

Revolut Bank



Revolut Bank UAB

Capital adequacy and risk management report (Pillar 3)
30 June 2021

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30 June 2021

Table 1: Key Metrics

	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	30,324	31,649	12,264	12,987	8,462
2 Tier 1	30,324	31,649	12,264	12,987	8,462
3 Total capital	30,324	31,649	12,264	12,987	8,462
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	14,728	31,565	25,713	18,288	31,565
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	205.89	100.27	47.70	71.02	51.1
6 Tier 1 ratio (%)	205.89	100.27	47.70	71.02	51.1
7 Total capital ratio (%)	205.89	100.27	47.70	71.02	51.1
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	1
11 Total of bank CET1 specific buffer requirements (%)	2.50	2.50	2.50	2.50	3.50
12 CET1 available after meeting the bank's minimum capital requirements (%)	201.39	95.77	43.20	66.52	46.6
Leverage ratio					
13 Total leverage ratio exposure measure	318,166	247,549	85,933	40,254	25,374
14 Leverage ratio (%) (row 2 / row 13)	9.53	12.79	14.27	32.26	33.3
Liquidity Coverage Ratio					
15 Total HQLA	288,865	208,812	68,358	32,954	19,775
16 Total net cash outflow	22,229	21,507	8,043	4,989	1,109
17 LCR ratio (%)	1,300	971	850	661	1,783

Table 2: Overview of risk weighted assets

	RWA		Minimum capital requirements
	30 Jun 2021	31 Mar 2021	30 Jun 2021
1 Credit risk (excluding counterparty credit risk)	11,955	7,404	956.4
2 Of which: standardised approach (SA)	11,955	7,404	956.4
6 Counterparty credit risk (CCR)	1,196	1,011	95.7
10 Credit valuation adjustment (CVA)	340	194	27.2
15 Settlement risk	-	-	-
16 Securitisation	-	-	-
20 Market risk	149	81	11.9
21 Of which: standardised approach (SA)	149	81	11.9
24 Operational risk	1,088	22,875	87.1
27 Total	14,728	31,565	1,178.2

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	(4,907)	b
3 Accumulated other comprehensive income (and other reserves)	30,000	c
7 Prudent valuation adjustments	-1	
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	(50)	d
10 Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	(222)	e
28 Total regulatory adjustments to Common Equity Tier 1	(272)	
29 Common Equity Tier 1 capital (CET1)	30,324	
44 Additional Tier 1 capital (AT1)	-	
45 Tier 1 capital (T1 = CET1 + AT1)	30,324	
Tier 2 capital: instruments and provisions		
58 Tier 2 capital (T2)	-	
59 Total regulatory capital (TC = T1 + T2)	30,324	
60 Total risk-weighted assets	14,728	
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	205.89%	
62 Tier 1 (as a percentage of risk-weighted assets)	205.89%	
63 Total capital (as a percentage of risk-weighted assets)	205.89%	
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)	2.5%	
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	201.39%	

Table 4: Balance sheet reconciliation

	30 Jun 2021	Cross reference to the own funds
Assets		
Cash and balances with central banks	290,930	
Due from banks	2,759	
Derivatives	700	
Due from other financial institutions	9,873	
Loans and advances to customers	6,569	
Property, plant and equipment	34	
Intangible assets	50	d
Deferred tax assets	222	
<i>of which deferred tax assets that rely on future profitability excluding those arising from temporary differences</i>	222	e
Other assets	926	
Total assets	312,063	
Liabilities		
Derivatives	8	
Due to customers	264,914	
Due to other financial institutions	14,998	
Other liabilities	1,131	
Provisions	26	
Total liabilities	281,077	
Equity attributable to equity holders of parent		
Issued capital	5,503	
<i>of which CET1 paid-in share capital</i>	5,503	a
Reserve capital	30,000	c
Retained earnings	(4,907)	b
Other reserves	390	
Total equity	30,986	
Total liabilities and equity	312,063	

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 (EUR 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	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, 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

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

Breakdown by country	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements			Own funds requirement weights	
	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	6,855	-	-	-	-	-	448	-	-	448	44.4%
United Kingdom	5,900	-	-	-	-	-	472	-	-	472	46.8%
Poland	1,483	-	-	-	-	-	89	-	-	89	8.8%
Total	14,238	-	-	-	-	-	1,009	-	-	1,009	100%

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

	30 Jun 2021
1 Total consolidated assets as per published financial statements	312,063
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	496
9 Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-
10 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	5,879
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12 Other adjustments	(272)
13 Leverage ratio exposure measure	318,166

Table 8: Leverage ratio common disclosure

	30 Jun 2021	31 Mar 2021
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	311,363	246,810
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(272)	(520)
3 Total on-balance sheet exposures (excluding derivatives and SFTs)	311,092	246,290
Derivatives exposure		
11 Total derivative exposures	1,196	1,011
Securities financing transaction exposures		
16 Total securities financing transaction	-	-
Other off-balance sheet exposures		
19 Off-balance sheet items	5,879	248
Capital and total exposures		
20 Tier 1 capital	30,324	31,649
21 Total exposures	318,166	247,549
Leverage ratio		
22 Leverage ratio	9.53%	12.79%

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

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Central governments and central banks	-	290,930	-	-	-	-	290,930
Institutions	-	2,760	-	-	-	-	2,760
Retail	6	10,431	87	-	-	87	10,350
Consumer loans	3	5,444	32	-	-	32	5,415
Credit cards on-balance	3	1,192	41	-	-	41	1,154
Credit cards off-balance	-	3,795	14	-	-	14	3,781
Corporates	-	16,270	12	-	-	12	16,258
Other	-	87	-	-	-	-	87
Total standardised approach	6	320,478	99	-	-	99	320,385

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		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Lithuania	6	309,475	15	-	-	15	309,466
Poland	-	2,981	72	-	-	72	2,909
Luxembourg	-	2,111	-	-	-	-	2,111
Great Britain	-	5,911	12	-	-	12	5,899
Total	6	320,478	99	-	-	99	320,385

Table 11: Ageing of past-due exposures

	Gross carrying values					
	<= 30 days	> 30 days <= 60 days	> 60 days <= 90 days	> 90 days <= 180 days	> 180 days <= 1 year	> 1 year
Consumer lending	54	12	15	9	-	-

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	6,563	9,873	9,873	-	-
Of which defaulted	6	-	-	-	-

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

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Central governments and central banks	290,930	-	290,930	-	-	0%
Institutions	2,760	-	2,760	-	552	20%
Corporates	10,745	5,513	873	5,513	6,385	100%
Retail exposures	6,563	3,781	6,564	-	4,923	75%
Exposures in default	6	-	6	-	8	150%
Other assets	87	-	87	-	87	100%
Total	311,091	9,294	301,220	5,513	11,955	4%

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%	150%	
Central governments and central banks	290,390	-	-	-	-	290,930
Institutions	-	2,760	-	-	-	2,760
Corporates	-	-	-	6,386	-	6,386
Retail exposures	-	-	6,564	-	-	6,564
Exposures in default	-	-	-	-	6	6
Other assets	-	-	-	87	-	87
Total	290,390	2,760	6,564	6,473	6	306,733

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

		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post- CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	52	802		1.4	2,092	1,196	1,196	1,196
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					2,092	1,196	1,196	1,196

Table 16: CVA capital charge

		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	(i) VaR component (including the 3x multiplier)		-
3	(ii) SVaR component (including the 3x multiplier)		-
4	All portfolios subject to the standardised method	1,196	340
5	Total subject to the CVA capital charge	1,196	340

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

	Risk weight					Total	Of which unrated
	0%	20%	75%	100%	150%		
Corporates	-	-	-	1,196	-	1,196	1,196