Revolut Bank UAB

Capital adequacy and risk management report (Pillar 3)

31 December 2021

Table of Contents

Introduction

Overview

Revolut Bank UAB (further referred to as the Bank) was incorporated in 2017 as a wholly owned subsidiary of Revolut Ltd (further referred to as Revolut) which holds 100% direct ownership of the Bank's shares and voting rights. Revolut Ltd is authorised and regulated by the UK Financial Conduct Authority as an Electronic Money Institution. The Bank's primary business premises are located at Konstitucijos ave. 21B, LT-08130 Vilnius, Lithuania. The Bank's

Revolut Bank UAB was granted a specialised banking license on 6th of December 2018 with the intention to offer deposit acceptance and consumer credit services.

The Bank was fully operationalised in May 2020 by offering insured deposit accounts. The Bank is currently offering the following products via the Revolut financial app:

- **Deposits**. Instant access demand deposit accounts to retail clients in over 31 currencies.
- **Retail credit.** The Bank has started credit activities (consumer loans and credit cards) in Lithuania July 2020 and in Poland in December 2020.

In 2021 the Bank further expanded in the EEA region offering demand deposit accounts in 18 countries.

On December 13, 2021, the European Central Bank approved Revolut Bank UAB license extension from a specialised banking license to a full banking license. After the extension of the license, Revolut Bank, UAB will supplement its current core business (instant access demand deposit and consumer credit services) with payment services (card payments, direct debit, credit transfer, cash withdrawal, money transfer, payment initiation, account information services).

Revolut Bank UAB has a branch in Poland (Sp z o.o.) Oddział w Polsce), which was incorporated on 26th January 2021, registered address: Podium Park, al. Jana Pawła II, 43a, Kraków, 31-864, Polska.

Revolut Bank UAB has a branch in Belgium, which was incorporated on 15th December 2021, registered address: Louise Centre, Stephanie Square Centre, Avenue Louise 65, Briussels 1050.

The Bank has no investments into subsidiaries and/or associated companies.

Notes on basis of preparation

This report is prepared in accordance with the requirements of the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation No 575/2013 (CRR).

Pillar 3 disclosures complement those disclosed in the Revolut Bank UAB 2021 Annual report and financial statements and provide additional information about the Bank's risk profile, including its regulatory capital, risk weighted assets (RWAs), liquidity, leverage exposures as well as information about the Bank's approach to managing risk.

The Basel framework is structured around three 'pillars'. The Pillar 1 defines minimum capital requirements for credit, market and operational risk. The Pillar 2 defines Supervisory Review and Evaluation Process (SREP) requiring the Bank to carry out an internal capital adequacy assessment process (ICAAP), identifying and assessing all the relevant risks which are not covered within Pillar 1 and supporting adequate capital level and an internal liquidity adequacy assessment process (ILAAP) primarily concentrating on the funding and liquidity risk management. Pillar 3 stands for market discipline with the aim to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy.

The Bank prepares the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

Disclosures are prepared on individual basis.

LEI code of the Bank is 485100NUOK3CEDCUTW40.

Remuneration policy

The following information is prepared following the requirements set out in Clause 11 of the Resolution No 03-82 of the Board of the Bank of Lithuania approving the List of Minimal Requirements for Employee Remuneration Policies of Credit Institutions and Financial Brokerage companies dated 8/5/2015 that refers to Article 450 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Information concerning the decision-making process used for determining the remuneration policy

The Remuneration Policy of Revolut Bank UAB is approved by Revolut Bank UAB the Supervisory Council. There is no Remuneration Committee formed in Revolut Bank UAB and the Supervisory Council determines and oversees the remuneration of the members of the management function and directly oversees the remuneration of the senior officers in the independent control functions, including the risk management and compliance functions. The Supervisory Council's meetings are being held monthly.

The Remuneration Policy is being reviewed in order to take into consideration recent changes to the relevant EU and national legal requirements and also additional requirements to become applicable to Revolut Bank UAB as a significant institution. This review is, inter alia, based on the recommendations issued by external consultants.

Information on link between pay and performance

Remuneration system applied in Revolut Bank UAB is designed to attract, maintain and motivate Bank's employees possessing the required skills and competences, promote solid performance results, trustworthy conduct, and effective risk management. Remuneration system is designed to encourage employees to consistently adhere to the ethical principles and values of Revolut Bank UAB in their work, and to act in line with the business and risk management strategy of Revolut Bank UAB.

The Remuneration system applied by Revolut Bank UAB aims to:

- ensure that the employees are paid competitive Remuneration;
- ensure that the cases of setting and principles of payment of Variable Remuneration are in the long-term interests of the Bank's continuous operation, business strategy, goals and values, promote a reliable and effective risk management, help prevent conflicts of interests, and make sure that the Remuneration paid is not providing any incentive to the employees for excessive risk-taking;
- link employee salaries to the individual evaluation of the employee's performance.

Revolut Bank UAB continuously monitors and ensures that the above goals are properly implemented and do not raise conflicts of interests (with the customers of Revolut Bank UAB or otherwise) following a review process described in detail in the Remuneration Policy. Internal Auditor will at least once per year carry out an independent internal review of the Remuneration Policy and practice (recording its results in audit reports), which shall measure whether the Bank's overall remuneration policy, practice, and processes are working as intended, are aligned with the national and international rules, principles, and standards. Risk control functions at Revolut Bank UAB help to monitor if provisions of the Policy are aligned with the Bank's position, business strategy, goals, values, if the Policy is duly enforced in practice. In addition to his/her other functions and authorizations, the Regulatory Compliance function shall analyse the impact of the Policy on Revolut Bank UAB compliance with the legislation, regulations, internal procedures.

Remuneration principles are linked to the evaluation results of the employees. All personal conduct is first of all assessed in the context of the goals of the remuneration system of Revolut Bank UAB (as defined above) and in the light of adherence to the core values of Revolut Bank UAB.

Most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria (covering the main parameters and rationale for variable component scheme)

The Remuneration Policy is applicable to all employees of Revolut Bank UAB as well as management and supervisory bodies who make executive decisions relating to the setting and payment of remuneration to the employees.

The remuneration of the Revolut Bank UAB consists of fixed remuneration and variable remuneration.

Fixed remuneration is the remuneration set in the employment contract with the employee or any other agreement with the employee and other long-term performance-non-related payments.

Variable Remuneration is the Share Options of Revolut Ltd. granted to employees as part of Remuneration based on sustainable and risk-adjusted performance of the Bank and Revolut Group and/or individual performance of the employee in excess of the target performance set forth in his/her function description or terms of employment (a different method for granting share options is used to grant share options to new staff being hired by the Bank as a sign-on bonus or as a bonus / reward for referral).

The Variable Remuneration of the internal control functions is being awarded for performed work and results related to the performance of the functions assigned to them. The methods applied for the determination of the remuneration of internal control functions shall not undermine their objectivity and independence. All variable remuneration is paid to the employees in share options with a deferral and a vesting period defined in the Remuneration Policy which depends on the type of the share options awarded. Additional requirements in the Revolut Bank UAB Remuneration Policy are set to the Identified Staff (Material Risk Takers).

Identified Staff is defined as Revolut Bank UAB employees (including members of the Bank's executive staff, managing and supervisory bodies) whose professional activity and/or decisions have a material impact on the Bank's risk profile, and who are identified based on the analysis of quantitative and qualitative parameters under the criteria established in Commission Delegated Regulation (EU) 2021/923 of 25 March 2021. The list of identified staff members has been reviewed in 2021 based on the changes in staff and changes in staff responsibilities at Revolut Bank UAB.

Identified Staff comprises of the staff categories as they are listed in Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 and clarified in EBA Regulatory technical standards on criteria to define managerial responsibility and control functions, a material business unit and a significant impact on its risk profile, and categories of staff whose professional activities have a material impact on an institution's risk profile (EBA/RTS/2020/05).

The Fixed Remuneration payable to Identified Staff shall reflect their professional experience and the level of responsibility at the Bank, taking into account their education, rank, competences and skills and professional experience, respective business operations, and the level of remuneration on the market.

Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive

Variable remuneration awarded may not exceed 100% of the Fixed Remuneration of the relevant employee for the relevant year. The General Meeting of Shareholders of the Bank may increase this ratio to 200% where all the conditions set out in the Remuneration Policy and relevant regulations are met.

Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based

Variable remuneration is awarded solely in share options. The different types of the share options that may be awarded are defined in the Remuneration Policy.

The fund / forecast for the variable remuneration for the financial year is made only after the evaluation of the Bank's (and the relevant unit's) financial performance results considering the current and future risks, the costs of working capital and liquidity upkeep. Since the variable remuneration is granted in Revolut Ltd share options by Revolut Ltd, this evaluation needs to ensure that by granting share options, Revolut Ltd shall not in any way restrict the Bank's ability to strengthen its capital base.

Variable Remuneration shall be awarded considering the financial performance results of Revolut Bank UAB (in a direct relation with Revolut Group) and the relevant structural unit for the period under evaluation and assessing quantitative and qualitative (including financial and non-financial) criteria for the evaluation of employee performance. Qualitative criteria shall include achievements of strategic goals, compliance with the internal and external rules, leadership, teamwork, creativity, motivation, pro-activeness and initiative, loyalty, cooperation with other employees, achievement of goals and tasks formulated by direct supervisors, feedback from direct supervisors and the clients, etc. In all cases, this assessment shall include an assessment on how the employee complies with the high professional standards of the financial sector and how well the employee demonstrates compliance with the ethical principles of the Bank, its values and the risk management culture. The performance criteria shall be formed so that they do not incentivise excessive risk taking or mis-selling of products and shall always balance compliance and risk averseness with business goals.

Variable Remuneration may be awarded only if the respective employee has been acting fairly, no legal violations have been identified in his/her activities, and his/her activities have been given a positive evaluation over the past three years (or throughout the term of his/her employment with the Bank, if that term is shorter than three years).

Variable Remuneration may not be awarded and awarded Variable Remuneration may not be disbursed when:

- this would run counter to the Bank's performance for a respective period and the results of performance evaluation of the employee;
- this would jeopardize and run counter to reliable and effective management of the Bank's risks;
- the payment of Variable Remuneration would encourage excessive risk-taking;
- this would not be in line with the Bank's operating strategy, goals, values, and long-term interests.

No Variable Remuneration which has already been awarded shall be paid if labour relations with an employee are terminated through the failure to execute the employee's, who is qualified as Identified Staff, obligations or such employee, qualified as Identified Staff, has decided to resign from the position and/or terminate his/her employment contract.

Revolut Bank UAB may reduce, withhold, or recover a share or the entire variable remuneration paid in cases defined in the Remuneration Policy.

Remuneration Policy also foresees mechanisms to ensure that Revolut Bank UAB employees do not use personal hedging strategies or, if applicable, insurance against decrease in Variable Remuneration to minimize the impact of the risks envisaged in the models of calculating their Variable Remuneration.

Risk management

Risk management and internal control

Revolut Bank UAB recognises that every employee within the organisation has responsibility for the effectiveness of the risk management and internal control framework.

Revolut Bank UAB uses the "three lines of defence" (3LoD) operating model for risk management. The three lines of defence model enhances the understanding of risk management and control by clarifying the different roles and duties expected from each employee.

The three lines of defence model distinguishes among three groups (or lines) involved in effective risk management:

- Functions that take risks and manage them;
- Functions that are responsible for control of risks;
- Functions that perform independent assessment of the efficiency of risk management processes and internal control framework.

The first line of defence comprises all the risk-taking functions of Revolut Bank UAB. The functions comprising the first line of defence such as Products, Credits, Operations, Treasury, Finance, Legal or Technology are considered to be Risk Owners.

The second line of defence involves the risk monitoring and oversight functions of Revolut Bank UAB and consists of the Risk Management Function and the Compliance Function covering the Regulatory Compliance, the Regulatory Affairs and the Financial Crime Functions.

<u>The Risk Management Function</u>, headed by the Chief Risk Officer, is responsible for:

- Implementing and maintaining the Risk Management Framework with all of its components:
  - The implementation and maintenance of the three lines of defence model;
  - Definition, on-going improvement and maintenance of the risk policies and the risk taxonomy, including the risk measurement and assessment tools, models and methodologies across all material risks as well as stress testing, in line with best banking practices;
  - Implementation and maintenance of the Bank's Risk Appetite framework, including the processes and methodologies used for stating and cascading risk appetite;
  - Risk reporting, including internal reporting to the Supervisory Council, the Management Board, the Executive Risk Committee, the Assets & Liabilities Management Committee and other risk reports;
  - Facilitating the development and improvement of Revolut Bank UAB governance structure, with a focus on the processes of risk reporting, risk monitoring and remediation of risk limit breaches, risk incidents and other deficiencies in risk management;
  - Development, improvement and maintenance of risk management IT solutions, which ensure the automation of the different components of Risk Management Framework;
- Risk oversight and control of the first line of defence through the on-going quality assurance and review of the risk policy control means, which the first line of defence is responsible to comply with;

- Providing risk insights based on performed stress testing.

The Chief Risk Officer functionally reports to the Supervisory Council and administratively to the CEO.

The Compliance Function is split into the Regulatory Compliance, the Regulatory Affairs and the Financial Crime Functions.

The Chief Compliance Officer (CCO) functionally reports to the Supervisory Council and administratively to the CEO.

The Regulatory Compliance Function is responsible for conduct and compliance risks excluding fraud related risk, anti-money laundering, counter terrorist financing and sanctions controls (but including modern slavery, anti-bribery and corruption related risks). It has responsibility for implementing the Revolut Bank UAB conduct and compliance risk control framework. This involves (i) supporting the first line of defence in identifying actual and potential conduct and compliance related risks and implementing controls to mitigate these risks; and (ii) monitoring and testing the effectiveness of the control environment to prevent or minimise conduct and compliance risks.

The Financial Crime Function has the same responsibilities as the Regulatory Compliance, but solely in relation to the financial crime risk, namely, fraud, anti-money laundering, counter terrorist financing and sanctions controls.

The Regulatory Affairs Function is responsible for engaging with the regulators, scanning the horizon for new legal acts relevant to the Bank, coordinating regulatory inquiries and regulatory requirements implementation.

The third line of defence refers to the Internal Audit Function. The function is independent of the first line and second lines of defence, and its responsibilities include:

- Providing independent opinion to the Audit Committee whether the main risks have been appropriately identified and that existing controls are adequate and effective;
- Engagement with Revolut Bank UAB top management and leading people of different functional areas providing findings about detected deficiencies, insights and recommendations in order to improve Revolut Bank UAB internal control and risk management framework;
- Providing independent evaluation to the regulators on specific risks and controls.

The Head of Internal Audit functionally reports to the Supervisory Council (via the Audit Committee) and administratively to the CEO.

External audit routinely opines on the effectiveness of Revolut Bank UAB internal controls in the context of the financial statements.

Financial Risk - Principal risks and uncertainties

Macroeconomic environment risk and uncertainties

Revolut Bank UAB business is sensitive to global macroeconomic conditions because revenue is linked to the number and value of users' transactions. The latter depends on a user's income and opportunity to spend. 2021 was another turbulent year for the European Economic Area (EEA), the easining of COVID-19 restrictions followed by new strains of virus and reinstitution of restrictions. Restrictions on travel combined with limited opportunities to spend have had downward pressure on Revolut to generate revenue.

Furthermore, economic uncertainties remain high due to rising inflation across the EEA and geopolitical tensions around Ukraine and Taiwan.

In addition, one year has passed since the UK formally left the European Union on 31 January 2020. However, political and regulatory risk remain high. The EU has still not granted the UK equivalence in regards to application of Basel III regulatory regime impacting Revolut Group's business throughout the continent.

Funding and liquidity risk

Overview of the framework

Liquidity risk is the risk that the Bank cannot meet its financial obligations when they fall due. Funding risk is the risk that the Bank does not have sufficient stable sources of funding to meet its financial obligations when they fall due, or can do so only at excessive cost. Risk arises when assets maturing during a particular period are lower than corresponding liabilities maturing during the same period; an unexpected increase in assets or a decrease in liabilities can also create funding and liquidity risk.

The Bank is, or may in the future be, exposed to a number of liquidity and funding risks, including: retail funding run-off, wholesale funding reduction, increase in pre-funding requirements, decrease in value of marketable and non-marketable assets, contingent off-balance sheet exposures and commitment drawdowns, increase in intraday and collateral requirements, funding concentration, and currency liquidity. These risks are managed by the Treasury Function, with control and oversight provided by the Risk Management Function, the Assets and Liabilities Management Committee and the Management Board.

The Bank's key liquidity policy is to maintain a portfolio of unencumbered, high-quality cash instruments and securities that are readily convertible to cash to ensure that it can meet all of its financial obligations in business-as-usual circumstances and in stress conditions. The Bank complies with this policy by holding surplus cash in the form of overnight deposits with banks and the Bank of Lithuania.

Monitoring metrics and limits

The Bank has a low risk appetite for liquidity risk. At all times, the Bank seeks to maintain liquidity resources that are adequate in size and in quality, to ensure it can meet its liabilities as they fall due and meet all regulatory minimum requirements.

The Bank's liquidity position must always be strong enough to fulfill the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) requirements as specified in the Capital Requirements Regulation of the European Union. Accordingly, the key metrics the Bank uses to measure and limit liquidity risk are the LCR and the NSFR.

The LCR is designed to ensure that the Bank holds a sufficient reserve of high-quality liquid assets (HQLA) to survive a period of significant liquidity stress lasting 30 calendar days. The Bank's LCR should always exceed the internal target of 160%, whereas the regulatory minimum is 100%.

The NSFR is calculated as total available stable funding divided by total required stable funding, and shall always be above the internal target of 130%, exceeding a minimum regulatory requirement by 30 percentage points.

The Bank calculates both metrics on a monthly basis with daily proxies. Corresponding figures as of 31 December 2021 were exceeding internal targets and regulatory limits with a big margin.

Various additional metrics and early warning indicators are followed up to enhance daily liquidity management. The Assets and Liabilities Management Committee may introduce new limits upon its mandate.

Stress testing

Liquidity stresses are low-probability, but high-impact events, therefore stress testing is an important risk management tool and an integral part of the funding & liquidity risk management framework and the ILAAP (Internal Liquidity Adequacy Assessment Process). The stress testing methodology is prepared considering business strategy and scope. The assumptions and scenarios used are reviewed regularly with changes being presented to the Assets and Liabilities Management Committee and/or the Management Board.

Liquidity stress testing timeline covers the Bank's expected cash flows during the one-year horizon. Liquidity requirement for a particular scenario is calculated by stressing expected cash flows and liquidity buffer, including deposits, credit and off-balance sheet related items. Stress testing captures both market-wide and idiosyncratic risk effects, as well as a combined scenario.

The main stress factors used include deposit outflows of stable and less stable funding, disruptions in the expected cash inflows from the Bank's loan portfolio, increase in undrawn credit lines. For the market-wide stress scenario it is assumed that the wholesale funding market becomes completely inaccessible for new funding transactions and all callable funding transactions are assumed to be terminated at the earliest possible date.

As part of the ongoing risk management, the Bank runs stress tests monthly, or in conjunction with business plan updates with key outputs being reviewed by the Chief Risk Officer, the Management Board, and escalated to the Supervisory Council as necessary.

Credit risk

Credit risk is the risk of loss to the entity resulting from the failure of customers or counterparties to meet their financial obligations.

Credit risk also includes counterparty credit risk, settlement risk and credit concentration risk, which covers geographic, sector and single-name concentration risks.

Credit risk for Revolut Bank UAB arises from retail lending to private individuals and the exposures to banks and other financial institutions. Revolut Bank UAB does not provide commercial lending to other customers than private individuals, and it takes exposures to banks and other financial institutions only in order to support its other activities.

The regular reports are prepared and presented to the entity's management bodies to follow the level and development of credit risk profile.

Credit risk measurement

(a) Loans to customers

Revolut Bank UAB launched its retail lending activities to private individuals in Lithuania and Poland in 2020. Unsecured consumer lending is performed in the form of personal loans and credit card limits. These products have been introduced on a gradual basis, and, as of 31 December 2021 despite rapid growth throughout the year, Revolut Bank UAB consumer loan portfolio remained small.

Entity's key objective in its retail lending activities is to ensure the risk adjusted return meets shareholders' requirements while targeting prime and near-prime risk customers and maintaining a solid credit risk profile of the loan portfolio.

Loans are originated only in case they meet Revolut Bank UAB (the Bank) credit standards which are consistent with its risk appetite. The key elements of the assessment of the customer's ability to repay loan and, consequently, of the decision making on loan approval are sufficiency and sustainability of its income and its rating assigned based on the rating model.

Loans are subject to continuous monitoring after their disbursal in order to identify deterioration in credit quality of individual loans at an early stage, track loan portfolio risk profile and proactively take relevant measures at individual loan level and at loan portfolio level to keep the risk level within the Bank's risk appetite.

Risk models are key elements of the credit processes. Credit risk is quantified using rating models that estimate probability of default (PD), loss given default (LGD) parameters and exposure at default (EAD) parameters, which are used for multiple purposes within the Bank, including:

- Decision making in loan origination process;
- Risk adjusted pricing;
- Monitoring of changes in credit risk and its management;
- Risk reporting, including to the Bank's management bodies;
- Loan impairment calculation under IFRS 9.

The Bank's rating models for estimation of probability of default (PD) are based on jurisdiction specific scoring models provided by external vendors, which are internally adapted and calibrated to fit the Bank's needs. All retail customers are classified by risk using these rating models at loan origination (also every time a commitment is renewed) and at least once a year afterwards.

(b) Due from banks and other financial institutions

Revolut Bank UAB is exposed to counterparty credit risk, which is the risk that a counterparty to the Bank will fail to meet its obligation to settle outstanding amounts (this risk includes settlement risk that arises when payments are not exchanged simultaneously, i.e. the risk that the counterparty may default before making the counter-payment).

The Bank's counterparty credit risk arises, for instance, from funds held at Central bank, with respect to other banks where the Bank places funds at accounts or deposits, from intra-group exposures to other Revolut Group entities, including from FX swaps with Revolut Ltd.

Revolut Bank UAB aims to maintain its counterparty credit risk low by selecting high quality banks and other financial institutions as its counterparties avoiding excessive exposures to higher risk counterparties.

The Bank's counterparty risk management covers:

- Comprehensive analysis of creditworthiness of counterparties, including consideration of their ratings, before establishing limits or reviewing of limits;
- Consideration and approval of credit limits by the Bank's Assets & Liabilities Management Committee or, where relevant, by the Management Board;
- Monitoring of all counterparties on a continuous basis, including tracking of early warning indicators, a quarterly update of ratings and, if necessary, review of limits;
- Thorough annual review of individual counterparties, which includes credit risk assessment, review of ratings and limits.

The Bank relies on ratings assigned by external rating agencies for internal risk classification and determination of probability of default (PD) for its counterparties, which are banks, other financial institutions, sovereigns (central governments) or central banks. For this purpose, the Bank recognizes and checks availability of external ratings from Moody's, Standard & Poor's (S&P) and Fitch. In exceptional cases ratings of other external rating agencies might be used. Externally unrated counterparties are assigned internal ratings based on the expert judgement supported by the credit risk analysis of the particular counterparty.

Nostro accounts

As of 31 December 2021, the Bank had EUR 1.5 million (2020: EUR 4 million) of cash equivalent at other banks. All the above balances were held in the foreign (with a minimum of A+ long-term borrowing rating assigned by international rating agency Standard & Poor's) and Lithuanian banks (not rated externally by rating agencies on a stand-alone basis but being significant subsidiaries of the foreign banks having a minimum of A+ long-term borrowing rating assigned by Standard & Poor's).

Central Bank accounts

As of 31 December 2021, the Bank had EUR 804 million (2020: EUR 68 million) of cash equivalent at Bank of Lithuania.

Intragroup accounts

As of 31 December 2021, the Bank had EUR 8 million (2020: EUR 11 million) of receivables and EUR 48 million (2020: EUR 17 million) of payables related with Revolut Group entities. In addition, the Bank executed FX swaps with Revolut Payments UAB throughout 2021, therefore, the Bank had corresponding exposures as disclosed in Note 21.

General Expected Credit Loss assessment principles

Revolut Bank UAB recognises the credit losses in accordance with the requirements of IFRS 9.

The calculation of ECL

The Bank calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 6.1.2.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 6.1.2.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 6.1.2.

When estimating the ECL, the Bank considers three scenarios (a base case, an optimistic, and pessimistic). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 6.1.2. The maximum period for which the credit losses are determined is the contractual life of a financial instrument (5 years for credit card limits). Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by EIR or, where relevant by an approximation to the EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument (5 years for credit card limits). The expected cash shortfalls are discounted by EIR or, where relevant by an approximation to the EIR.
- Stage 3: For loans considered credit-impaired the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- Loan commitments. When estimating LTECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-

weighting of the three scenarios. The expected cash shortfalls are discounted at EIR or where relevant at. an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments the ECL is recognised within Provisions.

Default definition

Revolut Bank UAB uses the definition of default according to the Article 178 of the CRR (Capital Requirements Regulation) and EBA Guidelines on definition of default. The same definition is used by the Bank for classification of financial instruments as credit-impaired (Stage 3) under IFRS 9.

The Bank identifies defaults at obligor level when either one or both of the following have taken place:

A. the obligor is past due more than 90 days on any material credit obligation to the Bank;
B. the obligor is considered unlikely to pay its credit obligations to the Bank.

Counting of days past due in relation to criterion (A) is performed at obligor level. RBUAB assesses all credit obligations of a customer past due as material according to absolute and relative thresholds relative to the total amount of all on-balance sheet exposures to the obligor. The number of days past due will be counted as the consecutive number of days that the amount owed by an obligor has been above the materiality threshold and counting stops only when the amount past due drops below the threshold. Per the EBA Regulatory Technical Standards (EBA/RTS/2016/06) materiality threshold is set as follows:

- For retail exposures: absolute threshold of >100 EUR, relative threshold of >1% from the total amount of all on-balance sheet exposures to the obligor

Exception from criterion (A) is applied for exposures to banks, for which default is recognized when payments are past due more than 7 days.

For the purpose of criterion (B), elements taken as indications of unlikeliness to pay by the Bank include the following:

1. The Bank puts the credit obligation on non-accrued status due to the decrease of the credit quality of the obligation. Non-accrued status covers situations where RBUAB stops charging interest and/or has direct write-offs;
2. The Bank recognises a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the Bank taking on the exposure;
3. The Bank sells the credit obligation at a material credit-related economic loss;
4. The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest or, where relevant, fees;
5. Bankruptcy of the customer or similar protection;
6. Credit fraud;
7. Death of a customer
8. Disappearance of an active market for a financial instrument because of financial difficulties of the customer (applicable for non-retail exposures only);
9. Observable data indicating a measurable decrease in estimated future cash flows from a group of financial assets, such that the counterparty is not capable of servicing its debt (applicable for non-retail exposures only);

10. For previously defaulted exposures in 'probation' status, where the exposure in probation becomes 30 days or more past due (applicable for non-retail exposures only).

Migration between Stages

IFRS-9 requires at each reporting date measurement of loss allowance for each financial instrument at an amount equal to the ECL according to 3 different stages. The stages are determined by the current credit risk, as well as, absolute and relative changes of credit risk since initial recognition - capturing the presence of significant increase of credit risk (SICR):

1. Forborne performing as of reporting date.
2. Obligors not eligible for forbearance measures based on their risk assessment.
3. Return to a non-impaired status and in 3 month probation period.
4. Significant increase in lifetime point-in-time forward looking PD as of reporting date compared to initial recognition.
5. More than 30 days past due as of reporting date, calculated on obligor level and using the regulatory DPD definition.

SICR flags 1,2,3,5 above are evaluated at obligor level, while flag 4 is evaluated at individual financial instrument level.

Revolut Bank UAB sets absolute and relative thresholds for change in forward looking lifetime PD mentioned as SICR indicator under point 4 above. Significant increase in the lifetime PD occurs if both of the following thresholds are breached:

- relative threshold of PD change by more than 2.5 times;
- absolute threshold of PD change by more than 0.5 percentage point (to avoid classification as Stage 2 of obligors still being with low risk despite PD change exceeding 2.5 times).

As an exception from general principles for identification of SICR described above, Revolut Bank UAB considers the following triggers of SICR for the purposes of wholesale credit exposures:

1. Counterparty is on Creditwatch as of the respective reporting date;
2. Counterparty has been downgraded by 2 notches or more due to a deterioration in the credit risk profile and this results in an increase to PD of at least 0.5%.

Wholesale obligors are included into Creditwatch where material deterioration in their credit risk profile is identified in accordance with the Group Wholesale Credit Risk Procedures. Obligors on Creditwatch are moved to Stage 2 irrespective of their ratings at initial recognition.

In addition, Revolut Bank UAB applies low credit risk exemption for its wholesale exposures which are externally rated investment grade by the three major rating agencies, to be considered Stage 1 exposures. In line with the Group Internal Ratings Procedures, Revolut relies on the ratings of external rating agencies Moody's, S&P and Fitch and will assign each externally rated counterparty a rating per the approach noted in the Internal Rating Procedures. Exposures subject to low credit risk exemption are always kept in Stage 1 unless objective evidence of credit-impairment is identified triggering transfer to Stage 3.

Transfer from Stage 2 to Stage 1 will be performed when none of SICR indicators are present as of reporting date.

(all amounts in EUR thousand unless stated otherwise)

Obligors who return to a non-defaulted status are moved from Stage 3 to Stage 2 no matter whether any of SICR indicators are identified. They can be transferred to Stage 1 only after a probation period of at least 3 months subject to no presence of SICR indicators by the end of this probation period.

12-month and lifetime expected credit losses

The expected credit loss is calculated as the weighted average of losses expected in different macroeconomic scenarios. The ECL for a particular macroeconomic scenario is calculated as the product of the marginal probability of default (PD), loss given default (LGD) and exposure at default (EAD). Future cash flows in ECL are discounted using nominal rate as approximation of the effective interest rate.

Macroeconomic scenario adjusted marginal PD is the probability that the performing exposure defaults during a particular time period under certain macroeconomic conditions. Three macroeconomic scenarios are used to reflect different development paths for this risk driver.

The risk parameter LGD is the share of an exposure that would be lost in case of a default event. Revolut Bank UAB uses the EBA Risk dashboard as the benchmarking approach for this driver.

The risk parameter EAD represents the total exposure of a facility at the moment of default. For products with contractual repayment schedules, the EAD term structure is shaped by the amortisation profile. For revolving products, the credit limit utilisation approach is used to estimate EAD term.

All risk parameters - PD, LGD, EAD curves and the discount factor are estimated on the monthly basis till the maturity date of a facility. Monthly estimates are used to produce either the 12-month ECL (for facilities in Stage 1) or the lifetime ECL (for facilities in Stage 2 and 3). In case an exposure has short maturity (e.g., overnight deposits), the risk parameters are adjusted accordingly.

Macroeconomic scenarios

Estimation of ECL is performed under three economic scenarios (baseline, optimistic and pessimistic) for potential development of the key macroeconomic variables. The economic scenarios are country specific; they are based on benchmarking against the publicly available macroeconomic scenarios from recognized organizations such as European Central Bank, International Monetary Fund, European Commission, Organisation for Economic Co-operation and Development and National Banks. The forecasted macroeconomic scenarios are updated at least semi-annually. Probability of occurrence of each scenario might be reviewed even without update to the forecasted macroeconomic scenarios themselves. As a rule of thumb, the baseline scenario gets the highest weight in ECL calculation. The scenarios and likelihood of their realisation are approved by the relevant bodies of the Bank.

Tables below show the scenarios for development of key macroeconomic parameters used in ECL estimation for end of year 2021.

Table with Macroeconomic forecast for Lithuania

	Baseline scenario						**Optimistic scenario**						**Pessimistic scenario**					
Macroeconomic variable	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026
Annual change in real GDP, %	4.67%	3.58%	3.25%	2.77%	2.66%	2.49%	5.04%	4.40%	4.02%	3.04%	3.07%	3.07%	4.06%	1.27%	1.54%	2.10%	2.30%	2.00%
Unemployment rate, %	7.20%	6.79%	6.45%	6.40%	6.32%	6.03%	6.50%	6.10%	6.00%	5.90%	5.80%	3.80%	8.20%	8.00%	7.50%	7.47%	7.76%	8.09%
Scenario weights	60%						20%						20%					

Table with Macroeconomic forecast for Poland

	Baseline scenario						Optimistic scenario						Pessimistic scenario					
Macroeconomic variable	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026	2021	2022	2023	2024	2025	2026
Annual change in real GDP, % (1y lag)	-2.50%	5.14%	4.94%	4.15%	3.40%	3.10%	-2.50%	5.72%	5.81%	5.57%	4.10%	3.90%	-2.50%	4.30%	4.40%	2.80%	2.24%	2.05%
Unemployment rate, % (sqr)	0.31%	0.27%	0.23%	0.21%	0.20%	0.20%	0.12%	0.10%	0.09%	0.09%	0.09%	0.09%	0.37%	0.32%	0.29%	0.27%	0.28%	0.25%
Scenario weights	60%						20%						20%					

Scenario weight	70%	10%	20%

Sensitivity analysis towards macroeconomic scenarios

In general, worsening of macroeconomic scenarios shall both increase migration from Stage 1 to Stage 2, and increase the ECL level itself through the impact on forward-looking PDs. The opposite effect is expected from improvement of the economic outlooks. Currently we can only quantify the impact of the second effect. Table below provides an overview of ECL levels (expressed in thousand EUR) in the following cases based on the portfolio as of end of year 2021:

- Current weights - 60% baseline scenario, 20% optimistic scenario, 20% pessimistic scenario
- Baseline - 100% weight is assigned to baseline scenario
- Optimistic - 100% weight is assigned to optimistic scenario
- Pessimistic - 100% weight is assigned to pessimistic scenario

		Scenario			
Country	**Product type**	**Current weights (tEUR)**	**Baseline (tEUR)**	**Optimistic (tEUR)**	**Pessimistic (tEUR)**
LT	Fixed Term Credit	50.5	-0.4 (-0.7%)	-1.5 (-2.9%)	2.6 (5.1%)
	Revolving Credit	26.9	-0.2 (-0.8%)	-0.8 (-3.1%)	1.5 (5.6%)
	All	**77.4**	**-0.6 (-0.8%)**	**-2.3 (-3.0%)**	**4.1 (5.3%)**
PL	Fixed Term Credit	178.1	0.4 (0.2%)	-11.0 (-6.2%)	10.0 (5.6%)
	Revolving Credit	173.5	0.3 (0.1%)	-10.6 (-6.1%)	9.8 (5.7%)
	All	**351.7**	**0.6 (0.2%)**	**-21.6 (-6.1%)**	**19.8 (5.6%)**
Total	Fixed Term Credit	228.6	0.0 (0.0%)	-12.5 (-5.5%)	12.5 (5.5%)
	Revolving Credit	200.4	0.0 (0.0%)	-11.4 (-5.7%)	11.3 (5.6%)
	All	**429.0**	**0.0 (0.0%)**	**-23.9 (-5.6%)**	**23.8 (5.6%)**

In particular, application of a purely optimistic scenario would decrease the ECL estimate (respectively for Lithuania and Poland) by 3.0% and 6.1% on the total portfolio level. Similarly, a purely pessimistic scenario would increase the ECL estimate (respectively for Lithuania and Poland) by 5.3% and 5.6%.

(all amounts in EUR thousand unless stated otherwise)

Interest rate risk

Interest rate risk in the banking book (IRRBB) is the risk that the Bank's balance sheet and profitability is structurally exposed to unexpected movements in interest rates. This risk stems from maturity and repricing mismatch between assets and liabilities, which would materialise with changes in the shape of the yield curve ("gap risk"), or from options (embedded and explicit), where the Bank or its customer can alter the level and timing of their cash flows ("option risk"), or with changes in the relationship between various yield curves ("basis risk").

To quantify the IRRBB, the Bank uses two metrics: net interest income (NII) sensitivity and economic value of equity (EVE) sensitivity. NII is computed as the impact of parallel shock in interest rates on the earnings generated by the banking book items based on their repricing profiles. EVE is assessed through a measurement of changes in the net present value of the interest rate sensitive instruments (excluding CET1 instruments and other perpetual own funds) over their remaining life resulting from interest rate movements assuming six different shock scenarios.

In line with regulatory guidelines and internal judgement, a floor is prescribed for downward shocks to stop the simulated interest rates from being unrealistically negative.

Both metrics are managed against a control framework, which is defined with set limits in place. Treasury Function is responsible for IRRBB management on an on-going basis using mitigation approaches such as the use of hedging and dynamic adjustment of in-app rate offerings to influence uptake behaviour. Interest rate characteristics of funding shall be matched as far as possible to lending and investments into securities. Risk Management Function closely monitors IRRBB exposures, proposes limits and calculation assumptions, and performs stress testing. Any breach of the limit is escalated to the senior management with mitigating actions taken.

Sensitivity to IRRBB

Interest rate risk in the banking book (IRRBB) sensitivity in terms of EVE and NII (disclosed as a ratio versus CET1 capital) under stress was within internal and regulatory limits at the end of 2021. The YoY risk exposure increase is associated with growing deposit portfolio and short duration asset portfolio with the plan to establish longer term investment portfolio in 2022.

IRRBB metric	2021	2020
VE Parallel Up scenario	5.9%	4.5%
EVE Parallel Down scenario*	-7.3%	-3.5%
NII Parallel +2% scenario	18.5%	14.1%
NII Parallel -2% scenario*	-4.6%	-3.5%

* Interest rate floor considered

Interest rate sensitivity	2021	2020
+1% scenario effect on the economic value of equity	5,311	564
-1% scenario effect on the economic value of equity	(6,264)	(437)

(all amounts in EUR thousand unless stated otherwise)

Foreign currency risk

Based on the current business model, the foreign exchange risk related with users balances kept in non-base currencies imply low foreign exchange risk for the Bank. The monitoring is performed on a daily basis to ensure the proper control of this risk.

FX position of the banking book mainly arises from the Treasury Function activities. This includes profit on the banking products, interest earned on nostro balances and various costs (all in non-base currency). Small FX position is allowed as defined in the Risk Appetite Statement. Any material foreign exchange risk arising from Treasury Function activities is hedged on a day-to-day basis and is subject to ongoing monitoring.

As of 31 December 2021, the Bank was insignificantly exposed to foreign exchange risk with majority of exposures in PLN and GBP currencies. Sales and purchases for the year end were executed primarily in EUR currency. Therefore, the foreign currency exposure arising from future commercial transactions, recognized in assets and liabilities, was insignificant.

Sensitivity of foreign exchange risk

The Bank uses a statistical value-at-risk (VaR) model to forecast a potential loss due to movements in FX rates. Considering the Bank's low net FX exposure at the end of 2021, any market turbulence leading to significant change in FX rates would not cause material impact for the earnings.

The table below summarises Bank's exposure to foreign currency exchange rate risk at the 31 December 2021.

Currency	Rates	Position	Percentage of capital
Polish zloty (PLN)	4.5969	(346)	-0.37%
UK Pound Sterling (GBP)	0.84028	(105)	-0.11%
U.S. Dollars (USD)	1.1326	6	0.01%
The remaining long position	N/A	-	0.00%
The remaining short position	N/A	(10)	-0.01%
Open position	**N/A**	**(455)**	**-0.48%**

The table below summarises Bank's exposure to foreign currency exchange rate risk at the 31 December 2020.

Currency	Rates	Position	Percentage of capital
Polish zloty (PLN)	4.5597	(24)	-0.18%
The remaining long position	N/A	-	0.00%
The remaining short position	N/A	(5)	-0.04%
Open position	**N/A**	**(29)**	**-0.22%**

Non-Financial Risk - Principal risks and uncertainties

Conduct and regulatory compliance risk

The Bank operates in a highly regulated industry. Consequently, the Bank is exposed to many forms of risk related to compliance with a wide range of laws and regulations in a number of jurisdictions, covering areas including general organisational and governance requirements, capital and liquidity requirements, product, consumer protection and anti-financial crime requirements.

The Bank's management team is focused on responding effectively and in a timely manner to any changes in regulation to ensure that compliance with regulatory requirements is maintained.

Compliance and conduct risks are managed in line with the Bank's Risk Management Framework with dedicated functions and governance bodies responsible for the implementation of controls and oversight of compliance and conduct risks.

Operational risk

The Bank relies on the Revolut Group's operational infrastructure, technology, processes and employees with the majority functions being outsourced to its parent company Revolut Ltd. The Revolut Group continues to invest in its operational risk mitigation, including enhancement of operational resilience capability, to enable a prompt and effective risk identification, assessment and response to operational risk events.

Revolut Bank UAB has established business accountability of its risk profile and senior management risk reporting to the Management Board and the Supervisory Council.

In addition, the Bank's active risk management approach has been further embedded, driving key risk and control initiatives forward from initiation to design and implementation including internal fraud management, operational resilience and improved indicators over high risk processes.

The successful execution of the strategy is reliant on recruiting and retaining the right people to support the Bank's growth and quality of the outsourced services provided by its parent company Revolut Ltd. The Bank continues to invest in strengthening its core functions, including at the executive management level as well as in people engagement related initiatives.

Third party risk

The Bank is reliant in its operations on certain third parties as well as its main outsourcing services provider, parent company Revolut Ltd.

The Bank mitigates this risk with a thorough third party and outsourcing risk management framework, policy and governance structure, with ongoing monitoring of outsourced services. Our approach meant we were well placed to manage risks arising from COVID-19. A number of our third parties rely on a high level of staff to support the Bank's services. Close collaboration with these third parties is ensuring the Bank's resilience and continuity of the Bank's services delivery with no or minimal disruption.

Financial crime risk

The Bank's activities involve volumes of transactions in client funds and it is subject to a heightened risk of criminal activity and potential losses due to breaches of the Bank's service delivery requirements by its customers (e.g. use of false identity to open an account or the laundering of illicit funds). To address this type of risk, the Bank utilises a robust Know Your Customer ("KYC"), Anti-Money Laundering ("AML"), and Sanctions policies and procedures, performs ongoing monitoring of transactions in real-time and screens all customers on a daily basis. The Bank and as well the whole Revolut Group is committed to maintaining a control environment that enables it to respond promptly and effectively to emerging financial crime threats.

Cyber risk

As a digital app-only financial services provider, the Bank is exposed to cyber security threats which might attempt to access the Bank's systems or customer and payment data. Alongside the advanced security features it provides to customers via the app, Revolut Group has also implemented several technical and organisational controls to reduce these risks. These controls include dedicated internal team-led application security testing, vulnerability management, a group wide training and phishing threat simulation programme, advanced endpoint threat protection, external threat intelligence, monitoring and alerting across our key infrastructure and systems, 24/7 incident response coverage, security assurance of third parties, and regular external testing and audit activities.

The Bank as a part of Group, being a cloud-based fully digital institution, was able to continue operation with minimal disruption in the COVID-19 landscape, with full remote working possible for staff. The cyber risks that follow a remote-working model as well as the opportunism of criminals during the pandemic have been closely monitored with additional controls implemented both for customer protection and entity's staff and data security.

Data security risk

The Bank handles significant amounts of personal data provided by its customers, as well as employee data and confidential corporate information, and therefore must comply with strict data protection and privacy laws and regulations, while also protecting its own reputation and corporate position. The Bank, as well as Revolut Group, continues to invest in its digital platforms and is focused on building resilient and secure technologies in order to prevent breaches of data security. Additionally, regular penetration testing, to ensure the robustness of systems, is performed. The Bank's business processes and policies exist to drive best practice in the classification and handling of both structured and unstructured sensitive data by employees.

Change risk

Inherent in the Bank's strategy is rapid and complex business change, through product innovation, geographic and market expansion and supporting technological enhancement. This risk arises from organisational change, product introduction and enhancement and changes to technology platform and supporting infrastructure. Whilst all business areas and staff manage continued change and development as part of the normal course of business, projects of significant materiality that require cross-functional or cross-divisional coordination are managed through dedicated governance including a robust new initiatives approval process to ensure the changes are effectively managed and delivered with senior management oversight.

Model risk

The Bank as well as the Group uses models for a variety of reasons, including (but not limited to) prediction of expected support headcount capacity, meeting regulatory requirements (e.g., impairment assessment under IFRS 9), detection of fraud among its customers, stress-testing exposures to simulate severe market stress conditions, identification of control indicators for measuring conduct risk, and detection of Money Laundering / Terrorism Financing. The extensive use of models leads to the potential for adverse consequences from decisions made relying on incorrect or misused model outputs.

The Revolut Group Model Risk team has been established, independent of the revenue-producing units, model developers, model owners and model users. It has primary responsibility for assessing, monitoring and managing model risk through oversight across all Group entities, and provides periodic updates to senior management and relevant governance bodies. Group Model Risk reviews the model methodology, reasonableness of model assumptions, and may perform or require additional testing. Model reviews are approved by the Group Model Risk Management Committee, chaired by the Group Head of Model Risk.

Concentration risk

Concentration Risk in Revolut Bank is managed in accordance with the approved Credit Concentration Risk Management Policy. Revolut Bank manages concentrations in our credit risk profile through setting restrictions (limits) on exposures against certain concentration types. Common credit risk concentrations covered within the scope of this policy include, but are not limited to:

I. Single name concentrations, as managed within the Wholesale Credit Risk Management Policy and Procedures;
II. Geographic or country risk concentrations;
III. Sector concentrations;
IV. Product concentrations;

Concentrations within credit exposures will be identified as part of the ongoing wholesale and retail credit risk management processes, which require second line Credit Risk review and approval for new products, initiatives and counterparty exposures. Risk management function monitors and reports concentration risks to the ALCO, which further decides whether escalation is required to the Bank's Management Board as well as to the Group's relevant decision body.

Capital

The main objectives of Revolut Bank UAB in capital management are as follows:

- The capital planning and the capital hold by the Bank at any time are consistent with the Bank's strategy and support its implementation;
- Ensuring that the Bank's capital level appropriately covers all material risks to which the Bank is exposed and enables it to pursue its business objectives;
- The Bank shall comply with the regulatory capital requirements;
- The Bank shall meet its internally determined capitalisation targets, which envisage appropriate additional capital cushion above the regulatory required capital in order to ensure capital adequacy in case of material deviations of the Bank's performance from the financial plan or the severe adverse scenarios (both bank-specific and systemic);
- The Bank shall have a range of available and feasible management actions to restore the Bank's capitalisation in case of its deterioration;
- The optimization of the capital in order to maximize shareholder value, including usage of internal capital allocation to business and its consideration in risk adjusted pricing so that the Bank is able to deliver the level of return on risk adjusted capital required by shareholders.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may take such actions as adjustment of the amount of dividend payment to shareholders, return of capital to shareholders, issue capital securities or make structural changes to its balance sheet ensuring optimal usage of capital. The objectives, policies and processes related with the Bank's capital management are reviewed at least annually to keep them up to date.

Regulatory capital requirements

The Bank maintains an actively managed capital base to cover risks inherent in the business and comply with the regulatory capital adequacy requirements, which are calculated following the EU Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD).

In accordance to the regulatory capital requirements, the banks are expected to operate with their capital being equivalent to at least the sum of the minimum Pillar 1 requirements, Pillar 2 requirement (P2R), Combined buffer requirement (CBR) and Pillar 2 guidance (P2G).[1]

As of 31 December 2021, the total capital requirement of Revolut Bank UAB (in accordance with the regulatory requirements) is equal to 10.2% for CET1 capital ratio and 13.7% for total capital ratio.

[1] Under the materialisation of the severe stress scenarios, the bank's capital is allowed to fall below this level (going into P2G and CBR) on a temporary basis.

(all amounts in EUR thousand unless stated otherwise)

Capital requirements as of 31 December 2021

	CET1 capital	Total capital
Minimum Pillar 1 requirement	4.5 %	8.0 %
Pillar 2 requirement (P2R)*	3.2 %	3.2 %
Combined buffer requirement (CBR)	2.5 %	2.5 %
of which: Capital conservation buffer (CCB)	2.5 %	2.5 %
of which: Countercyclical buffer (CCyB)	0.0 %	0.0 %
of which: Systemic risk buffer (SyRB)	0.0 %	0.0 %
Pillar 2 guidance (P2G)*	0.0 %	0.0 %
Total capital requirement	**10.2 %**	**13.7 %**

Revolut Bank UAB has complied in full with all its externally imposed capital requirements over the reported period.

The Bank's CET1 capital ratio and total capital ratio were both at the level of 372.77% by the end of 2021 (2020: 47.70%) ensuring robust capitalisation.

Revolut Bank UAB calculates its minimum Pillar 1 capital requirement in accordance with the CRR as follows:

- For credit and counterparty risk using standardised approach;
- For operational risk using basic indicator approach;
- For market risk using standardised approaches;
- For credit valuation adjustment under standardised method.

Internal capital assessment

The internal capital adequacy assessment process (ICAAP), as one of the key capital management tools, aims to:

- Identify material risks for the Bank and quantify the risks not covered or not fully covered by the capital under minimum Pillar 1 requirements;
- Ensure that Revolut Bank UAB is adequately capitalized to cover the Bank's risks, support implementation of its strategy and pursue business objectives;
- Comprehensively assess whether the capital levels - current, projected and stressed - are adequate in the context of the regulatory requirements and internal targeted capital levels set by the Supervisory Council.

The ICAAP is integrated with the financial and strategic planning processes and plays a critical role in capital planning as well as for determination of the internally targeted capital levels, which are approved by the Supervisory Council. The ICAAP of Revolut Bank UAB is subject to a regular annual update. However, an ad hoc update or development of the new fit-for-purpose ICAAP may be triggered by such events as the significant changes to the business activities or its plans, economic environment or applying to the regulatory authorities for authorisations.

The ICAAP of Revolut Bank UAB of 2021 covers the forecast horizon extending until the end of 2023. The Bank identified the following material risks as not adequately covered by Pillar 1 capital requirements and assessed additional internal Pillar 2 capital add-ons during the ICAAP:

- Operational risk;
- Market risk (additional internal Pillar 2 capital assessed for FX risk);
- Credit risk (additional internal Pillar 2 capital assessed for retail loans);

- Credit concentration risk covering geographic, sector and single-name concentration risks;
- Interest rate risk in the banking book (IRRBB).

Revolut Bank UAB conducts stress testing as part of the ICAAP in order to assess the capital adequacy under the exceptionally adverse circumstances.

Stress testing of the ICAAP for 2021 was performed under the following scenarios:

- Bank-specific scenario assuming occurrence of the adverse circumstances, which are specific for Revolut Bank UAB;
- Systemic scenario, which assumes the adverse macroeconomic conditions;
- Combined scenario, which covers both systemic and bank-specific nature adverse developments.

Impact on the Bank's CET1 capital ratio, total capital ratio and leverage ratio was estimated under these adverse scenarios for the horizon extending until the end of 2023. The stress testing outcomes were assessed taking into account the availability and feasibility of the management actions to restore the Bank's capital and leverage ratios to the targeted levels in case of their material deterioration under the adverse circumstances of the stress scenarios.

The results of the stress testing performed under the different stress scenarios prove that Revolut Bank UAB current and future (under financial plan) capitalisation is strong and adequate to cover the risks to which the Bank is or might be exposed to.

(all amounts in EUR thousand unless stated otherwise)

Tables

Table 1: Key Metrics

		31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	91,327	28,918	30,324	31,649	12,264
2	Tier 1	91,327	28,918	30,324	31,649	12,264
3	Total capital	91,327	28,918	30,324	31,649	12,264
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	24,500	18,799	14,728	31,565	25,713
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	372.77	153.83	205.89	100.27	47.70
6	Tier 1 ratio (%)	372.77	153.83	205.89	100.27	47.70
7	Total capital ratio (%)	372.77	153.83	205.89	100.27	47.70
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50	2.50	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)	0	0	0	0	0
11	Total of bank CET1 specific buffer requirements (%)	2.50	2.50	2.50	2.50	2.50
12	CET1 available after meeting the bank's minimum capital requirements (%)	368.27	149.33	201.39	95.77	43.20
	Leverage ratio					
13	Total leverage ratio exposure measure	840,558	505,643	318,166	247,549	85,933
14	Leverage ratio (%) (row 2 / row 13)	10.86	5.72	9.53	12.79	14.27
	Liquidity Coverage Ratio					
15	Total HQLA	798,881	454,378	288,865	208,812	68,358
16	Total net cash outflow	97,353	74,420	22,229	21,507	8,043
17	LCR ratio (%)	820.60	610.56	1299.50	970.89	849.90

(all amounts in EUR thousand unless stated otherwise)

Table 2: Overview of risk weighted assets

		RWA		Minimum capital requirements
		31 Dec 2021	30 Sep 2021	31 Dec 2021
1	**Credit risk (excluding counterparty credit risk)**	19,086	12,818	1,527
2	Of which: standardised approach (SA)	19,086	12,818	1,527
6	Counterparty credit risk (CCR)	3,126	3,624	250
10	Credit valuation adjustment (CVA)	1,776	1,030	142
15	Settlement risk	-	-	-
16	Securitisation	-	-	-
20	**Market risk**	512	239	41
21	Of which: standardised approach (SA)	512	239	41
24	**Operational risk**	0	1,088	-
25	Of which: standardised approach (SA)	0	1,088	-
27	**Total**	**24,500**	**18,799**	**1,960**

Table 3: Own funds disclosure

		Amounts	Cross reference to balance sheet
	Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments	5,503	
	– ordinary shares	5,503	a
2	Retained earnings	(9,591)	b
3	Accumulated other comprehensive income (and other reserves)	97,000	c
7	Prudent valuation adjustments	(3)	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(33)	d
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	(1,547)	e
28	Total regulatory adjustments to Common Equity Tier 1	(1,580)	
29	Common Equity Tier 1 capital (CET1)	91,327	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 capital (T1 = CET1 + AT1)	91,327	
	Tier 2 capital: instruments and provisions		
58	Tier 2 capital (T2)	-	
59	Total regulatory capital (TC = T1 + T2)	91,327	
60	Total risk-weighted assets	24,500	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	372.77%	
62	Tier 1 (as a percentage of risk-weighted assets)	372.77%	
63	Total capital (as a percentage of risk-weighted assets)	372.77%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.5%	
65	Of which: capital conservation buffer requirement	2.5%	
66	Of which: bank-specific countercyclical buffer requirement	0%	
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	368.27%	

(all amounts in EUR thousand unless stated otherwise)

Table 4: Balance sheet reconciliation

	31 Dec 2021	Cross reference to the own funds
Assets		
Cash and balances with central banks	803,575	
Due from banks	1,487	
Due from other financial institutions	7,402	
Derivatives	2,738	
Financial assets at fair value through other comprehensive income	25	
Property, plant and equipment	1,701	
Loans and advances to customers	21,203	
Intangible assets	33	d
Deferred tax assets	1,547	
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,547*	e
Other assets	1,091	
Total assets	**840,802**	
Liabilities		
Derivatives	625	
Due to customers	714,823	
Due to other financial institutions	10,401	
Other liabilities	20,830	
Provisions	32	
Total liabilities	**746,711**	
Equity attributable to equity holders of parent		
Issued capital	5,503	
of which CET1 paid-in share capital	*5,503*	a
Reserve capital	97,000	c
Retained earnings	(9,592)	b
Other reserves	1,180	
Total equity	**94,091**	
Total liabilities and equity	**840,802**	

Table 5: Main features of regulatory capital instruments

	Capital instruments main features template	
1	Issuer	Revolut Bank UAB
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	485100NUOK3CEDCUTW40
3	Governing law(s) of the instrument	Republic of Lithuania Law on Companies
	Regulatory Treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/group/group and solo	Solo and (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	5.5
9	Nominal amount of instrument	5,503,000
9a	Issue price	EUR 1 per share
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	2017-07-18
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	Fully discretionary
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-cumulative
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Writedown feature	No
31	If writedown, writedown trigger(s)	N/A
32	If writedown, full or partial	N/A
33	If writedown, permanent or temporary	N/A
34	If temporary write-own, description of writeup mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	-
37	If yes, specify non-compliant features	N/A

(all amounts in EUR thousand unless stated otherwise)

Table 6: Geographical distribution of credit exposures used in the countercyclical capital buffer

	General credit exposures		Trading book exposure			Securitisation exposure	Own funds requirements				Own funds requirement weights
Breakdown by country	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	
Lithuania	17,349	-	-	-	-	-	1,185	-	-	1,185	62.2237%
United Kingdom	708	-	-	-	-	-	57	-	-	57	2.9746%
Poland	11,044	-	-	-	-	-	663	-	-	663	34.8012%
Total	**29,101**	**-**	**-**	**-**	**-**	**-**	**1,905**	**-**	**-**	**1,905**	**100%**

(all amounts in EUR thousand unless stated otherwise)

Table 7: Summary comparison of accounting assets vs leverage ratio exposure measure

		31 Dec 2021
1	Total consolidated assets as per published financial statements	840,802
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	388
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	950
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	(1,580)
13	Leverage ratio exposure measure	840,558

Table 8: Leverage ratio common disclosure

		31 Dec 2021	30 Sep 2021
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	838,062	500,160
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,580)	(735)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	836,482	499,425
	Derivatives exposure		
11	Total derivative exposures	3,126	3,624
	Securities financing transaction exposures		
16	Total securities financing transaction	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet items	950	2,594
	Capital and total exposures		
20	Tier 1 capital	91,327	28,918
21	Total exposures	840,558	505,643
	Leverage ratio		
22	Leverage ratio	10.86%	5.72%

(all amounts in EUR thousand unless stated otherwise)

Table 9: Credit quality of exposures by exposure class and instrument

	Gross carrying values of						
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
Central governments and central banks	-	803,575	-	-	-	-	803,575
Institutions	-	1,487	-	-	-	-	1,487
Retail	110	30,691	473	-	-	473	30,328
Consumer loans	*64*	*17,775*	*412*	-	-	*412*	*17,427*
Credit cards on-balance	*45*	*3,761*	*30*	-	-	*30*	*3,776*
Credit cards off-balance	*1*	*9,155*	*31*	-	-	*31*	*9,125*
Corporates	-	8,531	-	-	-	-	8,531
Equity exposures	-	25					25
Other	-	1,724	-	-	-	-	1,724
Total standardised approach	**110**	**846,033**	**473**	**-**	**-**	**473**	**845,670**

The retail exposures consist of loans to private customers.

There corporate exposures consist of exposures to related parties that are other financial institutions.

Table 10: Credit quality of exposures by geography

	Gross carrying values of						
	Defaulted exposures	Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
Lithuania	66	828,409	77	-	-	77	828,398
Poland	44	16,913	396	-	-	396	16,561
Luxembourg	-	2	-	-	-	-	2
Great Britain	-	708	-	-	-	-	708
Ireland	-	1	-	-	-	-	1
Total	**110**	**846,033**	**473**	**-**	**-**	**473**	**845,670**

Table 11: Ageing of past-due exposures

	Gross carrying values				
	<= 30 days	> 30 days <= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year
Consumer lending	190	141	38	-	-

(all amounts in EUR thousand unless stated otherwise)

Table 12: CRM techniques

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	21,644	7,402	7,402	-	-

Table 13: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Central governments and central banks	803,575	-	803,575	-	0	0%
Institutions	1,487	-	1,487	-	297	20%
Corporates	8,470	61	1,067	61	1,129	100%
Retail exposures	21,165	9,124	21,165	9,124	15,874	75%
Exposures in default	38	-	38	-	38	100%
Equity exposures	25	-	25	-	25	100%
Other assets	1,724	-	1,724	-	1,724	100%
Total	**836,484**	**9,186**	**829,081**	**61**	**19,086**	**100%**

Table 14: Standardised approach – exposures by asset classes and risk weights

	Risk weight				Total credit exposures amount (post CCF and post-CRM)
	0%	20%	75%	100%	
Central governments and central banks	803,575	-	-	-	803,575
Institutions	-	1,487	-	-	1,487
Corporates	-	-	-	1,128	1,128
Retail exposures	-	-	21,165	-	21,165
Exposures in default	-	-	-	38	38
Equity exposures	-	-	-	25	25
Other assets	-	-	-	1,724	1,724
Total	**803,575**	**1,487**	**21,165**	**2,915**	**829,142**

(all amounts in EUR thousand unless stated otherwise)

Table 15: Analysis of counterparty credit risk (CCR) exposure by approach

		Notional	Replacement cost/ current market value	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
1	Mark to market		23	2,209			3,126	3,126
2	Original exposure	-					-	-
3	Standardised approach		-			-	-	-
4	IMM (for derivatives and SFTs)				-	-	-	-
5	Of which securities financing transactions				-	-	-	-
6	Of which derivatives and long settlement transactions				-	-	-	-
7	Of which from contractual cross-product netting				-	-	-	
8	Financial collateral simple method (for SFTs)						-	-
9	Financial collateral comprehensive method (for SFTs)						-	-
10	VaR for SFTs						-	-
11	**Total**							**3,126**

Table 16: CVA capital charge

		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3× multiplier)		-
3	(ii) SVaR component (including the 3× multiplier)		-
4	All portfolios subject to the standardised method	3,126	1,776
5	Total subject to the CVA capital charge	3,126	1,776

Table 17: Standardised approach – CCR exposures by regulatory portfolio and risk

	Risk weight						
	0%	20%	75%	100%	150%	Total	Of which unrated
Corporates	-	-	-	3,126	-	3,126	3,126

(all amounts in EUR thousand unless stated otherwise)

Table 18: Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (31 December 2021)	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021
EU 1b	Number of data points used in the calculation of averages								
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					208,812	144,433	454,378	798,881
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	178,450	132,456	394,687	694,823	18,774	10,376	34,288	61,332
3	*Stable deposits*	243	73,131	186,472	315,621	12	3,657	9,324	15,781
4	*Less stable deposits*	178,207	59,325	208,215	379,201	18,762	6,719	24,965	45,551
5	Unsecured wholesale funding	30,838	7,181	26,314	30,402	30,838	7,181	26,314	30,402
7	*Non-operational deposits (all counterparties)*	30,838	7,181	26,314	30,402	30,838	7,181	26,314	30,402
10	Additional requirements	750	470	1,000	2,520	750	470	1,000	2,520
11	*Outflows related to derivative exposures and other collateral requirements*	750	470	1,000	2,520	750	470	1,000	2,520
13	*Credit and liquidity facilities*								
14	Other contractual funding obligations	5,086	433	43,294	16,224	4,888	286	43,004	15,913
15	Other contingent funding obligations	2,480	4,677	7,540	9,218				
16	TOTAL CASH OUTFLOWS					55,251	18,312	104,607	110,167
CASH - INFLOWS									
18	Inflows from fully performing exposures	37,488	6,394	28,911	9,383	37,443	6,364	28,802	9,197
19	Other cash inflows	515	833	1,386	3,617	515	833	1,386	3,617
20	TOTAL CASH INFLOWS	38,004	7,227	30,297	12,999	37,959	7,197	30,187	12,813
EU-20c	*Inflows subject to 75% cap*	38,004	7,227	30,297	12,999	37,959	7,197	30,187	12,813
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					208,812	144,433	454,378	798,881
22	TOTAL NET CASH OUTFLOWS					17,292	11,114	74,420	97,353
23	LIQUIDITY COVERAGE RATIO					1207.55%	649.75%	610.56%	820.60%

(all amounts in EUR thousand unless stated otherwise)

Table 19: Net Stable Funding Ratio

		Unweighted value by residual maturity			
		< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items					
1	Capital items and instruments	1,180	-	99,899	99,899
2	*Own funds*			99,899	99,899
3	*Other capital instruments*				
4	Retail deposits	694,822	-	-	641,121
5	*Stable deposits*	315,621	-	-	299,840
6	*Less stable deposits*	379,201	-	-	341,281
11	Other liabilities:	47,457	-	1,685	1,685
14	**Total available stable funding (ASF)**				**742,705**
Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)				798,881
17	Performing loans and securities:	11,916	2,749	15,390	16,858
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*	3,026	2,749	15,390	15,969
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*	8,890	-	-	889
26	Other assets:	1,130	4	3,324	3,913
29	*NSFR derivative assets*			23	23
31	*All other assets not included in the above categories*	1,107	4	3,324	3,890
32	Off-balance sheet items	9,218	-	-	1
33	**Total RSF**				**20,772**
34	**Net Stable Funding Ratio (%)**				**3575.65%**

(all amounts in EUR thousand unless stated otherwise)

Table 20: Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	1,806	-	670,253	630,498	-	-
Equity instruments	-	-	-	13	13	-
Debt securities	-	-	-	44	44	44
of which: issued by general governments	-	-	-	*44*	*44*	*44*
Other assets	1,806	-	670,197	630,455	-	-

Table 21: Source of encumbrance

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	1,806	1,806

Table 22: Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	Relevant indicator			Own funds requirement	Total operational risk-weighted exposure amount	Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year				
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-	-	-

Table 23: Remuneration awarded for the financial year

			MB Supervisory function	MB Management function	Other identified staff
1	Fixed remuneration	Number of identified staff	4	6	9
2		Total fixed remuneration	93	479	484
3		Of which: cash-based	93	479	484
7		Of which: other forms	-	-	-
9	Variable remuneration	Number of identified staff		6	9
10		Total variable remuneration		140	286
11		Of which: cash-based		-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments		140	286
EU-14b		Of which: deferred		-	-
17	Total remuneration (2 + 10)		93	619	770

(all amounts in EUR thousand unless stated otherwise)

Table 24: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	Severance payments awarded during the financial year	MB Management function	Other identified staff
6	Severance payments awarded during the financial year - Number of identified staff	4	1
7	Severance payments awarded during the financial year - Total amount	-	7,017
8	Of which paid during the financial year	-	7,017
11	Of which highest payment that has been awarded to a single person	94	7,017

There were no identified staff that are high earners as set out in Article 450(i) CRR for the reporting period.

Table 25: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		Management body remuneration					
		MB Supervisory function	MB Management function	Total MB	Retail banking	Independent internal control functions	Total
1	Total number of identified staff						19
2	Of which: members of the MB	4	6	10			
4	Of which: other identified staff				10	5	
5	Total remuneration of identified staff	93	619	712	926	463	
6	Of which: variable remuneration	-	140	140	254	172	
7	Of which: fixed remuneration	93	479	572	672	291	