Revolut Bank

Revolut Bank UAB

Capital adequacy and risk management report (Pillar 3)

30 September 2022

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Capital adequacy and risk management report (Pillar 3) 30 September 2022

(all amounts in EUR thousand unless stated otherwise)

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 (the Group) consolidated situation as at 30 September 2022.

The Bank

Table 1: Key Metrics

		30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
	Available capital (amounts)				
1	Common Equity Tier 1 (CET1)	346,697	175,346	88,664	91,327
2	Tier 1	346,697	175,346	88,664	91,327
3	Total capital	346,697	175,346	88,664	91,327
	Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	1,512,920	392,125	63,897	24,500
	Risk-based capital ratios as a percentage of RWA				
5	Common Equity Tier 1 ratio (%)	22.92	44.72	138.76	372.77
6	Tier 1 ratio (%)	22.92	44.72	138.76	372.77
7	Total capital ratio (%)	22.92	44.72	138.76	372.77
	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
9	Countercyclical buffer requirement (%)	0	0	0	0
11	Total of bank CET1 specific buffer requirements (%)	2.50	2.50	2.50	2.50
12	CET1 available after meeting the bank's minimum capital requirements (%)	18.42	40.22	134.26	368.27
	Leverage ratio				
13	Total leverage ratio exposure measure	8,094,305	2,340,614	1,618,010	840,558
14	Leverage ratio (%) (row 2 / row 13)	4.28	7.49	5.48	10.87
	Liquidity Coverage Ratio				
15	Total HQLA	6,602,527	1,763,593	1,517,131	798,881
16	Total net cash outflow	270,704	60,369	144,919	97,353
17	LCR ratio (%)	2,439.02	2,921.33	1,046.88	820.60

Table 2: Overview of risk weighted assets

		RWA		Minimum capital requirements
		30 Sep 2022	30 Jun 2022	**30 Sep 2022**
1	**Credit risk (excluding counterparty credit risk)**	921,370	379,566	73,710
2	Of which: standardised approach (SA)	921,370	379,566	73,710
6	Counterparty credit risk (CCR)	24,302	9,223	738
10	Credit valuation adjustment (CVA)	13,808	2,620	1,105
15	Settlement risk	-	-	-
16	Securitisation	-	-	-
20	**Market risk**	13,052	716	1,044
21	Of which: standardised approach (SA)	13,052	716	1,044
24	**Operational risk**	540,388	-	43,231
25	Of which: standardised approach (SA)	*540,388*	-	*43,231*
27	**Total**	1,512,920	392,125	121,034

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

		30 Sep 2022
1	Total consolidated assets as per published financial statements	8,082,849
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	9,065
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)	2,399
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	(8)
13	Leverage ratio exposure measure	8,094,305

Table 4: Leverage ratio common disclosure

		30 Sep 2022	30 Jun 2022
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	8,058,962	2,334,721
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(8)	(3,736)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	8,058,954	2,330,986
	Derivatives exposure		
11	Total derivative exposures	32,952	7,969
	Securities financing transaction exposures		
16	Total securities financing transaction	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet items	2,399	1,660
	Capital and total exposures		
20	Tier 1 capital	346,697	175,346
21	Total exposures	8,094,305	2,340,614
	Leverage ratio		
22	Leverage ratio	4.28%	7.49%

The Group

Table 1: Key Metrics

		30 Sep 2022	30 Jun 2022
	Available capital (amounts)		
1	Common Equity Tier 1 (CET1)	385,325	260,163
2	Tier 1	385,325	260,163
3	Total capital	385,325	260,163
	Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	1,510,463	760,826
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	25.38	34.19
6	Tier 1 ratio (%)	25.38	34.19
7	Total capital ratio (%)	25.38	34.19
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50	2.50
9	Countercyclical buffer requirement (%)	0	0
11	Total of bank CET1 specific buffer requirements (%)	2.50	2.50
12	CET1 available after meeting the bank's minimum capital requirements (%)	20.88	29.69
	Leverage ratio		
13	Total leverage ratio exposure measure	8,098,992	6,809,438
14	Leverage ratio (%) (row 2 / row 13)	4.73	3.82
	Liquidity Coverage Ratio		
15	Total HQLA	6,602,527	2,616,247
16	Total net cash outflow	270,754	972,729
17	LCR ratio (%)	2,438.57	268.96

Table 2: Overview of risk weighted assets

		RWA	RWA	Minimum capital requirements
		30 Sep 2022	30 Jun 2022	30 Sep 2022
1	**Credit risk (excluding counterparty credit risk)**	922,311	479,298	73,785
2	Of which: standardised approach (SA)	*922,311*	*479,298*	*73,785*
6	Counterparty credit risk (CCR)	24,302	15,241	1,944
10	Credit valuation adjustment (CVA)	13,808	8,659	1,105
15	Settlement risk	-	-	-
16	Securitisation	-	-	-
20	**Market risk**	13,052	158,786	1,044
21	Of which: standardised approach (SA)	*13,052*	*158,786*	*1,044*
24	**Operational risk**	536,990	98,842	42,959
25	Of which: standardised approach (SA)	*536,990*	*98,842*	*42,959*
27	**Total**	1,510,463	760,826	120,837

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

		30 Sep 2022
1	Total consolidated assets as per published financial statements	9,541,152
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	9,065
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)	2,399
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	(1,453,624)
13	Leverage ratio exposure measure	8,098,922

Table 4: Leverage ratio common disclosure

		30 Sep 2022	30 Jun 2022
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	9,517,266	8,250,055
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,453,624)	(1,462,459)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	8,063,642	6,787,596
	Derivatives exposure		
11	Total derivative exposures	32,952	20,182
	Securities financing transaction exposures		
16	Total securities financing transaction	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet items	2,399	1,660
	Capital and total exposures		
20	Tier 1 capital	383,325	260,163
21	Total exposures	8,098,992	6,809,438
	Leverage ratio		
22	Leverage ratio	4.73%	3.82%