

Revolut Bank



Revolut Bank UAB

Capital adequacy and risk management report (Pillar 3)
30 September 2023

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Introduction

The capital adequacy and risk management report provides information on Revolut Bank's capital adequacy and risk management. The report is based on regulatory disclosure requirements set out in the Regulation (EU) 575/2013 Capital Requirements Regulation (CRR).

This report is based on Revolut Bank UAB (the Bank) stand-alone and Revolut Holdings Europe UAB (EEA Group) consolidated situation as at 30 September 2023.

The Bank

Table 1: Key Metrics

	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	465,290	453,296	450,084	366,104	346,697
2 Tier 1	465,290	453,296	450,084	366,104	346,697
3 Total capital	465,290	453,296	450,084	366,104	346,697
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	2,410,104	2,229,492	1,924,336	1,653,998	1,512,920
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	19.31	20.33	23.39	22.13	22.92
6 Tier 1 ratio (%)	19.31	20.33	23.39	22.13	22.92
7 Total capital ratio (%)	19.31	20.33	23.39	22.13	22.92
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 (%)	1.22%	0.68%	0.59%	0.72%	0.00%
10 Other Systemically Important Institution buffer (%)	1.00%	-	-	-	-
11 Total of bank CET1 specific buffer requirements (%)	4.72%	3.18%	3.09%	3.22%	2.50%
12 CET1 available after meeting the bank's minimum capital requirements (%)	7.61	8.63	11.69	10.93	11.72
Leverage ratio					
13 Total leverage ratio exposure measure	11,011,063	10,432,805	9,614,282	8,801,833	8,094,305
14 Leverage ratio (%) (row 2 / row 13)	4.23	4.34	4.68	4.16	4.28
Liquidity Coverage Ratio					
15 Total HQLA	8,693,956	8,242,009	7,924,734	7,449,472	6,602,527
16 Total net cash outflow	980,747	847,814	790,083	523,031	270,704
17 LCR ratio (%)	886.46%	972.15%	1003.02%	1424.29%	2439.02%

Table 2: Overview of risk weighted assets

	RWA		Minimum capital requirements
	30-Sep-23	30-Jun-23	30-Sep-23
1 Credit risk (excluding counterparty credit risk)	1,449,742	1,268,599	115,979
2 Of which: standardised approach (SA)	1,449,742	1,268,599	115,979
6 Counterparty credit risk (CCR)	37,705	27,233	3,016
10 Credit valuation adjustment (CVA)	21,118	15,473	1,689
15 Settlement risk	-	-	-
16 Securitisation	-	-	-
20 Market risk	47,776	64,422	3,822
21 Of which: standardised approach (SA)	47,776	64,422	3,822
24 Operational risk	853,764	853,764	68,301
27 Total	2,410,104	2,229,492	192,808

Table 3: Summary comparison of accounting assets vs leverage ratio exposure measure

	30-Sep 2023
1 Total consolidated assets as per published financial statements	10,963,265
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	28,970
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)	30,481
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12 Other adjustments	-
13 Leverage ratio exposure measure	11,011,063

Table 4: Leverage ratio common disclosure

	30-Sep 2023	30-Jun 2023
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10,893,415	10,377,017
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3 Total on-balance sheet exposures (excluding derivatives and SFTs)	10,893,415	10,377,017
Derivatives exposure		
11 Total derivative exposures	37,168	27,233
Securities financing transaction exposures		
16 Total securities financing transaction	50,000	-
Other off-balance sheet exposures		
19 Off-balance sheet items	30,481	28,555
Capital and total exposures		
20 Tier 1 capital	465,290	453,296
21 Total exposures	11,011,063	10,432,805
Leverage ratio		
22 Leverage ratio	4.23%	4.34%

Table 5: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	30-Jun 2023
1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	10,893,415
2 Trading book exposures	
3 Banking book exposures, of which:	10,893,415
4 Covered bonds	
5 Exposures treated as sovereigns	8,632,854
6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	
7 Institutions	1,137,714
8 Secured by mortgages of immovable properties	
9 Retail exposures	499,884
10 Corporates	608,052
11 Exposures in default	4,682
12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	10,229

Table 6: Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (30 September 2023)	31/12/22	31/3/23	30/6/23	30/9/23	31/12/22	31/3/23	30/6/23	30/9/23
EU 1b	Number of data points used in the calculation of averages								
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					4,485,995	5,493,977	6,659,453	7,869,927
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	4,499,077	5,674,335	6,947,788	8,397,795	347,378	424,246	511,033	616,002
3	Stable deposits	2,544,531	3,425,853	4,258,649	5,087,927	127,227	171,293	212,932	254,396
4	Less stable deposits	1,954,546	2,248,482	2,689,139	3,309,868	220,151	252,954	298,100	361,605
5	Unsecured wholesale funding	381,575	415,933	545,572	630,414	185,694	199,251	289,318	391,454
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	184,264	217,913	261,497	248,647	46,066	54,478	65,374	62,162
7	Non-operational deposits (all counterparties)	197,311	198,020	284,075	381,767	139,628	144,773	223,943	329,292
8	Unsecured debt								
9	Secured wholesale funding								
10	Additional requirements	35,224	64,346	109,156	183,967	19,861	42,835	79,735	138,982
11	Outflows related to derivative exposures and other collateral requirements	19,053	27,503	33,277	41,503	19,053	27,503	33,277	41,503
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	16,172	36,843	75,879	142,464	809	15,332	46,458	97,479
14	Other contractual funding obligations	131,478	175,561	180,933	146,781	128,979	172,952	177,769	143,186
15	Other contingent funding obligations	4,097	4,937	6,339	10,032	75	68	-	-
16	TOTAL CASH OUTFLOWS					681,987	839,352	1,057,854	1,289,624

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CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	71,308	71,116	58,550	58,550	69,675	68,602	54,875	40,242
19	Other cash inflows	181,037	342,947	418,292	418,292	181,037	342,947	418,292	465,170
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	252,346	414,063	476,842	476,842	250,712	411,549	473,167	505,412
EU-20a	<i>Fully exempt inflows</i>								
EU-20b	<i>Inflows subject to 90% cap</i>								
EU-20c	<i>Inflows subject to 75% cap</i>	252,346	414,063	476,842	476,842	250,712	411,549	473,167	505,412
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					4,485,995	5,493,977	6,659,453	7,869,927
22	TOTAL NET CASH OUTFLOWS					432,122	430,178	584,687	784,212
23	LIQUIDITY COVERAGE RATIO					1248.60%	1539.25%	1171.35%	1058.79%

EEA Group

Table 1: Key Metrics

	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sep-22
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	470 261	457,708	454,446	370,726	352,955
2 Tier 1	470 261	457,708	454,446	370,726	352,955
3 Total capital	470 261	457,708	454,446	370,726	352,955
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	2,460,388	2,254,724	1,935,216	1,651,644	1,510,463
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	19.11	20.30	23.48	22.45	23.37
6 Tier 1 ratio (%)	19.11	20.30	23.48	22.45	23.37
7 Total capital ratio (%)	19.11	20.30	23.48	22.45	23.37
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 (%)	1.20%	0.68%	0.59%	0.72%	0.00%
10 Other Systemically Important Institution buffer (%)	1.00%	-	-	-	-
11 Total of bank CET1 specific buffer requirements (%)	4.70%	3.18%	3.09%	3.22%	2.50%
12 CET1 available after meeting the bank's minimum capital requirements (%)	7.40	8.60	11.78	11.25	12.17
Leverage ratio					
13 Total leverage ratio exposure measure	11,033,492	10,480,336	9,618,624	8,806,892	8,098,992
14 Leverage ratio (%) (row 2 / row 13)	4.26	4.39	4.72	4.21	4.36
Liquidity Coverage Ratio					
15 Total HQLA	8,693,956	8,242,009	7,924,734	7,449,472	6,602,527
16 Total net cash outflow	980,357	805,759	785,563	518,581	270,754
17 LCR ratio (%)	886.81%	1022.89%	1008.80%	1436.51%	2438.57%

Table 2: Overview of risk weighted asset

	RWA		Minimum capital requirements
	30-Sep-23	30-Jun-23	30-Sep-23
1 Credit risk (excluding counterparty credit risk)	1,466,940	1,274,664	101,973
2 Of which: standardised approach (SA)	1,466,940	1,274,664	101,973
6 Counterparty credit risk (CCR)	37,705	27,233	2,179
10 Credit valuation adjustment (CVA)	21,118	15,473	1,238
15 Settlement risk	-	-	-
16 Securitisation	-	-	-
20 Market risk	70,275	73,007	5,841
21 Of which: standardised approach (SA)	70,275	73,007	5,841
24 Operational risk	864,350	864,347	69,148
27 Total	2,460,388	2,254,724	180,378

Table 3: Summary comparison of accounting assets vs leverage ratio exposure measure

	30-Sep 2023
1 Total consolidated assets as per published financial statements	10,985,694
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 instrument	28,970
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)	30,481
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12 Other adjustments	-
13 Leverage ratio exposure measure	11,033,492

Table 4: Leverage ratio common disclosure

30-Sep 30-Jun

	2023	2023
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10,915,844	10,424,558
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-	(10)
3 Total on-balance sheet exposures (excluding derivatives and SFTs)	10,915,844	10,424,548
Derivatives exposure		
11 Total derivative exposures	37,168	27,233
Securities financing transaction exposures		
16 Total securities financing transaction	50,000	-
Other off-balance sheet exposures		
19 Off-balance sheet items	30,481	28,555
Capital and total exposures		
20 Tier 1 capital	470,261	457,708
21 Total exposures	11,033,492	10,480,336
Leverage ratio		
22 Leverage ratio	4.26%	4.38%

Table 5: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	30-Sep 2023
1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	10,915,844
2 Trading book exposures	
3 Banking book exposures, of which:	10,915,844
4 Covered bonds	
5 Exposures treated as sovereigns	8,632,854
6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	
7 Institutions	1,144,253
8 Secured by mortgages of immovable properties	
9 Retail exposures	499,884
10 Corporates	623,938
11 Exposures in default	4,682
12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	10,233

Table 6: Quantitative information of LCR

EU 1a	Quarter ending on (30 September 2023)	Total unweighted value (average)				Total weighted value (average)			
		31/12/22	31/3/23	30/6/23	30/9/23	31/12/22	31/3/23	30/6/23	30/9/23
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,751,807	6,274,332	6,659,453	7,869,927
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	5,786,466	6,551,297	6,947,788	8,397,795	486,471	518,433	511,033	616,002
3	Stable deposits	2,544,531	3,425,853	4,258,649	5,087,927	127,227	171,293	212,932	254,396
4	Less stable deposits	3,241,935	3,125,444	2,689,139	3,309,868	359,245	347,140	298,100	361,605
5	Unsecured wholesale funding	897,011	778,719	545,557	630,637	429,783	368,730	289,303	391,407
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	184,264	217,913	261,497	248,647	46,066	54,478	65,374	62,162
7	Non-operational deposits (all counterparties)	712,747	560,805	284,060	381,720	383,717	314,251	223,929	329,245
8	Unsecured debt								
9	Secured wholesale funding								
10	Additional requirements	39,444	67,130	109,156	109,156	24,081	45,619	79,735	138,982
11	Outflows related to derivative exposures and other collateral requirements	23,273	30,287	33,277	33,277	23,273	30,287	33,277	41,503
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	16,172	36,843	75,879	75,879	809	15,332	46,458	97,479
14	Other contractual funding obligations	168,413	192,197	181,188	181,188	149,116	186,992	177,986	144,300
15	Other contingent funding obligations	4,097	4,937	6,339	6,339	75	68	-	-
16	TOTAL CASH OUTFLOWS					1,089,527	1,119,841	1,058,057	1,290,690

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CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	204,640	165,070	66,334	57,246	198,554	160,108	62,658	50,199
19	Other cash inflows	205,603	364,608	418,292	465,170	205,603	364,608	418,292	465,170
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	410,242	529,677	484,626	522,416	404,157	524,716	480,951	515,369
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	410,242	529,677	484,626	522,416	404,157	524,716	480,951	515,369
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					5,751,807	6,274,332	6,659,453	7,869,927
22	TOTAL NET CASH OUTFLOWS					685,371	597,195	577,106	775,321
23	LIQUIDITY COVERAGE RATIO					913.31%	1289.86%	1183.89%	1071.49%