
| **At 31 December 2022** | **(420,802)** | **(42,378)** | **(825,678)** | **(790,609)** | **(2,079,467)** |
| **Net book value** | | | | | |
| **At 31 December 2022** | **187,929** | **10,949** | **77,457** | **-** | **276,335** |
| **At 31 December 2021** | **78,784** | **6,091** | **94,065** | **105,415** | **284,355** |

ALGEBRIS (UK) LIMITED
Registered No. 10308570

## Notes to the financial statements (continued)

### 8. Intangible fixed assets

| Group | Trademarks | Software | Total |
|---|---|---|---|
| | € | € | € |
| **Cost** | | | |
| **At 1 January 2022** | 12,763 | 25,398 | 38,161 |
| Disposals | - | (25,398) | (25,398) |
| **At 31 December 2022** | 12,763 | - | 12,763 |
| **Accumulated amortisation** | | | |
| **At 1 January 2022** | (3,791) | - | (3,791) |
| Provided during the year | (1,512) | - | (1,512) |
| **At 31 December 2022** | (5,303) | - | (5,303) |
| **Net carrying value** | | | |
| **At 31 December 2022** | 7,460 | - | 7,460 |
| **At 31 December 2021** | 8,972 | 25,398 | 34,370 |

| Company | Software | Total |
|---|---|---|
| | € | € |
| **Cost** | | |
| **At 1 January 2022** | 25,398 | 25,398 |
| Disposals | (25,398) | (25,398) |
| **At 31 December 2022** | - | - |
| **Accumulated amortisation** | | |
| **At 1 January 2022** | - | - |
| Provided during the year | - | - |
| **At 31 December 2022** | - | - |
| **Net carrying value** | | |
| **At 31 December 2022** | - | - |
| **At 31 December 2021** | 25,398 | 25,398 |

## Notes to the financial statements (continued)

### 9. Investments in subsidiary undertakings

The Group and Company had the following investment in subsidiary undertakings. All investments are directly held unless stated otherwise:

| | Group | Company |
|---|---|---|
| | € | € |
| **Cost** | | |
| **At 1 January 2021** | 48,500 | 928,500 |
| **At 31 December 2021** | **48,500** | **928,500** |
| Acquired during the year | - | 1,500,001 |
| **At 31 December 2022** | **48,500** | **2,428,501** |

On 18 May 2022, Algebris Series 1 Limited, was incorporated as a wholly owned subsidiary of the Company. The acquisition during the year represents the incorporation of this subsidiary.

The undertakings in which the Company has an interest at the year-end are as follows:

| Name | Registered address | Proportion of capital held | Principal activity | Date of incorporation |
|---|---|---|---|---|
| Algos S.R.L. | Piazza San Marco 3 20121 Milano Italy | 100% | Investment support services | 29-Mar-19 |
| Algebris NPL Partnership GP SARL | Luxembourg* | 100% | Holding Investments | 15-Oct-19 |
| Algebris NPL Partnership GPII SARL | Luxembourg* | 100% | Holding Investments | 15-Oct-19 |
| Algebris NPL Partnership GPIII SARL | Luxembourg* | 100% | Holding Investments | 07-Jun-19 |
| Algebris Green Transition Fund GP SARL | Luxembourg* | 100% | Holding Investments | 06-Jul-21 |
| Algebris Series 1 Limited | 1 St James's Market, London, SW1Y 4AH | 100% | Holding Investments | 02-Aug-22 |

* 20 rue de la Poste, L-2346 Luxembourg, Grand Dutchy of Luxembourg

The Group consolidates its investments in the Company and its wholly owned subsidiaries Algos S.R.L. and Algebris Series 1 Limited. Although Algebris (UK) Limited owns 100 per cent of the ordinary share capital of Algebris NPL Partnership GP SARL, Algebris NPL Partnership GP II SARL, Algebris NPL Partnership GP III SARL and Algebris Green Transition Fund GP SARL, they have been excluded from the consolidation on the basis that they are not material to the Group.

## Notes to the financial statements (continued)

### 10. Other investments

| | Group € | Company € |
|---|---|---|
| **At 1 January 2021** | 32,568 | 32,568 |
| Acquired during the year | 4,478 | 4,478 |
| Disposals during the year | (7,957) | (7,957) |
| Increase in fair value | 2,963 | 2,963 |
| **At 31 December 2021** | **32,052** | **32,052** |
| Acquired during the year | 14,139 | 10,000 |
| Disposal during the year | (15,275) | (15,274) |
| Increase in fair value | 3,885 | 3,885 |
| **At 31 December 2022** | **34,801** | **30,663** |

The fair value was determined with reference to the quoted market prices at the reporting date and are therefore all considered to be Level 1 assets under the Fair Value Measurement hierarchy. Investments represent Algebris UK Limited's holdings in UCITS funds for which it acts as an investment manager. The investments are held to aide the monitoring of the funds' performance.

### 11. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 € | 2021 € | 2022 € | 2021 € |
| Fees receivable | 7,190,834 | 81,478,519 | 7,190,834 | 81,478,519 |
| Amounts owed by group undertakings | 14,117,170 | 2,047,106 | 24,455,017 | 3,848,517 |
| Other debtors | 2,040,395 | 3,749,418 | 561,934 | 3,994,621 |
| Corporation tax | 3,314,374 | - | 3,314,374 | - |
| Prepayments and accrued income | 4,483,178 | 3,597,241 | 4,216,979 | 2,532,071 |
| | **31,145,951** | **90,872,284** | **39,739,138** | **91,853,728** |

The amounts owed by group undertakings are unsecured, interest free and receivable on demand.

During 2021, a loan due after more than one year of EUR 21,934,794 (of which EUR 20,000,000 was the loan principal) to Algebris Investments Asia PTE Ltd, a fellow subsidiary of Algebris Investments (Luxembourg) Sarl, was repaid in full.

## Notes to the financial statements (continued)

### 12. Creditors: Amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Amounts due to group undertakings | 9,940,810 | 51,032,857 | 9,940,810 | 51,032,857 |
| Trade creditors | 1,028,429 | 776,819 | 835,497 | 679,765 |
| Other creditors | 1,023,471 | 276,887 | 103,103 | 40,076 |
| Corporation tax payable | - | 3,875,633 | - | 3,846,128 |
| Other taxation and social security | 963,289 | 424,554 | 578,082 | 534,481 |
| Accruals | 16,676,034 | 29,769,171 | 16,662,527 | 29,454,119 |
| | **29,632,033** | **86,155,921** | **28,120,019** | **85,587,426** |

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 13. Creditors: Amounts falling due after one year

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Other creditors | 241,298 | 333,110 | 241,298 | 333,110 |
| | **241,298** | **333,110** | **241,298** | **333,110** |

### 14. Deferred tax

| | Group | Company |
|---|---|---|
| | 2022 | 2022 |
| **Deferred tax asset** | € | € |
| Opening balance | 76,953 | 32,605 |
| Movement during the year | 11,861 | 11,861 |
| Closing balance | **88,814** | **44,466** |

Deferred taxation assets represent sums that might become payable in tax in future years as a result of transactions that have occurred in the current year. Deferred tax is calculated using a rate of 25% in the UK and 24% in Italy. Deferred taxation assets for Group and Company of EUR 44,466 (2021: EUR 32,605) consist of capital allowances and deferred taxation assets for the Group of EUR 44,348 (2021: EUR 44,348) consist of unutilised losses from previous years within a subsidiary of the Group.

ALGEBRIS (UK) LIMITED
Registered No. 10308570

## Notes to the financial statements (continued)

### 15. Share Capital – Group and Company

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 Number | 2021 € | 2022 Number | 2021 € |
| Ordinary shares of €1 each | 300,002 | 300,002 | 300,002 | 300,002 |

### 16. Notes to the Statement of Cash Flows

| Cash flows from operating activities - Group | Note | 2022 € | 2021 € |
|---|---|---|---|
| **Profit for the financial period** | | **4,402,652** | **53,410,883** |
| Adjustments for: | | | |
| - Tax for the year | 6 | 1,404,529 | 11,639,701 |
| - Depreciation | 7 | 458,828 | 612,978 |
| - Loss on disposal of fixed assets | | 29,143 | - |
| - Amortisation | 8 | 1,512 | 1,511 |
| - Interest expense | | 461,433 | 77,316 |
| - Interest income | | (2,628) | (585,206) |
| - Fair value gain on investments at fair value through profit or loss | 10 | (3,885) | (2,963) |
| - Foreign exchange gain | | (1,932,644) | (473,272) |
| | | **4,818,940** | **64,680,949** |
| Working capital movements: | | | |
| Decrease/(increase) in debtors | | 63,040,707 | (52,370,596) |
| (Decrease)/increase in creditors | | (52,740,067) | 40,850,478 |
| | | **15,119,850** | **53,160,831** |
| Income taxes paid | | (8,606,398) | (9,724,260) |
| **Cash flows from operating activities** | | **6,513,183** | **43,436,571** |

## Notes to the financial statements (continued)

### 17. Contingent liabilities and commitments

Other than the commitments listed below, the Group and Company had no commitments or contingent liabilities noted at 31 December 2021.

The total minimum lease payments under the non-cancellable operating lease are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | € | € | € | € |
| Within one year | 909,389 | 721,940 | 636,389 | 448,940 |
| Between two and five years | 904,828 | 1,839,500 | 182,078 | 843,750 |
| | **1,814,217** | **2,561,440** | **818,467** | **1,292,690** |

In 2017, the Group pledged a donation of the sum of €1,000,000 to Universita Commerciale "Luigi Connoni" ("Bocconi University"), to be paid in ten instalments of €100,000 per year, 2017 being the first year. The donation is designated to finance student scholarships in support of two of the University's key priorities: merit-based awards to attract the most talented students in the world and need-based grants to help open the doors of Bocconi to outstanding students regardless of their economic background.

Donations to Bocconi University are expensed to the Statement of Comprehensive Income when paid.

### 18. Ultimate controlling party

The Company's immediate parent company is Algebris Investments (Luxembourg) S.a.r.l.. The Company's ultimate parent company is N1 S.a.r.l.. The smallest and largest group in which the Company is included within the consolidated financial statements is at the N1 S.a.r.l. level.

The Company's ultimate controlling party is D. Serra.

### 19. Events after the reporting period

***Group Restructure***

Following a strategic planning review of the Algebris corporate structure the senior executives identified a need to consolidate certain entities within the Algebris group to further support and facilitate the growth strategy in the upcoming years.

The restructure will entail the transfer of the Company to a new two-tier UK holding company structure. As a result, the immediate parent entity of the Company will change from Algebris Investments (Luxembourg) Sarl to Algebris Investments Group Limited. There will be no change to the ultimate controlling entity or ultimate beneficial owner. The change in control was approved by the FCA on 21 December 2022 and the restructure is expected to be completed by 31 May 2023.