Revolut Bank

Revolut Bank UAB

Annual report and financial statements
for the year ended 31 December 2023

Revolut Bank

Contents

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Revolut Bank UAB:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Revolut Bank UAB (hereafter – „the Bank"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Key Audit Matter	**How the matter was addressed in our audit**
Recognition of fee and commission income (see Note 9)	
The Bank is engaged in retail and wholesale financial services, including but not limited, to accepting deposits, consumer lending, card payment services, saving vaults and other business products, which are subject to the commission and fee income. The Bank's fee and commission income for the year 2023 amounted to EUR 704.8 million. The Bank has a revenue recognition process that has a significant automation component, where relevant fees are charged directly from the customer account according to the contractual commissions, subscription and other fees rates.	Among others, we have performed the following audit procedures: ● We gained an understanding of the Bank's revenue recognition process and assessed whether the Bank's accounting policy for recognising fee and commission income meets the requirements of the International Financial Reporting Standards as adopted by the European Union. ● We have identified the relevant IT systems that are involved in transaction processing and revenue recognition and have tested whether their respective controls have been designed and implemented properly and are operating effectively.

Fees and commission income are the key indicators of the Bank's financial performance, and their accurate and complete recognition highly depends on the reliability of the automated IT systems. Both the significance of revenue to the Bank's financial results, as well as the complexity of the IT systems used to recognise them, lead to the conclusion of revenue being a key audit matter.	• We have reviewed ETL scripts that are used to extract, transform and load customer data into an aggregate output and verified that these scripts ensure an accurate transfer of data. • We have selected a sample of revenue records and compared them with the details in the Bank's system, where these transactions are recorded and with third-party systems, on which these transactions were initiated. • We have checked whether the commission charged for relevant transactions corresponds to the rates applied by the Bank and was calculated correctly. • We have tested whether subscription revenues were deferred correctly over the period of the subscription. • We have evaluated the sufficiency and appropriateness of disclosures related to revenue recognition in the financial statements of the Bank.

Other Matter

The financial statements of the Bank for the year ended 31 December 2022 were audited by another auditor, who expressed an unqualified opinion on those financial statements on 15 April 2023 with an emphasis of matter paragraphs referring to the Bank's significant dependence on Revolut LTD technological and operational support, transfer pricing documentation that has not been yet approved by the tax administrator, Value added tax receivable that has not been yet submitted, reviewed and approved by the Lithuanian tax authority and the comparability with the previous year financial statements.

Other information

The other information comprises the information included in the Bank's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Bank's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether annual report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the financial statements, in our opinion, in all material respects:

- The information given in the Bank's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Bank's annual report has been prepared in accordance with the requirements of the Law on Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under the decision of the general Shareholders meeting on 30 June 2023 we were elected for the first time to audit the Bank's financial statements. The total uninterrupted term of appointment is 1 year.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the audit report for the financial statements presented to the Bank and its Audit Committee.

We confirm that to the best of our knowledge and belief, services provided to the Bank are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, in addition to the audit of the financial statements, we have provided the financial statements translation service and agreed upon procedures on the data used for the calculation of ex-ante contribution to the Single Resolution Fund.

The audit engagement partner on the audit resulting in this independent auditor's report is Romanas Skrebnevskis.

Auditor Romanas Skrebnevskis
Auditor's certificate No. 000471

ROSK Consulting UAB
Audit company's certificate No. 001514

Vilnius, Lithuania
17 April 2024

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report

Annual Report

1. Reporting period covered by this report

This annual report is prepared for the annual period of 2023. Annual report covers the information on Revolut Bank UAB (further referred to as the Bank).

2. Overview of the Bank's status and development

The Bank is a credit institution incorporated and licensed in the Republic of Lithuania with company number 304580906 and authorisation code LB000482 and whose registered office is at Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania. The Bank was granted a specialised banking licence in December 2018, and a "full" banking licence in December 2021 to offer payment, deposit, credit products and other services to its customers in accordance with Articles 4(2), 4(3) and Article 9 (2-1) of the Law on Banks of the Republic of Lithuania. The Bank is directly supervised by the Bank of Lithuania (further referred to as BOL). The BoL adopted a decision to designate the Bank as Other Systemically Important Institution (O-SII) on 20 December 2022. As a consequence, in January 2024 Revolut Bank UAB fell under joint supervision by the Bank of Lithuania and the European Central Bank (Joint Supervisory Mechanism) and the European Single Resolution Board (Single Resolution Mechanism).

On 17 January 2024 the Swiss Financial Market Supervisory Authority (FINMA) granted a licence for Revolut Bank UAB and its affiliate Revolut Securities Europe UAB to set up a joint representation of a foreign bank and a foreign brokerage entity in Switzerland.

The Bank is a wholly owned subsidiary of Revolut Holdings Europe UAB (further referred to as RHE) which in turn is a wholly owned subsidiary of Revolut Group Holdings Ltd (further referred to as Group TopCo).

On the 1st July 2022, the Bank merged with Revolut Payments UAB, thereby simplifying the offering to its customers as well as streamlining the organisational structure.

Revolut Bank UAB has registered the following branches in the EU:

- Revolut Bank UAB (Belgian Branch), which was incorporated on 19th April 2021, registered address: Louise Centre, Stephanie Square Centre, Avenue Louise 65, 1050 Brussels, Belgium
- Revolut Bank UAB (Netherlands Branch), which was incorporated on 9th August 2022, registered address: Avenue Barbara Strozzi 201, 1083 HN Amsterdam, Netherlands
- Revolut Bank UAB - Sucursal em Portugal (Portugal Branch), which was incorporated on 18th May 2022, registered address: Sitio, Rua do Campo Alegre, 774 Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4150 171 Porto, Portugal
- Revolut Bank UAB Magyarországi Fióktelepe (Hungarian Branch), which was incorporated on 14th January 2021, registered address: Radnóti Miklós utca 2, 1137 Budapest, Hungary
- Revolut France succursale de Revolut Bank UAB (French Branch), which was incorporated on 12th July 2022, registered address: 3 Rue de Stockholm (Patchwork) Saint Lazare, 75008 Paris, France
- Revolut Bank UAB (Irish Branch), which was incorporated on 4th May 2022, registered address: 2 Dublin Landings, North Dock, Dublin 1, Ireland
- Revolut Italia, Branch di Revolut Bank UAB (Italian Branch), which was incorporated on 19th April 2022, registered address: Via Archievescovo, Calabiana, 6, 20139 Milano, Italy

- Revolut Bank UAB, Zweigniederlassung Deutschland, Germany, which was incorporated on 17th January 2023, registered address: Gontardstraße 11, 10178 Berlin, Germany
- Revolut Bank UAB Sucursal En España, which was incorporated on 7th March 2023, registered address: C/ Serrano 20 - Cloudworks Madrid, 28001 Madrid, Spain. NIF code W0250845E.
- Revolut Bank UAB Vilnius Sucursala Bucuresti - Romanian Branch, which was incorporated on 7th June 2023, registered address: Bucureşti Sectorul 1, Bulevardul ION MIHALACHE, Nr. 15-17, Mindspace Victoriei, biroul 111, cladirea Tower Center International, Etaj 1, Romania. Romanian Trade Register number: J40/10350/06.06.2023.

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

Revolut Bank UAB is currently offering the following products via the Revolut financial app:

- **Deposits to private individuals**: Instant access, non-interest-bearing demand deposits to retail customers in over 30+ currencies in 30 countries in the EEA
- **Consumer lending to private individuals**:
  - Revolut Personal Loans are currently available to eligible customers based in Lithuania, Poland, Ireland, Romania, Spain, Germany and France
  - Credit Cards are currently available to eligible customers based in Lithuania, Poland, Ireland and Spain
  - Pay Later can be accessed by eligible customers based in Ireland and Poland
- **Savings Vaults**: interest-bearing accounts are currently offered in Poland
- **Insurance products (via its affiliate Revolut Insurance Europe UAB (RIE))**: RIE is authorised to provide insurance distribution services of the following products after it went live in July 2022.
  - Travel insurance
  - Purchase Protection, Refund Protection and Event (ticket) Cancellation Insurance
  - Cancellation for any reason Insurance
  - Car Insurance (in Ireland)
- **Investment Services (via its affiliate Revolut Securities Europe UAB (RSE)):** RSE is authorised to provide the following investment services and ancillary services after it went live in Q1 2023.
  - Investment services:
    - Reception and transmission of orders
    - Execution of orders for the account of clients
    - Management of financial instruments portfolio
    - Provision of investment recommendations
  - Ancillary services:
    - Safekeeping, accounting and management of financial instruments for the account of clients, including custodianship and other related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level
    - Foreign exchange services where these are related to the provision of investment services
    - Investment research and financial analysis or other forms of general recommendations relating to transactions in financial instruments
    - Under MiFID II, currently, US and EEA listed stocks, money market funds and exchange traded funds are offered
    - US and EEA Listed Stocks

- Money Market funds (available in Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Finland, Germany, Greece, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Slovakia, Slovenia, Spain, Sweden and Ireland)
- Exchange Traded Funds

- **Business products**: The Bank currently offers the following financial products to Business customers via the App:
  - **Multi-currency accounts**: businesses are able to hold and transact in different currencies from one main account
  - **Global Payments**:
    - Business customers are able to utilise several inbound and outbound payment types, e.g. Instant, Local, International, Card, Direct Debits, payout links, QR codes
    - Physical and virtual debit cards which can be utilised globally
    - Corporate cards
  - **Expense management**:
    - Platform for expense tracking and management
    - Ability to add several users and customise levels of access and permissions
    - API integrations: the business product integrates with various accounting softwares
    - Tools for businesses; invoices, analytics, expenses and rewards

The Bank is providing financial services to its customers via the Revolut Group global financial super app. It offers retail and business customers an ever-expanding range of financial services that are superior to legacy banks in both speed and quality and with greater control over their finances. With a service that is both data-driven and personalised, Revolut empowers customers to achieve financial independence and security through smarter, more informed decisions about how they spend, save or grow their money.

There are no physical branches and all customer support is provided via mobile-app/web-app chat.

The Equity of the Bank was at EUR 578 million as of 31 December 2023 (EUR 397 million as of 31 December 2022). The Total Assets of the Bank comprised EUR 12,091 million as of 31 December 2023 (EUR 8,780 million as of 31 December 2022). During 2023, the Bank earned EUR 351 million of interest income and EUR 705 million gross commission income (EUR 40 million and EUR 444 million in 2022). In 2023, the Bank earned a profit of EUR 78 million (EUR 24 million in 2022).

The Bank’s compliance with prudential ratios as of 31 December 2023 (per cent) is presented in the table below:

Total Capital Ratio	23.4%
Leverage Ratio	4.3%
Liquidity coverage ratio (LCR)	622%
Net stable funding ratio (NSFR)	411%

As at 31 December 2023 and 2022 Revolut Bank UAB did not hold any own shares. No treasury shares were acquired or transferred during the reporting period.

Revolut Bank UAB did not carry out any research and development activities during the reporting period.

Revolut Bank UAB does not monitor the impact of its activities on the environment in isolation, but was included in the Revolut Group analysis at a global level. Revolut measures the Group's carbon footprint through the software platform, Watershed. The group also measures its Scope 1, 2, and 3 emissions, which covers the entirety of the business operations, including the staff (e.g. commuting and business travel), offices, products (including cards, marketing costs and servers), as well as its business partners and suppliers.

Revolut Bank UAB considers climate risk as part of its risk taxonomy, see further under Note 6.1.8 ESG risk.

3. Strategy and plans

Revolut Bank UAB currently operates in 30 EEA countries and offers many of its products and services to customers at low cost. This model has been proven successful in building a customer base and increasing customer usage of the Bank's services. The main aim of the Bank is to become the primary account provider for its customers. An important step to achieve this target is the ability to offer current accounts with local IBANs. The Bank has established a series of branches in certain EEA member states, in order to facilitate the provision of local account details to Revolut customers in the respective country, once they have migrated to their local branch. As of the end of 2023, Lithuanian, Polish, Romanian, French, Irish, Spanish and Dutch customers have accounts with respective local IBANs, while all other EEA customers continue to have Lithuanian denominated account details (i.e. have Lithuanian IBANs).

Furthermore, the Bank aims to deliver on its strategy of offering different forms of consumer finance across EU markets with clear emphasis on localisation.

In addition, on 17 January 2024 the Swiss Financial Market Supervisory Authority (FINMA) granted a licence for Revolut Bank UAB and Revolut Securities Europe UAB to set up a joint representation of a foreign bank and a foreign securities firm. Once this licence has been operationalised, the existing Swiss customer base will be migrated from Revolut Ltd to the Bank. The Bank will only use the Representative Office to market its services in Switzerland and new Swiss customers will be onboarded directly to the Bank.

In 2023, Revolut Bank UAB has also extended the cooperation with its EU sister entities, Revolut Insurance Europe UAB to provide insurance products to the Bank's customers and Revolut Securities Europe UAB, to provide investment and brokerage services.

4. Organisational structure

The organisational structure of the Bank represents the specifics of the business model, where provision of the banking services is backed by advanced technologies and where a number of services and support functions are partially or fully outsourced to affiliates and other third parties.

The Supervisory Council (SC) is comprised of five non-executive directors who set out the strategy of the Bank and supervise executive management in its decision making in relation to the strategy implementation.

The Supervisory Council nominates the Bank's Management Board (MB), which is currently comprised of five executives from the key areas of the business: the Chief Executive Officer (CEO), the Chief Information Officer (CIO), the Chief Financial Officer (CFO), the Chief Compliance Officer (CCO) / Deputy CEO and the Chief Risk Officer (CRO). The Management Board implements the strategy set by the Supervisory Council and is responsible for the day to day decision making in relation to that implementation.

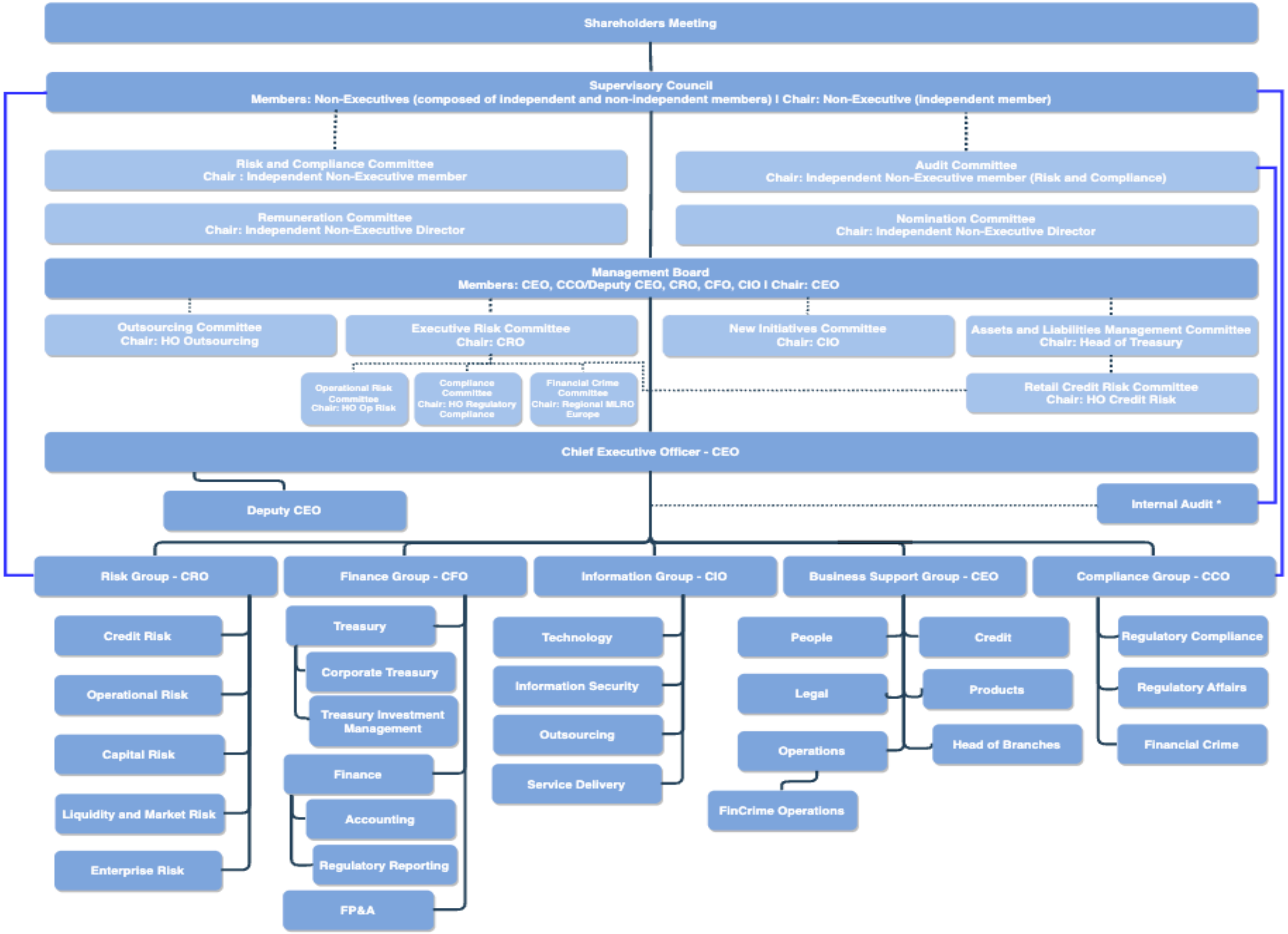
The Supervisory Council delegates specific duties to the following sub-committees: (i) the Bank's Audit Committee, (ii) the Risk and Compliance Committee, (iii) the Remuneration Committee and (iv) the Nomination Committee.

The Management Board has established an Executive Risk Committee (ERC) for controlling and monitoring the risk profile of the Bank as well as an Asset and Liability Management Committee (ALCO) for controlling and monitoring day to day credit and treasury related operations of the business within the risk appetite set out by the Supervisory Council and the Management Board. Due to the great importance of services and technology outsourcing and constant change management to the business model, the Management Board further established a dedicated Outsourcing Committee and New Initiatives Committee.

In addition to other responsibilities related with chairing and being a member of the Management Board and leading the Business Support Group, the CEO heads the administration of the Bank and manages day to day commercial operations with responsibilities of:

- administration of the office and infrastructure;
- day to day supervision of the staff;
- routine communication with the regulatory authorities.

Table: organisational structure - roles and responsibilities of the SC, the MB and the committees


Shareholders Meeting
Supervisory Council
Members: Non-Executives (composed of independent and non-independent members) I Chair: Non-Executive (independent member)
Risk and Compliance Committee
Chair : Independent Non-Executive member
Audit Committee
Chair: Independent Non-Executive member (Risk and Compliance)
Remuneration Committee
Chair: Independent Non-Executive Director
Nomination Committee
Chair: Independent Non-Executive Director
Management Board
Members: CEO, CCO/Deputy CEO, CRO, CFO, CIO I Chair: CEO
Outsourcing Committee
Chair: HO Outsourcing
Executive Risk Committee
Chair: CRO
New Initiatives Committee
Chair: CIO
Assets and Liabilities Management Committee
Chair: Head of Treasury
Operational Risk Committee
Chair: HO Op Risk
Compliance Committee
Chair: HO Regulatory Compliance
Financial Crime Committee
Chair: Regional MLRO Europe
Retail Credit Risk Committee
Chair: HO Credit Risk
Chief Executive Officer - CEO
Deputy CEO
Internal Audit *
Risk Group - CRO
Finance Group - CFO
Information Group - CIO
Business Support Group - CEO
Compliance Group - CCO
Credit Risk
Operational Risk
Capital Risk
Liquidity and Market Risk
Enterprise Risk
Treasury
Corporate Treasury
Treasury Investment Management
Finance
Accounting
Regulatory Reporting
FP&A
Technology
Information Security
Outsourcing
Service Delivery
People
Legal
Operations
FinCrime Operations
Credit
Products
Head of Branches
Regulatory Compliance
Regulatory Affairs
Financial Crime

5. Strategy execution

The Bank's EEA strategy execution is driven by the product offering which is designed to target the mass market of consumers who are not satisfied with the way they are served by traditional banks. The competitive advantage stems from the following client-centric principles:

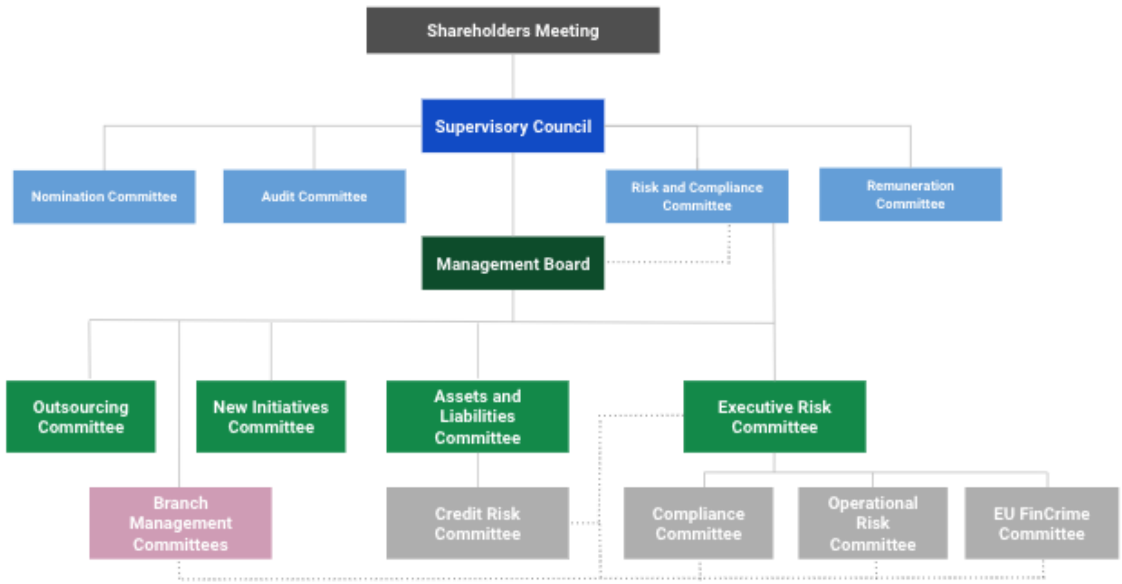
- All-in-one mobile application ('financial super app'): the Bank offers its customers in EEA a unique all-in-one product where all customer's financial needs are covered in one easy to use mobile application;
- Fair and Transparent Pricing: the Bank offers a strong value proposition by minimising the cost of daily banking services and providing it with disruptive technology;
- Single Digital Channel of Service Delivery: Bank's services are offered only through the internet. There are no physical branches for customer engagement, and all customer service is provided via the in-app chat. This allows the Bank to maximise scalability and consistency of customer experience while reducing overhead and operating costs, with savings passed through to customers.

The Bank and its branches in EEA entities utilise an outsourcing model, mainly through outsourcing arrangements to other Revolut Group entities. This includes using Revolut Group's proprietary, mobile digital platform that delivers a seamless client experience across a wide range of financial services.

6. Governance structure

The Bank has a two-tier Board structure, which consists of the Supervisory Council and the Management Board. The Supervisory Council is composed of five Non-Executive Directors, the majority of whom are Independent. As of 31 December 2023, the Management Board is composed of five Executive Directors.

The governance structure is outlined below.



The Supervisory Council is a collegial body which supervises the activities of the Management Board. The Supervisory Council approves the Bank's Business Strategy and monitors the Management Board progress in implementing the Strategy. The Supervisory Council reviews items that are most significant for the Bank. This forum is assisted by four Committees as follows: 1) the Audit Committee; 2) the Risk & Compliance Committee; 3) the Remuneration Committee; and 4) the Nomination Committee. The purposes of the aforementioned Committees is outlined below.

The Audit Committee assists the Supervisory Council in its activities, whilst ensuring the internal audit function is efficient, remains independent and has sufficient authority. Further, the Committee assists the Supervisory Council in assuring the quality of financial statements for the Bank. The Committee is comprised of three members of the Supervisory Council, the majority of whom are Independent.

The Risk and Compliance Committee assists the Supervisory Council in the oversight of risk and compliance related matters and the principal risks impacting the Bank, including risk governance and internal control systems, as well as overseeing the effectiveness of the Banks Enterprise Risk Management Framework. The Committee is comprised of three members of the Supervisory Council, the majority of whom are Independent.

The Remuneration Committee assists the Supervisory Council in supervising the Bank's Remuneration policies and practices and submits recommendations to the Supervisory Council regarding decisions on remuneration for members of the Management Board and the Bank's Material Risk Takers. The Committee was established in May 2023 and is comprised of three members of the Supervisory Council. All Members of the Committee are Independent.

The Nomination Committee assists the Supervisory Council in reviewing the size, structure, composition, diversity and succession plans for both the Management Board and Supervisory Council and submits recommendations to the Supervisory Council, or Shareholder where appropriate, regarding decisions on appointing members to the Management Board or Supervisory Council. The Committee also assists the Supervisory Council in reviewing the proposed training for the Management Board and Supervisory Council and the Induction Plan for new members to the Supervisory Council. The Committee was established in May 2023 and is comprised of three members of the Supervisory Council. All Members of the Committee are Independent.

The Management Board is a collegial body comprised of five executive members elected by the Supervisory Council. The Management Board implements the Business Strategy approved by the Supervisory Council, monitors the performance of the Bank and makes decisions on the day to day running of the Bank as authorised in the Articles of Association and Terms of Reference. The Management Board is supported by four Committees as follows: 1) The Executive Risk Committee; 2) The Assets and Liabilities Management Committee; 3) New Initiatives Approval Committee; and 4) The Outsourcing Committee. The purposes of the aforementioned Committee is outlined below. The Chair of the Management Board is the CEO.

The Executive Risk Committee is a committee of the Management Board, which focuses mainly on the non-financial risk related aspects in such areas as operational risk, financial crime risk, conduct and compliance risk, strategic risk. The Committee monitors the Bank's risk profile against its risk appetite and approves risk mitigation measures in case of risk limit breaches or risk incidents, overseeing the remediation of control deficiencies and escalates matters to the Management Board and/or Risk & Compliance Committee and Supervisory Council as appropriate. The Committee is supported by three sub-committees: 1) Operational Risk Committee; 2) Compliance Committee; and 3) The Financial Crime Committee. The Executive Risk Committee is chaired by the Chief Risk Officer.

The Assets and Liabilities Committee is a committee of the Management Board responsible for the management and optimisation of the Bank's balance sheet and the firm's financial asset investments, capital adequacy, management of counterparty and issuer credit risks, liquidity and funding risks and forecasts, funds transfer pricing, interest rate risks and other market risks of the organisation. The Committee is supported by one sub-committee, the Retail Credit Risk Committee. The Committee is chaired by the Head of Treasury.

New Initiatives Approval Committee is a committee of the Management Board which provides the oversight function for all new initiatives applicable to the Bank. It oversees the connection between these new initiatives and the various support and control functions to ensure that the initiatives implementation are aligned to the Business Plan, risks are identified and controlled, operational readiness is reached for the initiative's launch, and relevant regulatory requirements are met. The Committee Chair is the Chief Information Officer.

The Outsourcing Committee is a committee of the Management Board responsible for ensuring adequate coverage/discussion of the key risks in the area of Outsourcing. The Committee Chair is the Head of Outsourcing.

7. 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 assessments of the efficiency of risk management processes and the internal control framework.

The first line of defence comprises all the risk-taking functions of the Bank. 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 the Bank and consists of the Risk Management Function and the Compliance Function covering the Regulatory Compliance, the Regulatory Affairs and the Financial Crime Functions.

The Risk Management Function, headed by the Chief Risk Officer, is responsible for:

- Implementing and maintaining the Risk Management Framework with all of its components:
  - Definition 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 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, Risk and Compliance Committee, 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 for risk reporting, risk monitoring and remediation of risk limit breaches, risk incidents and any 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 Bank's controls, 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 via the Risk and Compliance Committee and administratively to the CEO.

The Compliance Function is split into the Regulatory Compliance, the Regulatory Affairs and the Financial Crime Compliance Functions. The Compliance function is headed by the Chief Compliance Officer.

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 Regulatory Affairs Function is responsible for engaging with the regulators, coordinating regulatory inquiries and regulatory requirements implementation.

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

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

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

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

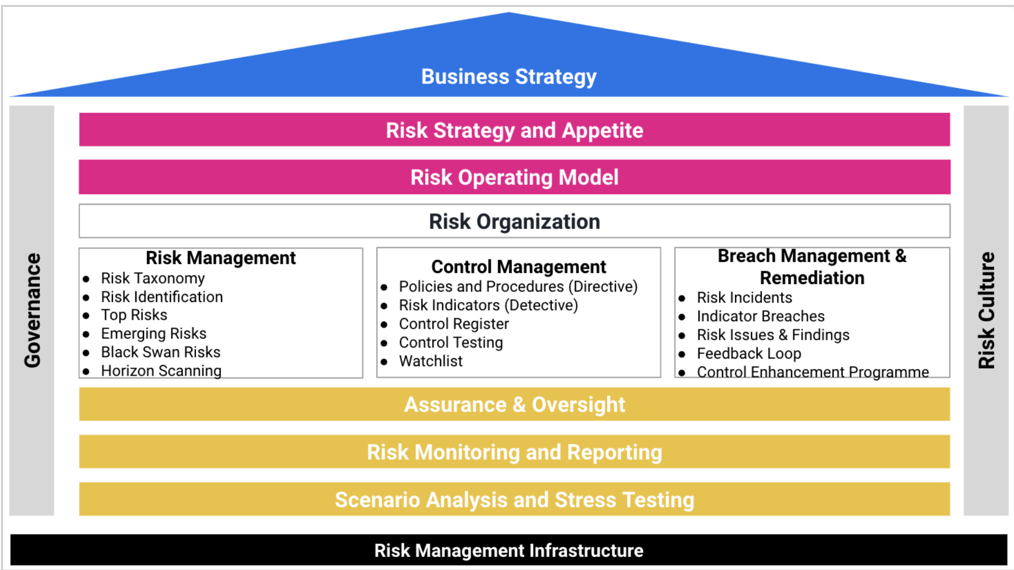
The Head of Internal Audit functionally reports to the Supervisory Council (via the Audit Committee) and administratively to the CEO.

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

7.1 Risk management strategy

The Bank's strategy for managing risks is established in the Enterprise Risk Management Framework (ERMF) and the Risk Appetite Statement (RAS) which are approved by the Bank's Supervisory Council (SC). This ensures that the Bank actively manages risks that may impact its strategies, customers, regulatory compliance, financial resources, operations, and the achievement of its business objectives.

Revolut Bank's ERMF consists of the elements illustrated below:



The main purpose of the ERMF is to establish the Bank's risk management strategy and to ensure that:

- The risk management process is developed and managed throughout the entity in a consistent and sound manner

- Risk management is embedded throughout Revolut Bank promoting a culture of risk awareness and risk ownership
- Revolut Bank has robust systems of risk management in place and is able to demonstrate that if requested
- The Bank has the tools and processes required to enhance risk decisions throughout the organisation

The ERMF is supported by the RAS where management determines the significant risks and aggregate risk levels it is willing to accept in order to achieve its vision and strategy. The SC formally articulates the boundary levels for the various types of risk the business faces through qualitative statements.

7.2 Risk Appetite Statement

The Risk Appetite Statement is the expression of the level of risk that the Bank is prepared to accept in order to deliver on its vision and strategy. It indicates minimum risk management standards to enable the Bank to manage its risks effectively and demonstrate compliance with relevant regulations.

In addition, the Bank expresses risk appetite using qualitative appetite statements supported by quantitative metrics monitored in the Risk Management System (Risk Back-Office). Qualitative risk appetite statements serve the purposes of guiding the organisation towards decision making with regards to acceptance of risks, design of controls and assessment of their adequacy.

The Bank has established a system of Key Risk Indicators (KRIs) which act as preventive and detective controls. For each quantitative KRI supporting the implementation of the Risk Appetite Statement, Level 1, Level 2 and Level 3 KRI limits are defined. Some KRIs act as recovery indicators and thus also have a Level 4 limit set. Regulatory limits are always part of RAS KRIs.

RAS KRIs are a subset of all such indicators and include only those with a defined escalation path up to the Bank's Supervisory Council. Non-RAS KRIs and Business Control Indicators (BCIs) cover other level 2 risks according to the internally defined risk taxonomy as well as some additional aspects of the financial, operational and compliance risks. They focus primarily on operational performance and incidents, customer service, compliance with legal and regulatory requirements, business growth and performance of the entity. Their governance is covered by internal procedures.

7.3 Financial risk management

Financial risk is the risk of losing money on business or investment decisions; it encompasses the risk to the Bank's profit and loss, capital and/or liquidity position. The financial risk assessment of Revolut Bank encompasses the following elements:

1. Funding and liquidity risk
2. Retail and wholesale credit risk
3. Market risk including Interest Rate Risk in the Banking Book (IRRBB) and Credit Spread Risk in the Banking Book (CSRBB).

Revolut Bank applies the standardised approach in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for institutions in order determine the capital required to adequately cover its financial risk.

Revolut Bank uses OTC derivatives in the form of fx swaps and fx forwards to hedge its currency risk.

Details of the Bank's management of financial risks can be found in the Note 6.1 of the financial statements.

7.4 Non-financial risk management

Non-financial or operational risk is the possibility of an adverse impact on the Bank from inadequate or failed internal processes, people and systems or from external events. Operational risk can be created by a wide range of different external events causing business disruption. Similarly, operational risk can arise due to internal events such as the potential for failures or inadequacies in any of the Bank's processes and systems or those of its outsourced service providers.

Details of the Bank's management of the different types of non-financial risks can be found in the Note 6.2 of the financial statements.

As described in the ERMF, the Revolut Bank manages its operational risk following risk identification and response processes, and the operation of directive, preventive and detective internal controls.

The Bank leverages the Revolut Group's approach, capability and processes to manage operational risk. To mitigate operational risks, the Bank has a series of tailored policies and procedures for operational risk management, compiling operational manuals for each product and defining business processes and related internal control measures. The major policies containing operational risk management processes include, but are not limited to:

- Operational Risk Policy
- Operational Resilience Policy
- Risk Incident and Issue Policy
- Outsourcing and Third Party Risk Management (TPRM) Policy
- Change Management Policy
- New Initiatives Approval Policy

The Bank maintains Risk and Control Registers across product offering to ensure a continuous and accurate understanding of its risk and control profile. All key risks and controls are captured and reported on the risk system and each is subject to an automated workflow that ensures appropriate review, challenge and refinement of the records.

Risk Incidents are actively managed with a feedback loop used to ensure lessons learned from incidents are used to improve future controls or included in the risk register.

KRIs are established and monitored to measure levels of operational risk with reporting to the Executive Risk Committee, the Management Board and the Supervisory Council if these KRIs are breached.

Driven by the ongoing risk and control assessment, key actions are centred around the enhancements of controls that mitigate the key risks, in particular: External Fraud, Change Management, Outsourcing and Third Party Risk, Resilience (Technology Availability & Continuity Risk) and Data Risk (including Regulatory Reporting Risk).

The Bank follows the Basic Indicator Approach for its Operational Risk regulatory capital calculation purposes.

8. Employees

As of 31 December 2023 the Revolut Bank had 516 employees, (as of 31 December 2022 - 337 employees).

	31 December 2023	**31 December 2022**
Regular employees (working under labour contracts with and without a fixed term, including those on maternity/paternity leave)	516	337
Actual number of employees (excluding those on maternity/paternity leave)	508	332

A table below contains information on the number of Bank's actually working employees and average monthly salaries (before taxes).

	Number of employees		**Average monthly salaries (EUR)**	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Managerial staff	31	26	12,383	8,430
Specialists	485	311	4,757	5,016
Total	**516**	**337**	**-**	**-**

9. 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 the Supervisory Council and the last update is dated March 2024. Following the 2023 update, a Remuneration Committee has been formed and gathered twice in the year 2023. The Remuneration Committee of Revolut Bank UAB is responsible for decisions on Remuneration, including decisions related to the process of identification of Identified Staff, in particular regarding the Remuneration of the members of the Management Board as well as of other Identified Staff and Remuneration policies, practices and processes.

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

The remuneration system applied in Revolut Bank UAB is designed to attract, maintain and motivate the Bank's employees possessing the required skills and competences, promote solid performance results, trustworthy conduct, and effective risk management. The 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 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 salary increases 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. The 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 other functions and authorizations, the Regulatory Compliance function shall analyse the impact of the Policy on Revolut Bank UAB compliance with the legislation, regulations, and 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.

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 the 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 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 non-performance related payments.

Variable Remuneration is the Share Options of Revolut Group Holdings 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/severance or retention bonus).

The Variable Remuneration of the internal control functions is awarded for 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 applied to Identified Staff (Material Risk Takers).

Identified Staff are 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 March 2024 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 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 Group Holdings Ltd share options by Revolut Group Holdings Ltd, this evaluation needs to ensure that by granting share options, Revolut Group Holdings 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, proactiveness 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 period of evaluation (or throughout the term of his/her employment with the Bank).

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 jeopardise 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 minimise the impact of the risks envisaged in the models of calculating their Variable Remuneration.

Quantitative information on remuneration is published in the Capital Adequacy and Risk Management Report (Pillar III).

10. Information about positions held by key management personnel

Information on other titles held by the Chief Executive Officer, Board and Supervisory Council Members of Revolut Bank UAB

Name and surname	Management Body of Revolut Bank UAB	Main workplace	Title	Other companies where management functions are held	Title
Joseph Heneghan	Management Board	Revolut Bank UAB	Chief Executive Officer of Revolut Bank UAB; Member and Chairman of the Management Board	N/A	N/A
Oliver Schreiber	Management Board	Revolut Bank UAB	Chief Financial Officer of Revolut Bank UAB; Member of the Management Board	N/A	N/A
Daniel Gordon	Management Board	Revolut Bank UAB	Chief Risk Officer of Revolut Bank UAB and Member of the Management Board	N/A	N/A

Name and surname	Management Body of Revolut Bank UAB	Main workplace	Title	Other companies where management functions are held	Title
Vytautas Danta	Management Board	Revolut Bank UAB	Deputy CEO, Chief Compliance Officer of Revolut Bank UAB; Member of the Management Board;	Company name: Revolut Securities UAB Companies House registration number: 305799582 Registered address: Konstitucijos av. 21B, LT-08130 Vilnius, Lithuania Company name: Pinigų plovimo prevencijos kompetencijos centras VŠĮ Companies House registration number: 305773609 Registered address: Lukiškių g. 2-2, LT-01108 Vilnius, Lithuania	Member of Management Board; Chief Compliance Officer Co-owner (Revolut) representative
Felipe Penacoba Martinez	Management Board	Revolut Bank UAB	Chief Information Officer of Revolut Bank UAB; Member of the Management Board	Company name: Vesta Digital Consulting Ltd Companies House registration number: 12131260 Registered address: 5 Vesta Close, Fairfields, Milton Keynes, England, MK11 4BF	Director

Peter Stevens	Supervisory Council	N/A	N/A	Company name: Cirdan Capital Management Limited Companies House registration number: 08853583 Registered address: 54 Baker street London W1U 7BU	Chairman Non-Executive Director
				Company name: Gulf Capital Ltd (former name Gulf Capital Credit Partners Ltd) DIFC registration number: 1803 Registered address: Tower 2 Dubai IFC PO box 506965 UAE	Consultant and member of the Investment Committee for GCCP Funds I and II
				Company name: Marie Collins Foundation Companies House registration number: 07657115 Registered address: Triune Court, Monks Cross Drive, Huntington, York, England, YO32 9GZ	Trustee
				Company name: P F Stevens Consultancy Limited Companies House registration number: 08719245 Registered address: Invision House, Wilbury Way, Hitchin, Herts, United Kingdom, SG4 0TY	Director

Markus Krebsz	Supervisory Council & Audit committee chair	N/A	N/A	Company name: Citizen Shareholders International Ltd Companies House Registration number: 12154909 Registered address: Level 39, One Canada Square, Canary Wharf, London, United Kingdom, E14 5AB Company name: Citizen Shareholders Ltd. Companies House Registration number: 11596817 Registered address: Level 39, One Canada Square, Canary Wharf, London, United Kingdom, E14 5AB Company name: CitizenShared CIC Companies House Registration number: 13097117 Registered address: Level 39, One Canada Square, Canary Wharf, London, United Kingdom, E14 5AB Company name: De-Risking Solutions Ltd. Companies House Registration number: 09900565 Registered address: 8 Quarles Park Road, Romford, United Kingdom, RM6 4DE Company name: Yamgo Ltd. Companies House Registration number: 03597254 Registered address: Unit 4 Kings Road, Swansea, Wales, SA1 8PH Company name: Transparency Task Force Ltd. Companies House Registration number: 09698368 Registered address: 45 Creech View, Denmead, Waterlooville, Hants, United Kingdom, PO7 6SU Company name: Chartered Institute for Securities and Investments (Services) Limited, FinTech Forum Companies House Registration number: 02903287 Registered address: 20 Fenchurch Street, 3rd Floor, City of London, London, United Kingdom, EC3M 3BY	Advocate Co-founder & Non-executive Director Company Secretary Director & Founder Non executive Director Ambassador Chairman (Ex-officio)

Name and surname	Management Body of Revolut Bank UAB	Main workplace	Title	Other companies where management functions are held	Title
				Company name: Institute of Risk Management, ERM in Banking & Financial Services Special Interest Group Companies House Registration number: 02009507 Registered address: 2nd Floor, Sackville House, 143 - 149 Fenchurch Street, City of London, London, United Kingdom, EC3M 6BN Organisation name:, United Nations Economic Commission for Europe (UNECE)(Intergovernmental organisation) Registration number: N/A (UN Charter) Registered address: UNECE WP.6 Secretariat of the Working Party on Regulatory Cooperation and Standardization Policies United Nations Economic Commission for Europe Office 441 - Palais des Nations - 8-14 avenue de la Paix CH - 1211 Geneva 10 Switzerland	Advisor Member (UNECE GRM) & UNECE/UN AI Project lead/ advisor (UNECE WP.6)

Name and surname	Management Body of Revolut Bank UAB	Main workplace	Title	Other companies where management functions are held	Title
Caroline Britton	Supervisory Council	N/A	N/A	Company name: Revolut Ltd Registration number: 0880441 Registered address: 7 Westferry Circus, Canary Wharf, London, England, E14 4HD Activities: financial technology company that provides banking services	Non-executive Director
				Organisation name: Make a Wish International Activities: MAWI is the umbrella organisation for the national wish granting charities. Its role is to licence the brand and leverage global initiatives to support individual affiliate organisations.	Audit, Finance Risk and Investment Committee Member
				Company name: MoneySupermarket Group plc Registration number: 06160943 Registered address: Moneysupermarket House, St David's Park, Ewloe, Chester, United Kingdom, CH5 3UZ	Non-executive director
				Company name: Sirius Real Estate Limited Registration number: 05980788 Registered address: Birchin Court, 20 Birchin Lane, London, EC3V 9DJ	Non-executive director
				Organisation name: Royal Opera House Covent Garden Foundation Registered address: Covent Garden, London, WC2E 9DD	Non-Executive Director

Name and surname	Management Body of Revolut Bank UAB	Main workplace	Title	Other companies where management functions are held	Title
Vytautas Valvonis	Supervisory Council	Revolut Holdings Europe UAB	Chief Executive Officer	Company name: Revolut Holdings Europe UAB (appointed from 2023/04/12) Companies House registration number: 305820090 Registered address: Konstitucijos av. 21B, LT-08130 Vilnius, Lithuania	Chief Executive Officer
Dovilė Grigienė	Supervisory Council	N/A	N/A	N/A	N/A

11. Events after the reporting period

Events after the reporting period are disclosed in Note 35.

Joseph Heneghan
Chief Executive Officer of Revolut Bank UAB

April 17, 2024

Statement of profit or loss and other comprehensive income

EURth	Notes	2023	2022
Interest income calculated using the effective interest method	7	351,044	40,386
Interest expense	8	(71)	(12,519)
Net interest income		**350,973**	**27,867**
Fee and commission income	9	704,788	443,442
Fee and commission expense	10	(169,312)	(113,066)
Net fee and commission income		**535,476**	**330,376**
Net gains and losses on derivatives		40,905	6,762
Credit loss expense on financial assets	14	(45,825)	(21,569)
Other operating income	11	1,748	46,211
Net operating income		**883,277**	**389,647**
Personnel expenses	12	(50,224)	(22,525)
Depreciation and amortisation	22, 23	(511)	(373)
Other operating expenses	13	(733,106)	(336,582)
Total operating expenses		**(783,841)**	**(359,480)**
Profit before tax		**99,436**	**30,167**
Tax expense	15	(21,056)	(6,612)
Profit for the year		**78,380**	**23,555**
Items that will not be reclassified to profit or loss		-	-
Items that will or may be reclassified to profit or loss:		11	415
Net change in fair value of debt instruments at FVOCI		-	400
Foreign currency translation		11	15
Other comprehensive income for the year		**11**	**415**
Total comprehensive income for the year, net of tax		**78,391**	**23,970**
Attributable to:			
Equity holders of the parent		**78,391**	**23,970**

The accompanying notes on pages 37 to 105 are an integral part of these financial statements.

Statement of financial position

EURth	Notes	2023	2022
Assets			
Cash and balances with central banks	17	7,559,761	6,921,501
Due from banks and other financial institutions	18	20,514	9,754
Derivatives	19	5,802	1,261
Loans and unauthorised overdrafts	20	1,461,927	230,837
Debt securities	21	2,425,984	1,110,256
Equity instruments		25	25
Property and equipment and right-of-use assets	22	2,248	1,447
Intangible assets	23	-	-
Deferred tax assets	15	-	4,660
Other assets	24	614,349	499,734
Total assets		**12,090,610**	**8,779,475**
Liabilities			
Derivatives	19	4,994	2,800
Due to customers	25	10,661,324	8,083,838
Due to other financial institutions	26	257,749	191,561
Other liabilities	27	588,249	104,416
Provisions	28	753	103
Total liabilities		**11,513,069**	**8,382,718**
Equity attributable to equity holders of parent	29		
Share capital		36,815	36,815
Reserve capital		379,008	279,008
Retained earnings		149,697	75,071
Other reserves		12,021	5,863
Total equity		**577,541**	**396,757**
Total liabilities and equity		**12,090,610**	**8,779,475**

The accompanying notes on pages 37 to 105 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2023

EURth	Notes	Total attributable to equity holders of the parent							
		Share capital	Reserve capital	Legal reserve	Translation reserve	Fair value reserve	Retained earnings	Other reserves	Total equity
As at 1 January 2023		**36,815**	**279,008**	**3,405**	**20**	**-**	**75,071**	**2,438**	**396,757**
Profit for the year							78,380		78,380
Other comprehensive income					11				11
Total comprehensive income		**-**	**-**	**-**	**11**	**-**	**78,380**	**-**	**78,391**
Loss cover from reserve capital							-		-
Formation of reserves	29		100,000	3,754			(3,754)		100,000
Share based payments	30							2,393	2,393
As at 31 December 2023		**36,815**	**379,008**	**7,159**	**31**	**-**	**149,697**	**4,831**	**577,541**

The accompanying notes on pages 37 to 105 are an integral part of these financial statements

for the year ended 31 December 2022

		Total attributable to equity holders of the parent							
EURth	Notes	Share capital	Reserve capital	Legal reserve	Translation reserve	Fair value reserve	Retained earnings	Other reserves	Total equity
As at 1 January 2022		**36,815**	**169,600**	**878**	**5**	**(400)**	**44,451**	**1,526**	**252,875**
Profit for the year							23,555		23,555
Other comprehensive income					15	400			415
Total comprehensive income		**-**	**-**	**-**	**15**	**400**	**23,555**	**-**	**23,970**
Loss cover from reserve capital			(9,592)				9,592		-
Formation of reserves	29		119,000	2,527			(2,527)		119,000
Share based payments	30							912	912
As at 31 December 2022		**36,815**	**279,008**	**3,405**	**20**	**-**	**75,071**	**2,438**	**396,757**

The accompanying notes on pages 37 to 105 are an integral part of these financial statements

Statement of cash flows

EURth	Notes	2023	2022
Operating activities			
Profit before tax		99,436	30,167
Adjustment for non-cash items:			
Interest income	7	(351,044)	(40,386)
Interest expense	8	71	12,519
Increase (+)/decrease (-) in ECL	14	45,725	21,625
Increase (+)/decrease (-) in provisions	28	650	-
Provision for deferred tax assets	15	4,660	(3,113)
Depreciation and amortisation	22,23	511	373
Share based payments to employees	30	2,393	912
Other non-cash items in (loss)/profit before tax		(652)	-
Changes in operating assets and liabilities			
Net change in derivative financial instruments	19	(2,347)	(2,008)
Net change in loans and unauthorised overdrafts	20	(1,271,560)	(227,763)
Change in other operating assets	24	(114,606)	(360,796)
Change in other operating liabilities	26,27	529,046	236,364
Increase in due to customers	25	2,577,486	3,539,751
Gain (-)/loss (+) from exchange differences		(62)	(1,225)
Income tax paid		(533)	(19,830)
Interest paid		(135)	(12,579)
Interest received		345,994	39,408
Net cash flows from operating activities		**1,865,033**	**3,213,419**
Investing activities			
Purchase of property and equipment	22	(44)	(18)
Net purchase of treasury investments	21	(1,315,561)	(94,877)
Net cash flows used in investing activities		**(1,315,605)**	**(94,895)**
Financing activities			
Proceeds from formation of reserve capital	29	100,000	119,000
Principal payments of lease liabilities		(481)	(349)
Net cash flows from financing activities		**99,519**	**118,651**

Statement of cash flows

EURth	Notes	2023	2022
Net increase in cash and cash equivalents		**648,947**	**3,237,175**
Net foreign exchange difference		73	1,240
Cash and cash equivalents at 1 January	16	6,931,255	3,692,840
Cash and cash equivalents at 31 December	16	**7,580,275**	**6,931,255**

The accompanying notes on pages 37 to 105 are an integral part of these financial statements

Notes to the Financial Statements

1. Corporate information

The Bank is a credit institution incorporated and licensed in the Republic of Lithuania with company number 304580906 and authorisation code LB000482 and whose registered office is at Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania. The Bank was granted a specialised banking licence in December 2018, and a “full” banking licence in December 2021 to offer payment, deposit, credit products and other services to its customers in accordance with Articles 4(2), 4(3) and Article 9 (2-1) of the Law on Banks of the Republic of Lithuania. The entity is directly supervised by the Bank of Lithuania (further referred to as BOL). The BoL adopted a decision to designate the Bank as Other Systemically Important Institution (O-SII) on 20 December 2022. As a consequence, in January 2024 Revolut Bank UAB fell under joint supervision by the Bank of Lithuania and the European Central Bank (Joint Supervisory Mechanism) and the European Single Resolution Board (Single Resolution Mechanism). On 17 January 2024 the Swiss Financial Market Supervisory Authority (FINMA) granted a licence for Revolut Bank UAB and Revolut Securities Europe UAB to set up a joint representation of a foreign bank and a foreign securities in Switzerland.

Since 7 June 2022 the Bank is a wholly owned subsidiary of Revolut Holding Europe UAB (further referred to as RHE) with company number 305820090, whose registered office is at Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania which in turn is a wholly owned subsidiary of Revolut Group Holdings Ltd (further referred to as Group TopCo) with Companies House number 12743269, whose registered office is at 7 Westferry Circus, Canary Wharf, London, England, E14 4HD.

On the 1st July 2022, the Bank merged with Revolut Payments UAB, thereby simplifying the offering to its customers as well as streamlining the organisational structure.

Revolut Bank UAB has registered the following branches in the EU:

- Revolut Bank UAB (Belgian Branch), which was incorporated on 19th April 2021, registered address: Louise Centre, Stephanie Square Centre, Avenue Louise 65, Brussels 1050
- Revolut Bank UAB (Netherlands Branch), which was incorporated on 9th August 2022, registered address: Avenue Barbara Strozzi 2011083HN Amsterdam, Netherlands
- Revolut Bank UAB - Sucursal em Portugal (Portugal Branch), which was incorporated on 18th May 2022, registered address: Sitio, Rua do Campo Alegre, 774 Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4150 171 Porto
- Revolut Bank UAB Magyarországi Fióktelepe (Hungarian Branch), which was incorporated on 14th January 2021, registered address: 1137 Budapest, Radnóti Miklós utca 2, Hungary
- Revolut France succursale de Revolut Bank UAB (French Branch), which was incorporated on 12th July 2022, registered address: 3 Rue de Stockholm (Patchwork) Saint Lazare, 75008, Paris France
- Revolut Bank UAB (Irish Branch), which was incorporated on 4th May 2022, registered address: 2 Dublin Landings, North Dock, Dublin 1, Ireland
- Revolut Italia, Branch di Revolut Bank UAB (Italian Branch), which was incorporated on 19th April 2022, registered address: Via Archievescovo, Calabiana, 6, 20139 Milano, Italy
- Revolut Bank UAB, Zweigniederlassung Deutschland, Germany, which was incorporated on 17th January 2023, registered address: Gontardstraße 11, 10178 Berlin, Germany
- Revolut Bank UAB Sucursal En España, which was incorporated on 7th March 2023, registered address: C/ Serrano 20 - Cloudworks Madrid 28001-Madrid, NIF code W0250845E.

- Revolut Bank UAB Vilnius Sucursala Bucuresti - Romanian Branch, which was incorporated on 7th June 2023, registered address: Bucureşti Sectorul 1, Bulevardul ION MIHALACHE, Nr. 15-17, Mindspace Victoriei, biroul 111, cladirea Tower Center International, Etaj 1, Romania. Romanian Trade Register number: J40/10350/06.06.2023.

The Bank has no investments into subsidiaries and/or associated companies as of the end of December 2023 and 2022 .

2. Basis of preparation

Revolut Bank UAB has prepared 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). The financial statements have been prepared on a historical cost basis with the exception for derivative financial instruments. The financial statements are presented in euros and all values are rounded to the nearest thousands, except when otherwise indicated. The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

3. Changes in accounting policies and disclosures

3.1 *New and/or amended standards and their interpretations that apply 1 January 2023*

The following standards, amendments and interpretations of the existing standards issued by the International Accounting Standards Board (IASB) and adopted for review in the EU are currently effective and were applied by the Bank this year:

- Amendments of IFRS 17 "Insurance Contracts"; including the amendments of IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- Amendments of IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023);
- Amendments of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 "Income Taxes": Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023);
- Amendments of IFRS 17 "Insurance Contracts": Initial application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 12 "Income taxes": International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after 1 January 2023).

The application of the above standards, amendments and interpretations thereof did not have a significant impact on the Bank's financial statements.

3.2 *Standards, amendments and interpretations of the effective standards issued by the IASB, approved in the EU, but not yet effective*

The Bank has not applied the following IFRS standards, amendments and interpretations thereof that are already approved at the date of signature of these financial statements but have not yet become effective:

- Amendments of IAS 1 “Presentation of Financial Statements”: Classification of Liabilities as Current and Non-Current Date; Classification of Liabilities as Current and Non-Current – Deferral of the Effective Date; Non-Current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024);
- Amendments to IFRS 16 “Leases”: Lease liability in a sale and leaseback (effective for annual periods beginning on or after 1 January 2024).

The Bank believes that the application of the said standards, amendments of the effective standards and interpretations thereof will not have a significant impact on the financial statements of the Bank during the initial period of their application.

3.3 *Standards, amendments of the effective standards and interpretations not yet effective and not yet approved in the EU*

IFRSs currently adopted in the EU are almost identical to the standards approved by the International Accounting Standards Board (IASB), except for the standards, amendments of currently effective standards and interpretations thereof which were not yet approved in the EU (the dates of validity apply to IFRSs in full). The said standards, amendments and interpretations thereof are presented below:

- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments”: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024);
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”: Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

The Bank believes that the application of the said standards, amendments of the effective standards and interpretations thereof will not have a significant impact on the financial statements of the Bank during the initial period of their application.

The Bank is currently assessing the impact of these new accounting standards and amendments. The management of the Bank does not expect that the adoption of these standards, amendments and interpretations listed above will have a material impact on the financial statements of the Bank in future periods.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Bank in preparing its financial statements:

4.1. Foreign currency translation

The financial statements are presented in euros (EUR). Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non–trading activities are taken to other operating income/expense in the profit or loss statement. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

4.2. Recognition of interest income

4.2.1. The effective interest rate method

Under IFRS 9 interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that accurately discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset and liability.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

4.2.2. Interest and similar expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the statement of profit or loss for both interest income and interest expense to provide comparable information. In its Interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments that are set out in Note 4.2.1 above. The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis. The Bank may also hold financial assets with negative interest rates. The Bank discloses interest on these financial assets as interest expense.

4.3. Net result on financial assets and liabilities designated at fair value through profit or loss

Net result on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationships. The line item includes fair value changes and foreign exchange differences.

4.4. Fee and commission income

Revolut Bank UAB earns fee and commission income from a range of services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which Revolut Bank UAB expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Revolut Bank UAB revenue contracts do not typically include multiple performance obligations. When Revolut Bank UAB provides a service to its customers, consideration is generally due immediately upon satisfaction of a service provided at a point in time. Revolut Bank UAB has generally concluded that it typically controls the services before transferring them to the customer.

Performance obligations satisfied over time include payment cards related services, where the customer simultaneously receives and consumes the benefits provided as Revolut Bank UAB performs. Revolut Bank UAB fee and commission income from services where performance obligations are satisfied over time includes paid plans fees and interchange fees. The fees vary based on a number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying transaction. The variable interchange fees are allocated based on the number and value of transactions processed that day and the allocated revenue is recognised as the entity performs.

Card and interchange

Card and payments income represents transactional related income including interchange fees receivable from the Group’s card issuing partners, fair usage fees for cash withdrawals outside of customer plans allowances, and top up fees and is recognised at the time of the transaction.

Subscription fees

Subscription revenue represents monthly and annual subscription fees charged to retail and business customers. The subscription service has two distinct performance obligations: a card delivery service (which is recognised in other fee income) and an ongoing payment processing service. Revenue for the subscription service is recognised in the month to which the subscription relates. Where subscription fees are received in advance (namely annual subscription fees) they are initially recognised as contract liabilities and are recognised as revenue in the Statement of profit or loss on a straight-line basis over the period of the subscription.

Any termination fees for existing subscriptions services ending early are recognised upon the termination date.

Foreign exchange

Foreign exchange revenue represents mark ups on market exchange rates for weekend transactions and less frequently traded currencies, and fair usage fees where customers undertake additional exchange transaction volumes outside of their plan allowances, which is recognised at the point of exchange. It also includes the fair value movements on derivative financial instruments used to hedge the Bank’s foreign exchange exposure as a result of its customer foreign exchange activities.

4.5. Other and administrative expenses

Other and administrative expenses are recognised on an accrual basis in the reporting period when the income related to those expenses was earned, irrespective of the time the cash was transferred. Costs that are not directly related to the specific income are expensed as incurred.

4.6. Financial instruments – initial recognition

4.6.1. Date of recognition

Financial assets and liabilities with the exception of loans and unauthorised overdrafts are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. Loans, unauthorised overdrafts by customers and due to customers are recognised when funds are transferred to the customers' accounts.

Special accounting consideration on asset-backed securities(ABS)/collateralized loan obligations (CLO) trades on primary market:

The main differences between floating/fixed rate Bonds and ABS, CLO are:

- Prepayments;
- Call feature (including call at par value as well as make-whole call provision);
- Floor on the benchmark rate on ABS, CLO;
- Collateral and Collateral rebalancing;

Unlike ABS/CLO traded on the secondary market which follow the normal settlement dates of T+2/3, for those traded within the primary market (where new securities are issued for the first time), there would be a difference between trade date vs. settlement date of around 6 - 9 weeks.

A financial asset is recognised when and only when the entity becomes a party to the contractual provisions of the instrument [IFRS 9.3.1.1]. As such, prior to the settlement date, the Bank would have not become a party to the contractual provisions of the instrument and would not bear any risks or rewards from the assets. This should be viewed as a commitment to purchase the ABS, CLO. Under IFRS 9, firm commitments are generally not recognised on the balance sheet until it is actually settled, except for when firm commitments are designated as hedged items in a fair value hedge.

As such, ABS/CLO traded on primary market will be recognised on settlement date, the accrued interest should only start from the settlement date as well.

4.6.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

4.6.3. Measurement categories of financial assets and liabilities

The Bank classifies financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Financial liabilities are measured at amortised cost or at FVPL when they are held for trading and derivative instruments.

4.6.4. Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole. These techniques are generally based on extrapolating from observable inputs for similar instruments, analysing historical data or other analytical techniques. Examples of Level 3 financial instruments are instruments for which there is currently no active market or binding quotes, such as unlisted equity instruments.

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

4.6.5. Financial assets measured at amortised cost

The Bank measures financial assets at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

4.6.5.1. Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.6.5.2. The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money an d credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

4.6.6. Derivative financial instruments recorded at fair value through profit or loss

A derivative is a financial instrument with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into cross-currency swap transactions with Revolut Group entities and eligible third parties. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income.

4.6.7. Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements with the changes in provisions recognised in the financial statements. The nominal values of undrawn loan commitments together with the corresponding ECL are disclosed in Note 28.1.

4.7. Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.8. Derecognition of financial assets and liabilities

4.8.1. Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

4.8.2. Derecognition other than for substantial modification

4.8.2.1. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term unauthorised overdrafts with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset

or

- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank’s continuing involvement, in which case, the Bank also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.8.2.2. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.9. Impairment of financial assets

4.9.1. Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL). The Bank's policies for determining if there has been a significant increase in credit risk are set out in Notes 18 and 19. The 12mECL is 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. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Notes 20 and 21. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit impaired. The Bank records an allowance for the LTECL.

The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.9.2. 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 the Bank in accordance with the contract and the cash flows that the Bank 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 gains 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 represents 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.

4.9.2.1 Negative balances impairment calculation

There are four main types of events that create negative balances:

- offline transactions;
- fees charged;.
- acquiring top-ups;
- fraudulent activity.

For the purpose of impairment calculation the Bank applies ageing buckets to the negative balance receivable assets and calculates provision for the buckets based on past historical performance.

The analysis of provision rates used based on the ageing bucket is disclosed below:

Ageing bucket	2023	2022
a) <= 30 days	45.00%	45.00%
b) 30-60 days	70.00%	70.00%
c) 60-90 days	80.00%	80.00%
d) 90-365 days	95.00%	95.00%
e) > 365 days	100.00%	100.00%
f) Fraudulent activity	100.00%	100.00%
g) Terminated users	100.00%	100.00%

4.9.3.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.

For the purpose of criterion (A), counting of days past due is performed at obligor level. The Bank 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 and relative threshold of >1% from the total amount of all on-balance sheet exposures to the obligor.
- For non-retail exposures: absolute threshold of >500 EUR and relative threshold of >1% from the total amount of exposures owed by the obligor to the Revolut Group.

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 the Bank 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 by the material forgiveness or postponement of principal, interest or, where relevant, fees where this is likely to result in a diminished financial obligation;
5. Bankruptcy of the obligor or similar protection;

6. Credit fraud;
7. Death of a customer;
8. Materially overdue on at least one significant facility but not meeting criterion A at obligor level (applicable for retail exposures only);
9. Disappearance of an active market for a financial instrument because of financial difficulties of the customer (applicable for non-retail exposures only);
10. 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);
11. 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).

4.9.4. 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 facility level and using the regulatory DPD definition.

SICR flags 1,2,3 above are evaluated at obligor level, while flags 4, 5 are 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 2 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.

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.

4.10. Write-offs

Financial assets are written off either partially or in their entirety when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. There is no reasonable expectation of recovering a financial asset in case of: terminated users - at the point of termination; fraudulent user activity - at the point of completion of internal investigation; for balances older than 365 days.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expenses.

4.11. Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Forbearance involves changing of loan conditions. Typically, interest-only period and/or maturity extension is granted. If modifications are substantial, the loan is derecognised, as explained in Note 4.8.1. Once the terms have been renegotiated without this resulting in the derecognition of the loan, any impairment is measured using the original EIR as calculated before the modification of terms. The Bank also reassesses whether there has been a significant increase in credit risk and whether the assets should be classified as Stage 3. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contracts that are more than 30 days past due.

As of 31 December 2023 and 2022 reporting date the Bank has forborne assets, which are disclosed in the note 20.

4.12. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

4.13. Property, plant and equipment

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer hardware 3 years
- Other furniture and equipment 4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.14. Lease

The Bank assesses at contract inception day whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.14.1 Bank as a lessee

The Bank recognises the right-of-use assets and respective lease liabilities based on all the lease arrangements where the Bank is the lessee, excluding short-term lease (lease with a term of 12 months or less) and low-value asset lease (e.g., lease of tablets and personal computers, small office furniture and phones). For this lease, the Bank recognises lease payments as operating expenses by using the straight-line method over the lease term, excluding cases when another systematic method is more representative of the time period during which the economic benefits from the leased assets are consumed.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are subsequently discounted using the interest rate provided in the lease agreement. If no interest rate is specified in the lease agreement, the Bank shall use its borrowing rate. Lease liabilities are measured by increasing the carrying value to reflect the related interest rate (by using the effective interest rate method), and by decreasing the carrying value to reflect the lease payments made.

4.15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

4.16. Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement in other operating expenses.

4.17. Taxes

4.17.1. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss.

4.17.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for taxable temporary differences. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the statement of profit or loss. The Bank only offsets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

4.18. Share-based payments

The Bank operates share-based payment schemes. The purpose of these plans is to incentivise and remunerate the employees. These schemes meet the definition of equity-settled share-based payment schemes. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. The Bank uses third party valuation specialists to estimate the fair value of each grant based on the terms of that grant as well as internal and market data. The Black-Scholes option pricing model was used to value the equity settled share-based payment awards as the model is internationally recognised as being appropriate to value employee share schemes similar to the Unapproved Options Plan ('UOP').

The fair value of the awards is recognised as an expense in the statement of profit or loss over the vesting period with a corresponding increase in the share-based payment reserve in equity. The cumulative expense at each reporting date is based on the total number of share-based payment awards that are expected to vest, taking into account the service conditions and any non-market performance conditions such that the total cumulative amount recognised as an expense over the vesting period is based on the number of share-based payment awards that eventually vest. The Bank has to estimate the expected yearly percentage of employees that will stay within the Bank at the end of the vesting period of the share based payment awards in order to determine the amount of share-based compensation expense charged to the statement of profit or loss and other comprehensive Income.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date.

5.1. Going concern

The Revolut Bank's financial statements have been prepared on a going concern basis as, after making enquiries, the directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future.

In making their assessments, the directors have given regard to the facts that:

- The Bank has become profitable in 2022 and remained profitable throughout 2023,
- The Bank has grown its customer base substantially resulting in a material increase of revenues both from interest income and commission income,
- The Bank has a solid capital base well above the regulatory minimum ratios,
- The Bank continues to demonstrate a strong liquidity position in terms of its LCR and NSFR ratios,
- The Bank continues to receive strong support from its parent companies in form of expected additional capital injections to bolster future growth, the use of the Group's technology platform and app, and the provision of certain centralised support functions,
- The transfer pricing scheme between the Bank and its primary service provider Revolut Ltd ensures the Bank to be profitable before paying any intra-group service fees per calendar year,
- The Bank has established a business plan that foresees the institution to be profitable for the period 2024-2026 and has stress tested the business plan applying a series of adverse scenarios incorporating idiosyncratic, systemic and combined market stress.

In addition, the Bank's ultimate parent company, Revolut Group Holdings Ltd, has demonstrated its ability to be profitable on a consolidated basis, posting a net profit for the financial years 2021 and 2022 despite significant investments into technology and the Group's workforce. Revolut Group Holdings Ltd is expected to continue to be profitable on a consolidated basis for the financial year 2023, with accounts due to be published in the coming months.

The directors of Revolut Group Holdings Ltd have confirmed their intention and financial ability to continue to provide the Bank with the required technological and operational support in order for it to continue to operate as a going concern. The Inter-company agreement for financial and general support services with Revolut Ltd may be terminated with 6 months notice. Revolut Ltd explicitly confirmed to have no intention to terminate the agreement in the next 12 months.

5.2. Impairment of financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies disclosed in note 6.1.2 .

6. Risk management

6.1 Financial risk

Revolut Bank UAB business is sensitive to global macroeconomic conditions because its revenue is linked to the number and value of user transactions. The latter depends on a user's income and opportunity to spend.

Multiple disruptive forces are reshaping the foundational architecture of the banking and capital markets industry. Higher inflation and interest rates, reduced money supply, more assertive regulations, climate change and geopolitical tensions are key drivers behind this transformation.

Specifically from a geopolitical perspective, military conflicts in Gaza and Ukraine suppresses growth of European economies. Further development of these conflicts could have an impact on the Bank's growth and both the financial and non-financial risks (i.e. cyber security risk) it is exposed to.

6.1.1 Funding and liquidity risk

(a) 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 decrease in assets or an increase in liabilities can also create funding and liquidity risk.

The Bank is, or may in the future be, exposed to a number of funding and liquidity risks, including but not limited to deposit funding run-off, increase in pre-funding, intra-day liquidity and collateral requirements, contingent off-balance sheet exposures and commitment drawdowns, increase in requirements for derivatives margin, decrease in value of marketable and non-marketable assets, and currency liquidity. These risks are managed by the Treasury Function, with control and oversight provided by the Risk Management Function, the Asset and Liability Management Committee (ALCO) and the Management Board.

The Bank’s key liquidity policy is to maintain a portfolio of unencumbered, high-quality cash equivalent instruments and securities that are readily convertible to liquid funds 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 equivalents in the form of overnight deposits with central banks.

(b) Monitoring metrics and limits

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

The Bank’s liquidity position must always be strong enough to fulfil 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 normative metrics the Bank uses to measure and limit funding and 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 to survive a period of severe liquidity stress lasting 30 calendar days. The Bank's LCR shall 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 2023 were exceeding internal targets and regulatory limits with ample margin.

From the economic perspective funding and liquidity risk is measured by the Liquidity Stress Excess (LSE), which covers multiple time horizons (30-day, 3-month, and 12-month) and stress scenarios (idiosyncratic, market-wide and combined) ensuring a comprehensive evaluation of risks tailored to the Bank's business model that are assessed under varying stress conditions and durations. The key output of each internal test is a measure of the Bank's liquidity sufficiency expressed in a notional amount (the LSE metric) as well as survival days (the Stressed Survival Horizon or SSH metric).

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

(c) 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 and 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 ALCO and 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 on- and off-balance sheet cash flows and liquidity buffer. Stress testing captures both market-wide and idiosyncratic risk effects, as well as a combined scenario.

The main stress factors used in idiosyncratic scenarios 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, an increase in intra-day, pre-funding and collateral requirements. 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. It is also assumed that haircuts of high-quality liquid assets increase together with derivatives margin requirements.

As part of the ongoing risk management, the Bank runs stress tests daily. Key inputs are reviewed at least annually in conjunction with business plan updates with outputs being reviewed by the Chief Risk Officer, the Management Board, and escalated to the Supervisory Council as necessary.

6.1.2 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 exposures to corporates, securitisations, banks and other financial institutions. The regular reports are prepared and presented to the entity's management bodies to follow the level and development of credit risk profile.

For financial assets recognised on the statement of financial position maximum exposure to credit risk equals their carrying amount.

Credit risk measurement

(a) Retail credit

Revolut Bank UAB launched its retail lending activities to private individuals in 2020, starting in Lithuania and Poland, from 2022 in Ireland and Romania and from 2023 in Spain, Germany and France. Unsecured consumer lending is performed in the form of personal loans, credit card limits and pay later limits. These products have been introduced on a gradual basis, and, as of 31 December 2023 despite rapid growth throughout the year, Revolut Bank UAB consumer loan portfolio remained small (5% of total assets - 3% as of 31 December 2022).

Bank'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 the Bank's 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) Wholesale credit

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 its treasury investments in debt instruments, 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 corporates, securitisations, 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 monthly 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.

Besides its own credit risk assessments, the Bank uses ratings assigned by external rating agencies for internal risk classification and determination of probability of default (PD) for its counterparties, which are corporates, securitisation, 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.

General Expected Credit Loss assessment principles

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

In Revolut Bank UAB, the credit portfolio is divided into three Stages as described in accounting principles above (Note 4.9).

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. Certain instruments, like Buy Now Pay Later loans have a hybrid behaviour in terms of the repayment schedule. These loans have a credit limit, which can be used for multiple drawdowns both simultaneously or sequentially. Each of the drawdowns have their own payment schedules, however there is no contractual schedule for the future drawdowns. To reflect this duality in the EAD calculation, the EAD for the individual drawdowns should be calculated based on the amortisation profile. For the undrawn part the Credit Conversion Factor (CCF) should be used. Finally, as a last step of the calculation, the EAD should be aggregated to facility level.

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 organisations 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 2023.

Table with Macroeconomic forecast for Lithuania

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Annual change in real GDP, %	-0.05%	2.41%	2.81%	2.95%	2.68%	3.11%	4.12%	4.06%	3.72%	3.70%	-1.40%	0.78%	0.98%	2.38%	1.88%
Unemployment rate, %	6.97%	6.79%	6.35%	6.05%	6.07%	6.00%	5.90%	5.80%	5.70%	5.26%	7.80%	8.00%	6.90%	6.60%	6.90%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for Poland

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Annual change in real GDP, % (1y lag)	5.09%	0.50%	2.69%	3.53%	3.37%	5.09%	3.48%	3.70%	5.65%	3.80%	5.09%	-1.08%	1.40%	2.60%	2.75%
Unemployment rate, % (sqr)	0.26%	0.26%	0.23%	0.19%	0.21%	0.09%	0.09%	0.09%	0.09%	0.15%	0.31%	0.36%	0.31%	0.25%	0.25%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for Ireland

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Euro Area Annual change in real GDP, %	0.57%	0.91%	1.55%	1.60%	1.49%	1.00%	1.50%	2.28%	2.22%	1.69%	0.20%	-0.70%	0.99%	1.05%	1.30%
Unemployment rate, %	4.25%	4.41%	4.35%	4.46%	4.37%	3.71%	3.83%	3.69%	4.20%	4.10%	4.95%	5.01%	4.90%	4.80%	4.70%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for Romania

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Annual change in real GDP, %	2.48%	3.49%	3.75%	3.23%	3.14%	3.30%	4.46%	4.80%	3.69%	3.72%	1.50%	2.21%	3.02%	1.89%	1.73%
Unemployment rate, % (1y lag)	5.53%	5.63%	5.50%	5.42%	5.13%	5.53%	5.30%	5.00%	4.49%	4.30%	5.53%	6.16%	6.54%	6.75%	5.93%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for Spain

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Unemployment rate, % (change)	-2.26%	-0.24%	-0.30%	-0.25%	-0.50%	-2.81%	-0.86%	-1.20%	0.62%	-0.43%	-0.63%	0.16%	-0.30%	-0.31%	-0.99%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for Germany

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Unemployment rate, %	5.61%	5.50%	5.16%	5.27%	5.37%	5.30%	5.00%	4.70%	4.78%	5.10%	6.40%	6.80%	5.85%	5.91%	5.85%
Scenario weights	60%					10%					30%				

Table with Macroeconomic forecast for France

	Baseline scenario					Optimistic scenario					Pessimistic scenario				
Macroeconomic variable	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Unemployment rate, % (1y lag)	7.39%	7.64%	7.58%	7.08%	7.17%	7.00%	6.80%	6.60%	5.63%	6.24%	7.70%	8.60%	8.50%	7.80%	8.00%
Scenario weights	60%					10%					30%				

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 the Bank quantifies the sensitivity by applying different weightings to a diverse set of scenarios. 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 2023:

- Current weights - 60% baseline scenario, 10% optimistic scenario, 30% 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	2,501.2	-23.7 (-0.9%)	-133.0 (-5.3%)	91.8 (3.7%)
	Revolving Credit	664.1	-6.3 (-1.0%)	-50.0 (-7.5%)	29.3 (4.4%)
	All	**3,165.3**	**-30.0 (-0.9%)**	**-183.0 (-5.8%)**	**121.1 (3.8%)**
PL	Fixed Term Credit	5,640.5	-21.4 (-0.4%)	-200.7 (-3.6%)	109.7 (1.9%)
	Revolving Credit	3,001.6	-18.2 (-0.6%)	-217.9 (-7.3%)	109.0 (3.6%)
	Buy Now Pay Later	155.8	n/a	n/a	n/a
	All	**8,797.9**	**-39.6 (-0.5%)**	**-418.6 (-4.8%)**	**218.7 (2.5%)**
IE	Fixed Term Credit	20,460.0	-175.9 (-0.9%)	-780.9 (-3.8%)	612.0 (3.0%)
	Revolving Credit	995.2	-20.4 (-2.1%)	-75.8 (-7.6%)	66.1 (6.6%)
	Buy Now Pay Later	522.3	n/a	n/a	n/a
	All	**21,977.5**	**-196.3 (-0.9%)**	**-856.7 (-3.9%)**	**678.1 (3.1%)**
RO	Fixed Term Credit	6,055.6	-143.0 (-2.4%)	-616.0 (-10.2%)	491.4 (8.1%)
	All	**6,055.6**	**-143.0 (-2.4%)**	**-616.0 (-10.2%)**	**491.4 (8.1%)**
ES	Fixed Term Credit	1,397.7	-2.8 (-0.2%)	-48.6 (-3.5%)	21.7 (1.6%)
	Revolving Credit	110.4	-0.6 (-0.6%)	-6.6 (-6.0%)	3.5 (3.2%)
	All	**1,508.1**	**-3.4 (-0.2%)**	**-55.2 (-3.7%)**	**25.2 (1.7%)**
DE	Fixed Term Credit	452.5	-30.3 (-6.7%)	-66.5 (-14.7%)	82.7 (18.3%)
	All	**452.5**	**-30.3 (-6.7%)**	**-66.5 (-14.7%)**	**82.7 (18.3%)**
FR	Fixed Term Credit	50.0	-1.0 (-2.0%)	-6.0 (-12.1%)	4.1 (8.1%)
	All	**50.0**	**-1.0 (-2.0%)**	**-6.0 (-12.1%)**	**4.1 (8.1%)**
Total	Fixed Term Credit	36,557.5	-398.1 (-1.1%)	-1,851.7 (-5.1%)	1,413.4 (3.9%)
	Revolving Credit	4,771.2	-45.6 (-1.0%)	-350.3 (-7.3%)	207.9 (4.4%)
	Buy Now Pay Later	678.0	n/a	n/a	n/a)
	All	**42,006.7**	**-443.7 (-1.1%)**	**-2,202.0 (-5.2%)**	**1,621.3 (3.9%)**

6.1.3 Interest rate risk

Interest rate risk in the banking book (IRRBB) is the risk that the Bank's balance sheet and profitability are 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 IRRBB the Bank uses two metrics: the economic value of equity (EVE) sensitivity and the net interest income (NII) sensitivity. EVE is assessed through a measurement of changes in the net present value of the interest rate sensitive instruments (excluding CET1 capital and other perpetual own funds) over their remaining life resulting from interest rate movements assuming at least six different shock scenarios. 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.

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. The Treasury Function is responsible for IRRBB management on an ongoing basis. Interest rate characteristics of funding shall be matched as far as possible to lending and investment portfolios. Where the gaps remain, hedging derivatives may be used. The 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.

IRRBB sensitivity

IRRBB sensitivity in terms of EVE (disclosed as a ratio versus CET1 capital) under stress was within internal and regulatory limits at the end of 2023. The yearly change is mainly explained by the growth in deposit portfolio, an increase in volumes of lending and investment portfolios as well as an update in deposit stability assumptions due to model recalibration.

As the Bank is at the early stage of building up its fixed-term asset portfolio, any uninvested cash placed at Nostro accounts are sensitive to downside shock for NII. The Bank is developing interest rate hedging capabilities, which shall further protect it from interest rate drops in the future.

IRRBB scenarios	**2023**	**2022**
EVE Parallel Up scenario	4.3%	1.1%
EVE Parallel Down scenario	-11.8%	-6.5%
NII Parallel Up scenario	34.6%	55.9%
NII Parallel Down scenario	-34.6%	-55.7%

Interest rate sensitivity (EUR thousand)	**2023**	**2022**
+1% scenario effect on the economic value of equity	9,276	1,972
-1% scenario effect on the economic value of equity	(28,344)	(12,135)

6.1.4 Foreign currency risk

Currency or FX exposure is defined as the change in the value of a position with respect to a change in the FX rate expressed as cash equivalents per currency or currency pair. Revolut Bank uses FX hedging to minimise operational risks, expenses and overhead of FX risk hedging while ensuring scalability and automation of the process. FX hedging at the entity level like the Bank is executed into the functional currency of the entity.

Based on the current business model, the foreign exchange risk related to users' balances kept in other than EUR currencies imply a low FX risk for the Bank. The monitoring is performed intra-day to ensure proper control of this risk by hedging new positions instantly using automated FX swapping solutions.

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

As of 31 December 2023, the Bank's exposure to FX risk was low relative to CET1 capital.

Sensitivity of foreign exchange risk

The Bank uses a statistical Expected Shortfall (ES) model to forecast a potential loss due to movements in FX rates. Considering the Bank's low net FX exposure at the end of 2023, any market turbulence leading to significant change in FX rates would not cause material impact for the earnings.

For example, a 1% volatility in currency rates disregarding currency correlation factor would lead to a financial loss of EUR 1 million considering the Bank's open FX exposure as of 31 December 2023, which is summarised in the table below.

The table below summarises the Bank's open FX exposure as of 31 December 2023.

Currency	Rates	Position(million EUR)	Percentage of CET1 capital
Polish Zloty (PLN)	4.3395	26	5.1%
Romanian Leu (RON)	4.9756	19	3.7%
U.S. Dollar (USD)	1.105	(15)	3.0%
UK Pound Sterling (GBP)	0.86905	(12)	2.4%
Swiss Franc (CHF)	0.926	11	2.1%
Other long positions	-	13	2.6%
Other short positions	-	(3)	0.6%
Total long open position	**-**	**68**	**13.6%**
Total short open position	**-**	**(30)**	**5.9%**

The table below summarises the Bank's open FX exposure as of 31 December 2022.

Currency	Rates	Position (million EUR)	Percentage of CET1 capital
UK Pound Sterling (GBP)	0.88693	17	4.7%
Polish Zloty (PLN)	4.6808	(3)	0.9%
U.S. Dollar (USD)	1.0666	2	0.7%
Other long positions	-	-	0.0%
Other short positions	-	(1)	0.0%
Total long open position	**-**	**20**	**5.4%**
Total short open position	-	**(4)**	**1.2%**

6.1.5 Credit spread risk

Credit spread risk in the banking book (CSRBB) describes the risk driven by changes in the market perception about the price of credit risk, liquidity premium and potentially other components of credit-risky instruments. CSRBB is considered for market tradable assets with the framework established in 2023.

CSRBB sensitivity

CSRBB sensitivities for EVE and NII are determined through a historical value-at-risk (VaR) simulation based on instrument benchmarks considering the counterparty, asset type, duration and credit rating. The two scenarios considered are the following:

- **Flight to safety -** In times of stress, investors often flee to “safe assets”. In this scenario the Bank assumes spreads on safe assets tighten, and spreads on all other assets widen.
- **All credit spreads widen -** In this scenario the Bank assumes all credit spreads widen. Given this scenario is less likely to occur, the Bank uses a lower confidence interval.

CSRBB is managed by limiting investments with higher credit spread sensitivity (e.g. long duration assets with lower credit ratings). To quantify this risk, the Bank assesses CSRBB EVE and NII sensitivities. The worsen output of the two CSRBB scenarios are then selected.

Credit spread sensitivity	2023	2022
EVE sensitivity	(18)	n/a
NII sensitivity	-	n/a

6.1.6 Model risk

The Bank, in line with the Group, uses models for a variety of reasons, ranging from compliance and risk management, to commercial activities. The models include (but are not limited to) the 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, and is independent of the revenue-producing units, model developers, model owners and model users. It has the primary responsibility of 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.

6.1.7 Concentration risk

Concentration Risk in Revolut Bank is managed in accordance with the approved Credit Concentration Risk Management Policy. Revolut Bank manages concentrations in it's 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 governance forum.

Information about concentration risk for financial instruments is disclosed in notes 17, 20.2 and 21.

6.1.8 ESG risk

Environmental, Social, Governance (ESG) risks encompass any negative financial impact on the institution stemming from the current or prospective impacts of ESG factors on its counterparties or invested assets. ESG factors are defined as environmental, social or governance matters that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.

Overall, ESG risk is assessed on the Revolut Group level using a methodology that combines elements of the best industry practices in the area. Given the early stage of the development of the sustainability risk framework in the industry, social and governance factors and risks are captured mostly through climate factors and risks. Therefore, the Bank sets, at the moment, a risk appetite only for climate risk.

The Bank has a low appetite for climate risk. It tolerates some exposure to the risk through the Bank's business model, such as exposure to collateral in lending portfolio. The Bank will accept the risk if required by the business model but mitigate to the extent possible. The Bank's exposure to ESG risks currently is considered to be low. The Bank has active controls to limit exposure to climate risk and direct its product composition to keep it within its risk appetite.

For the wholesale corporate portfolio, which is still nascent, the Bank plans to use NACE classification for the economic activity and respective EU Taxonomy when driving its activities and considers climate risk when making investment decisions. For the Retail Portfolio, the Bank continues to scope what other offerings it may bring to market to support green lending. Moreover, the Bank will publish its CO2 emissions for 2023 for the first time in conjunction with a third party vendor (WaterShed).

6.2 Non-financial risk

6.2.1 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.

On 23 January 2024 Bank of Lithuania imposed the penalty of 200 thousand EUR on Revolut Bank UAB for temporarily violating the large exposure requirement with regard to Article 395(1) of Regulation (EU) No 575/2013. Revolut Bank identified the incident internally, reported it to the regulator, fully remediated it within days and has also implemented improved controls to prevent such a situation reoccurring. This was an isolated incident that did not impact the capital of any Revolut entity. It did not create any financial losses (except for the fine imposed) and did not impact customers or their funds in any way.

Bank of Lithuania targeted planned inspection

Between the 24 October 2023 and the 4 February 2024 the Bank of Lithuania performed a targeted planned inspection of the Revolut Bank UAB especially in the areas of outsourcing governance and related risk management, internal controls, ICT and AML/CFT. The inspection covered the period from 1 January 2023 to 30 September 2023.

On 8 February 2024 the Bank received the inspection draft report from the Bank of Lithuania. On 13 March 2024 the Bank submitted written comments on the inspection report to the Bank of Lithuania and provided a remediation plan with respect to inspection findings. The Bank expects to receive feedback from the Bank of Lithuania but also the Joint Supervisory Team (JST) formed by the European Central Bank during Q2/2024. The Bank is fully committed to work with the regulators to remediate any deficiencies in due time.

Office of Competition and Consumer Protection (OCCP) of the Republic of Poland proceedings

On 23 November 2023 the Office of Competition and Consumer Protection (OCCP) of the Republic of Poland issued the decision to initiate proceedings against the Bank on a suspected breach of the collective interests of consumers. This decision was the result of the investigation conducted by the OCCP from 4 April 2022. In the decision two main allegations have been raised against Revolut Bank:

- the failure to provide information on T&C changes on a durable medium, and
- the failure to draw up in the Polish language standard contract templates used in transactions with consumers.

In addition to the above main allegations, the OCCP raised several additional concerns regarding Revolut Bank's practices, in particular, an incorrect wording of the T&Cs change message resulting in a lack of information on the legal basis for the change and on possible actions to be taken by the consumer if he/she does not agree with the changes.

The Bank has remediated the findings and is committed to fully cooperate with the OCCP and find ways to compensate customers for any potential cost they might have incurred due to incorrect T&C change processes. The Bank expects the consultations to continue at least through 2024.

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 Compliance Policy with dedicated functions and governance bodies responsible for the implementation of controls and oversight of compliance and conduct risks.

6.2.2 Operational risk

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

Revolut Bank UAB and its senior management has full accountability for its risk profile with regular risk reporting to the Management Board and the Supervisory Council.

In addition, the Bank continues to take an active risk management approach, continually enhancing our risk management capabilities to drive key risk and control initiatives, including enhanced outsourcing governance and strong oversight over outsourced 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 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.

6.2.3 Third party risk

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

6.2.4 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 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 the whole Revolut Group is committed to maintaining a control environment that enables it to respond promptly and effectively to emerging financial crime threats.

6.2.5 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, being a cloud-based fully digital institution, ensures that fully remote-working is possible for staff. The cyber risks that follow a remote-working model are closely monitored with additional controls implemented both for customer protection and entity's staff and data security.

6.2.6 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. Access to data is protected on a least privilege basis as required by the Bank's internal policies. 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.

6.2.7 Change risk

Inherent in the Bank's strategy is rapid and, at times, 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 platforms 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.

7. Interest income, calculated using the effective interest method

EURth	2023	2022
Interest income on due from banks	248,702	20,144
Interest income on debt instruments at amortised cost	61,346	10,414
Interest income on loans and unauthorised overdrafts	40,996	8,857
Interest income on debt instruments at FVOCI	-	971
Total	**351,044**	**40,386**

8. Interest expense

EURth	2023	2022
Interest expense on lease liabilities	(64)	(60)
Negative interest on interest bearing assets	(7)	(12,459)
Total	**(71)**	**(12,519)**

9. Fee and commission income

EURth	2023	2022
Card and interchange fees	353,682	216,652
Subscription - Retail	164,789	106,830
Wealth and Foreign exchange	103,037	65,156
Client onboarding	35,975	30,272
Remittance fees	23,123	9,989
Subscription - Business	19,329	9,945
Credit card fees	194	92
Other income	4,659	4,506
Total	**704,788**	**443,442**

10. Fee and commission expense

EURth	2023	2022
Interchange fee expense	(86,385)	(72,975)
Insurance	(18,659)	(8,472)
Cashback	(12,114)	(7,042)
Scheme fees	(5,342)	(5,726)
Cards	(7,387)	(5,278)
Loan servicing activities	(2,468)	(2,335)
Other transaction fees	(36,957)	(11,238)
Total	**(169,312)**	**(113,066)**

11. Other operating income

EURth	2023	2022
Net foreign exchange gain	-	37,466
Chargeback	1,748	8,745
Total	**1,748**	**46,211**

12. Personnel expense

EURth	2023	2022
Wages and salaries	(37,473)	(17,967)
Social security costs	(8,078)	(2,695)
Share based payments (Note 30)	(2,393)	(912)
Pension costs	(1,587)	(580)
Employee benefits	(534)	(317)
Severance	(130)	(50)
Staff Recruitment & HR Expenses	(29)	(4)
Total	**(50,224)**	**(22,525)**

13. Other operating expenses

EURth	2023	2022
Services fee from Revolut Group	(634,236)	(287,282)
Client referrals	(62,665)	(40,377)
Contributions to resolution funds and deposit guarantee	(8,304)	(2,499)
Net foreign exchange loss	(8,334)	-
Irrecoverable VAT	(7,384)	(1,560)
Solidarity tax	(3,326)	-
Professional fees	(1,419)	(1,872)
Audit fees	(273)	(797)
Administrative	(42)	(209)
Other expenses	(7,123)	(1,986)
Total	**(733,106)**	**(336,582)**

Services fee from Revolut Group relate to the general transfer pricing methodology implemented in 2022 applying OECD guidelines and principles on arm's length pricing. It was the result of a coherent functional analysis conducted followed by an annually updated industry benchmarking exercise.

14. Credit loss expense on financial assets

EURth	2023	2022
Impairment gain or loss - Stage 1	(8,584)	(2,241)
Impairment gain or loss - Stage 2	(9,490)	(1,446)
Impairment gain or loss - Stage 3	(17,595)	(2,149)
Impairment gains or (losses) (IFRS 9)	**(35,669)**	**(5,836)**
Provision for unauthorised overdraft	**(8,295)**	**(5,886)**
Write-offs and recoveries		
Write-offs	(1,861)	(9,847)
Net write-offs	**(1,861)**	**(9,847)**
Net expected credit losses	**(45,825)**	**(21,569)**

15. Income tax

EURth	2023	2022
Current tax	(16,413)	(9,725)
Prior year adjustment of current tax	17	-
Deferred tax		
Relating to origination and reversal of temporary differences	(4,660)	3,113
Total income tax	**(21,056)**	**(6,612)**

15.1 Reconciliation of the total tax charge

EURth		2023		2022
Profit (loss) before tax		**99,436**		**30,167**
Income tax (expenses) at statutory tax rate of 20% (15% in 2022)	20.00%	(19,886)	15.00%	(4,525)
Effect of lower statutory tax rate of 15% (for profit below EUR 2 million)	-0.10%	100	0.00%	-
Effect of tax rates in foreign jurisdictions	1.29%	(1,281)	0.39%	(117)
Tax effect of:				
Income not subject to tax	-4.45%	4,420	-0.37%	111
Non-deductible (expenses) of income tax	-0.47%	466	-1.09%	330
Adjustments in respect of prior years	-0.02%	17	0.16%	(49)
Utilisation of deferred tax effect	4.69%	(4,660)	0.00%	-
Movement in provisions	1.12%	(1,112)	7.89%	(2,379)
Other tax differences, net	-0.89%	880	-0.06%	17
Total income tax expense	**21.18%**	**(21,056)**	**21.92%**	**(6,612)**

15.2 Deferred tax

EURth 31 December 2023	Deferred tax asset	Statement of profit or loss
Provision for tax losses carried forward	-	(4,660)

EURth 31 December 2022	Deferred tax asset	Statement of profit or loss
Provision for tax losses carried forward	4,660	3,113

16. Cash and cash equivalents

EURth	2023	2022
Cash and balances with central banks	7,559,761	6,921,501
Due from banks and other financial institutions	20,514	9,754
Total	**7,580,275**	**6,931,255**

17. Cash and balances with central banks

EURth	2023	2022
Current account with the European Central Bank	7,464,377	6,485,489
Current account with the Central Bank of Lithuania	73,649	436,012
Current account with the Central Bank of Ireland	14,545	-
Current account with Bank of France	6,605	-
Current account with the Bank of Spain	585	-
Total	**7,559,761**	**6,921,501**

The Bank has met the minimum reserve requirements set by the Bank of Lithuania and Central banks where the Bank has operationalised branches: France, Ireland, Spain, Netherlands.

As of 31 December 2023 the Bank's mandatory reserves held with Central banks were EUR 94,943 thousand (2022 EUR 75,780 thousand).

The Bank's monthly average correspondent account (in EUR) in the Bank of Lithuania should exceed the specified minimum, however, the funds in each particular day could be used in an unrestricted manner.

18. Due from banks and other financial institutions

EURth	2023	2022
Placements with other banks - demand deposits	14,086	8,396
Placements with other financial institutions - demand deposits	6,428	1,358
Total	**20,514**	**9,754**

19. Derivatives

At 31 December 2023 EURth	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives at fair value through profit or loss			
Foreign exchange contracts (swaps) with related parties	5,707	(4,938)	2,129,331
Foreign exchange contracts (forwards) with other customers	95	(56)	12,553
Total	**5,802**	**(4,994)**	**2,141,884**

At 31 December 2022 EURth	Carrying value assets	Carrying value liabilities	Notional amount
Derivatives at fair value through profit or loss			
Foreign exchange contracts (swaps) with related parties	1,261	2,800	2,000,494
Total	**1,261**	**2,800**	**2,000,494**

There were no changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability.

Swaps

Foreign exchange swaps are contractual agreements between two parties to exchange a set amount of currency at contract date as well as exchange same amount back at agreed future date at agreed future rate. FX swaps are grossly settled directly with counterparty. Swaps are fully collateralized. Margin is assessed and settled on a daily basis.

Offsetting

The bank has netting agreements in place with counterparties to manage the associated credit risks for over-the-counter traded derivatives and loans, deposits transactions. These netting agreements generally enable the counterparties to set-off liabilities against available assets received in the ordinary course of business and/or in the event of the counterparty's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. There were no active items where the offsetting was applied as at 31 December 2023 and 2022.

20. Loans and unauthorised overdrafts

EURth	2023	2022
Consumer lending	644,325	233,286
Less: Allowance for ECL	(41,698)	(6,309)
Unauthorised overdraft	26,931	20,379
Less: impairment	(24,788)	(16,519)
Reverse repurchase agreement	431,513	-
SSD agreement	425,644	-
Total	**1,461,927**	**230,837**

As at 31 December 2023, Bank had forborne consumer credits with gross carrying value of EUR 2,009 thousand (2022: EUR 176 thousand).

In 2023 Bank had written EUR 1,861 thousand of unauthorised overdraft (2022: EUR 9,847 thousand).
As at 31 December 2023 and 2022 the Bank's consumer loan portfolio is not collateralized.

20.1 Impairment allowance for loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system, 12-month PD range and year-end stage classification. The amounts presented are gross of allowance for ECL. Details of the Bank's internal grading system and the Bank's impairment assessment and measurement approach are set out in Note 6.1.2.

31 December 2023

Internal rating grade	12-month PD range	Risk level	Stage 1	Stage 2	Stage 3	POCI	Total, EURth
1	0.03% - 0.10%		851	-	-	-	**851**
2	0.10% - 0.20%		3,850	-	-	-	**3,850**
3	0.20% - 0.30%		20,989	-	-	-	**20,989**
4	0.30% - 0.50%		49,228	82	-	-	**49,310**
5	0.50% - 0.80%		47,592	457	-	-	**48,049**
6	0.80% - 1.30%		59,513	2,732	-	-	**62,245**
7	1.30% - 2.00%	Low	62,551	21,459	-	-	**84,010**
8	2.00% - 3.00%		48,594	17,322	-	-	**65,916**
9	3.00% - 5.00%	Moderate	91,772	15,244	-	-	**107,016**
10	5.00% - 8.00%		72,715	10,296	-	-	**83,011**
11	8.00% - 13.00%		42,335	15,274	-	-	**57,609**
12	13.00% - 20.00%		9,362	6,604	-	-	**15,966**
13	20.00% - 100%		3,074	17,239	-	-	**20,313**
14	100%	High	112	188	24,890	-	**25,190**
Total			**512,538**	**106,897**	**24,890**	**-**	**644,325**

31 December 2022

Internal rating grade	12-month PD range	Risk level	Stage 1	Stage 2	Stage 3	POCI	Total, EURth
1	0.03% - 0.10%		4,427	17	-	-	**4,444**
2	0.10% - 0.20%		19,701	10	-	-	**19,711**
3	0.20% - 0.30%		5,851	25	-	-	**5,876**
4	0.30% - 0.50%		48,993	529	-	-	**49,522**
5	0.50% - 0.80%		6,348	252	-	-	**6,600**
6	0.80% - 1.30%		14,347	1,024	-	-	**15,371**
7	1.30% - 2.00%	Low	70,325	4,239	-	-	**74,564**
8	2.00% - 3.00%		11,495	1,877	-	-	**13,372**
9	3.00% - 5.00%	Moderate	8,226	3,702	-	-	**11,928**
10	5.00% - 8.00%		12,517	3,705	-	-	**16,222**
11	8.00% - 13.00%		2,453	985	-	-	**3,438**
12	13.00% - 20.00%		5,002	1,949	-	-	**6,951**
13	20.00% - 100%		613	1,586	-	-	**2,199**
14	100%	High	10	1	3,077	-	**3,088**
Total			**210,308**	**19,901**	**3,077**	**-**	**233,286**

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for consumer lending is as follows:

EURth	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
At 1 January 2023	210,308	2,539	19,901	1,554	3,077	2,216	**233,286**	**6,309**
Increases due to origination and acquisition	614,580	11,725	723	360	87	87	**615,390**	**12,172**
Changes due to change in credit risk (net)	(245,619)	(1,562)	89,797	8,678	21,222	18,024	**(134,600)**	**25,140**
Decreases due to derecognition	(68,170)	(1,439)	(3,944)	(359)	(271)	(125)	**(72,385)**	**(1,923)**
Accrued interest	1,439	-	420	-	775	-	**2,634**	**-**
At 31 December 2023	**512,538**	**11,263**	**106,897**	**10,233**	**24,890**	**20,202**	**644,325**	**41,698**

EURth	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
At 1 January 2022	**20,425**	**244**	**1,111**	**127**	**109**	**71**	**21,645**	**442**
Increases due to origination and acquisition	256,843	3,183	50	27	18	13	**256,911**	**3,223**
Changes due to change in credit risk (net)	(53,561)	(703)	19,298	1,446	2,874	2,150	**(31,389)**	**2,893**
Decreases due to derecognition	(14,167)	(185)	(672)	(46)	(29)	(18)	**(14,868)**	**(249)**
Accrued interest	768	-	114	-	105	-	**987**	**-**
At 31 December 2022	**210,308**	**2,539**	**19,901**	**1,554**	**3,077**	**2,216**	**233,286**	**6,309**

20.2 Credit risk analysis by product and country

An analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans portfolio by type of lending and geographical location is presented below:

At 31 December 2023	Gross carrying amount			Allowance for ECL			ECL coverage %		
EURth	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Per product									
Consumer loans	469,674	97,526	21,885	10,040	8,862	17,744	2.14%	9.09%	81.08%
Credit cards	36,644	9,049	2,257	1,221	1,363	1,798	3.33%	15.06%	79.66%
BNPL	6,220	322	748	2	8	660	0.03%	2.48%	88.24%
Total	**512,538**	**106,897**	**24,890**	**11,263**	**10,233**	**20,202**	**2.20%**	**9.57%**	**81.17%**
Per country									
Lithuania	22,284	47,550	1,925	283	1,638	1,178	1.27%	3.44%	61.19%
Poland	109,660	13,277	7,109	1,490	1,517	5,718	1.36%	11.43%	80.43%
Ireland	175,803	34,026	13,481	5,876	4,302	11,675	3.34%	12.64%	86.60%
Romania	150,451	10,677	1,566	2,457	2,588	1,008	1.63%	24.24%	64.37%
Spain	28,589	1,049	685	769	157	543	2.69%	14.97%	79.27%
Germany	19,032	274	121	343	29	78	1.80%	10.58%	64.46%
France	6,719	44	3	45	2	2	0.67%	4.55%	66.67%
Total	**512,538**	**106,897**	**24,890**	**11,263**	**10,233**	**20,202**	**2.20%**	**9.57%**	**81.17%**

At 31 December 2022	Gross carrying amount			Allowance for ECL			ECL coverage %		
EURth	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Per product									
Consumer loans	194,207	17,761	2,556	2,147	1,257	1,854	1.11%	7.08%	72.54%
Credit cards	13,819	2,095	519	389	297	361	2.81%	14.18%	69.56%
BNPL	2,282	45	2	3	-	1	0.13%	0.00%	50.00%
Total	**210,308**	**19,901**	**3,077**	**2,539**	**1,554**	**2,216**	1.21%	7.81%	72.02%
Per country									
Lithuania	32,992	2,024	375	120	56	231	0.36%	2.77%	61.60%
Poland	48,959	11,047	1,596	1,078	858	1,108	2.20%	7.77%	69.42%
Ireland	98,366	3,297	1,106	1,061	197	877	1.08%	5.98%	79.29%
Romania	29,991	3,525	-	280	440	-	0.93%	12.48%	0.00%
Spain	-	8	-	-	3	-	0.00%	37.50%	0.00%
Total	**210,308**	**19,901**	**3,077**	**2,539**	**1,554**	**2,216**	1.21%	7.81%	72.02%

20.3 Reverse repo

During the year 2023 the Bank's investments contained a portfolio of reverse repurchase agreements.

As part of the reverse repo transactions, the Bank has received collateral that it is permitted to reuse in the absence of default. Although the Bank has the possibility of repledging the collateral, no collateral had been re-pledged or sold as of 31 December 2023 (2022: nil).

As at 31 December 2023, the fair value of financial assets accepted as collateral regarding the Bank's reverse repo agreements was EUR 462,418 thousand (2022: nill).

Investment in reverse repurchase agreements are measured at amortised cost due to management's intention to collect the contractual cash flows of the agreements until maturity and classified in financial statements as loans and unauthorised overdrafts.

20.4 SSD agreement

During the year 2023, the Bank has invested in Schuldschein (SSD) loans, which constitutes a standardised loan contract under the German Civil Code, evidenced by a certificate of indebtedness. The Bank's investments in SSD were centred around German municipalities or regional governments.

As at 31 December 2023 all exposures were classified at stage 1 for impairment calculation. Information about maturity is disclosed in note 31.

21. Debt instruments measured at amortised cost

EURth	2023		2022	
Debt securities of financial institutions	Carrying amount	ECL	Carrying amount	ECL
Switzerland	29,138	(1)	19,968	(5)
Germany	44,960	(47)	29,696	(9)
Spain	121,829	(53)	79,412	(25)
Finland	28,813	(2)	28,338	(1)
France	181,478	(35)	112,737	(4)
United Kingdom	244,725	(18)	100,454	(11)
Sweden	22,814	-	22,777	-
United States	94,699	(4)	94,533	(6)
Australia	80,645	(1)	-	-
Austria	16,663	(1)	-	-
Japan	23,902	(6)	-	-
Canada	104,302	-	-	-

21. Debt instruments measured at amortised cost

EURth	2023		2022	
Debt securities of financial institutions	Carrying amount	ECL	Carrying amount	ECL
Total	**993,968**	**(168)**	**487,915**	**(61)**
Government debt securities				
Belgium	311,271	(4)	99,316	(2)
France	35,694	(1)	696	-
Germany	182,634	-	157,842	-
Luxembourg	44,490	-	70,366	-
Netherland	547	-	564	-
Spain	194,980	(83)	103,890	(28)
Sweden	3,689	-	3,745	-
United States	209,813	(1)	186,013	-
United Kingdom	120	-	-	-
Lithuania	25,834	(2)	-	-
Total	**1,009,072**	**(91)**	**622,432**	**(30)**
ABS				
Ireland	412,953	-	-	-
United Kingdom	10,152	-	-	-
France	98	-	-	-
Total	**423,203**	-	-	-
Total debt instruments measured at amortised cost	**2,426,243**	**(259)**	**1,110,347**	**(91)**

Revolut Bank UAB did not have any debt instruments measured at amortised cost which were pledged as collateral as at 31 December 2023 (2022: nil).

During 2023 Bank continued to invest into the portfolio of held to maturity debt securities. These debt securities are held at amortised cost, owing to the way that the portfolio is managed, and in particular management's intention to not trade these bonds but hold these securities until maturity. As a mix of high quality financial institutions and government bonds, the credit ratings of these bonds are very high. To account for the credit risk in the portfolio, Revolut Bank UAB reduces the value of the assets on the balance sheet using an Impairment Loss Allowance (provision) under IFRS 9.

From the year 2023 the Bank has started to invest into Asset-backed securities (ABS). Accounting policy in respect of those instruments is described in note 4.

Debt securities of financial institutions by credit rating assigned in accordance with article 138 of the Capital Requirements Regulation (EU) No. 575/2013 (Standard & Poor's long term credit rating scale) are presented below:

EURth	2023		2022	
Debt securities of financial institutions	Carrying amount	ECL	Carrying amount	ECL
AAA	127,796	-	-	-
AA-	111,014	(2)	22,777	-
A+	237,548	(15)	58,128	(2)
A	210,812	(17)	156,823	(18)
A-	211,041	(36)	171,117	(17)
BBB+	56,649	(33)	55,474	(9)
BBB	39,108	(65)	23,596	(15)
Total	**993,968**	**(168)**	**487,915**	**(61)**

21.1 Impairment allowance for debt instruments measured at amortised cost

A reconciliation of changes in the carrying amount and corresponding allowance for ECL by stage for debt instruments measured at amortised cost is, as follows:

31 December 2023

EURth	Stage 1		Stage 2	
	Carrying amount	ECL	Carrying amount	ECL
At 1 January 2023	**1,110,347**	**91**	**-**	**-**
Increases due to origination and acquisition	1,300,759	47	15,137	39
Changes due to change in credit risk (net)	-	82	-	-
At 31 December 2023	**2,411,106**	**220**	**15,137**	**39**

31 December 2023

EURth	Stage 1			Stage 2		
Internal rating grade	12-month PD range	Gross carrying amount	ECL	12-month PD range	Gross carrying amount	ECL
Performing						
High grade	0.01% - 0.19%	2,411,106	220	0.19%	15,137	39
Total		**2,411,106**	**220**		**15,137**	**39**
Coverage ratio		0.01%			0.26%	

31 December 2022

EURth	Stage 1	
	Carrying amount	ECL
At 1 January 2022	-	-
Increases due to origination and acquisition	1,110,347	91
Decreases due to bond maturity	-	-
At 31 December 2022	**1,110,347**	**91**

31 December 2022

EURth	Stage 1		
Internal rating grade	12-month PD range	Gross carrying amount	ECL
Performing			
High grade	0.00% - 0.50%	1,110,347	91
Total		**1,110,347**	**91**
Coverage ratio		0.01%	

22. Property and equipment and right-of-use assets

EURth	Computer hardware	Other furniture and equipment	Right-of-use assets	Total
Cost				
At 1 January 2022	98	2	1,821	1,921
Additions	18	-	68	86
At 31 December 2022	**116**	**2**	**1,889**	**2,007**
Additions	44	-	988	1,032
Dilapidation provision	**-**	**-**	280	280
At 31 December 2023	**160**	**2**	**3,157**	**3,319**

Depreciation				
At 1 January 2022	**(68)**	**(1)**	**(151)**	**(220)**
Depreciation charge for the year	(22)	-	(318)	(340)
At 31 December 2022	**(90)**	**(1)**	**(469)**	**(560)**
Depreciation charge for the year	(20)	(1)	(490)	**(511)**
At 31 December 2023	**(110)**	**(2)**	**(959)**	**(1,071)**
Net book value				
At 31 December 2022	**26**	**1**	**1,420**	**1,447**
At 31 December 2023	**50**	**-**	**2,198**	**2,248**

There are no restrictions on use of property and equipment, as well they are not pledged as security for liabilities.

22.1 Right-of-use assets

Revolut Bank has a lease contract for office space, Quadrum, with maturity of July 14, 2027. Additionally during 2023, a lease was entered for the Paris office with a maturity date of 1 July 2026. Both of these leases are disclosed under right-of-use assets.

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

EURth	2023	2022
At 1 January	**1,464**	**1,685**
Additions	988	68
Accretion of interest	64	60
Payments	(481)	(349)
At 31 December	**2,035**	**1,464**
Current	580	302
Non-current	1,455	1,162

The following are the amounts recognised in profit or loss:

EURth	2023	2022
Depreciation expense of right-of-use assets	(490)	(318)
Interest expense on lease liabilities (Note 8)	64	60
Total amount recognised in profit or loss	**(426)**	**(258)**

23. Intangible assets

EURth	Computer software
Cost	
At 1 January 2022	**101**
Additions	-
At 31 December 2022	**101**
Additions	-
At 31 December 2023	**101**
Amortisation	
At 1 January 2022	**(68)**
Amortisation charge for the year	(33)
At 31 December 2022	**(101)**
Amortisation charge for the year	**-**
At 31 December 2023	**(101)**
Net book value	
At 31 December 2022	**-**
At 31 December 2023	**-**

Intangible assets are amortised over the useful economic life of 3 years. As at 31 December 2023 intangible assets were fully amortised.

24. Other assets

EURth	2023	2022
Settlement receivables (note 34)	488,457	461,536
Cash collateral to card payment schemes	41,959	-
Due from intermediaries	33,702	13,135
Accrued income	25,932	11,774
Client funds in transit	17,624	-
Receivable VAT	5,376	8,322
Prepaid expenses	543	664
Rent deposits	220	207
Accrued payment scheme rebates	138	4,067
Other	398	29
Total	**614,349**	**499,734**

Revolut Bank UAB has analysed potential uncertainty related to receivable VAT recoverability, and recognised the asset to the extent, which is expected to be received.

25. Due to customers

EURth	2023	2022
Retail customers - Current accounts	10,661,324	8,083,838
Total	**10,661,324**	**8,083,838**

26. Due to other financial institutions

The Bank uses a multi-currency facility with Revolut Ltd to deposit funds. At 31 December 2023 the Bank had a negative balance in EUR currency of 255,886 thousand (2022: EUR 181,024 thousand) recognised in liabilities and positive balance EUR 6,428 thousand (2022: EUR 1,358 thousand) in assets.

As at 31 December 2023 the Bank has received from Revolut Ltd variation margin of EUR 1,863 thousand (2022: EUR 10,537 thousand).

27. Other liabilities

EURth	2023	2022
Settlement liabilities	519,993	73,023
Deferred revenue	33,870	23,075
Corporate tax payable	15,728	225
Accrued expenses	8,109	4,646
Payroll payable	2,573	1,595
Lease liability (Note 22)	2,035	1,464
Other liabilities	5,941	388
Total	**588,249**	**104,416**

28. Provisions

EURth	2023	2022
Provision for undrawn commitments	473	103
Dilapidation provision	280	-
Total	**753**	**103**

The movement in provision for undrawn commitments during 2023 and 2022 respectively is, as follows:

EURth	Undrawn commitments
31 December 2021	**32**
Changes in ECL	71
31 December 2022	**103**
Changes in ECL	370
31 December 2023	**473**

The table below shows provisions for undrawn commitments by stages:

31 December 2023

EURth	Stage 1	Stage 2	Stage 3	Total
Undrawn commitments	273	146	54	**473**

31 December 2022

EURth	Stage 1	Stage 2	Stage 3	Total
Undrawn commitments	69	30	4	**103**

28.1 Undrawn commitments

To meet the financial needs of customers, the Bank may enter into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and, therefore, form part of the overall risk of the Bank.

The Bank offers credit card and revolving loan (commercially called buy now pay later) facilities to its customers. The nominal value of the undrawn commitments was EUR 111,624 thousand at 31 December 2023 (2022: EUR 35,211 thousand). At 31 December 2023 the Bank recognised EUR 474 thousand of allowance on ECL for the outstanding exposures (2022: EUR 103 thousand).

The table below sets out the credit quality of retail customers lending commitments of the Bank as at 31 December 2023.

Internal rating grade	12-month PD range	Risk level	Stage 1	Stage 2	Stage 3	POCI	Total
1	0.03% - 0.10%		4,582	-	-	-	**4,582**
2	0.10% - 0.20%		16,034	-	-	-	**16,034**
3	0.20% - 0.30%		14,454	-	-	-	**14,454**
4	0.30% - 0.50%		13,724	-	-	-	**13,724**
5	0.50% - 0.80%		9,591	30	-	-	**9,621**
6	0.80% - 1.30%		10,726	347	-	-	**11,073**
7	1.30% - 2.00%	Low	10,223	1,045	-	-	**11,268**
8	2.00% - 3.00%		5,584	503	-	-	**6,087**
9	3.00% - 5.00%	Moderate	7,985	1,331	-	-	**9,316**
10	5.00% - 8.00%		6,481	313	-	-	**6,794**
11	8.00% - 13.00%		5,130	407	-	-	**5,537**
12	13.00% - 20.00%		1,491	152	-	-	**1,643**
13	20.00% - 100%		579	396	-	-	**975**
14	100%	High	-	2	514	-	**516**
Total			**106,584**	**4,526**	**514**	**-**	**111,624**

The table below sets out the credit quality of retail customers lending commitments of the Bank as at 31 December 2022.

Internal rating grade	12-month PD range	Risk level	Stage 1	Stage 2	Stage 3	POCI	Total
1	0.03% - 0.10%	Low	-	-	-	-	**-**
2	0.10% - 0.20%		9,036	-	-	-	**9,036**
3	0.20% - 0.30%		2,791	-	-	-	**2,791**
4	0.30% - 0.50%		5,249	38	-	-	**5,287**
5	0.50% - 0.80%		2,776	13	-	-	**2,789**
6	0.80% - 1.30%		3,446	71	-	-	**3,517**
7	1.30% - 2.00%		3,986	142	-	-	**4,128**
8	2.00% - 3.00%	Moderate	2,818	119	-	-	**2,937**
9	3.00% - 5.00%		1,599	291	-	-	**1,890**
10	5.00% - 8.00%	High	1,018	186	-	-	**1,204**
11	8.00% - 13.00%		295	34	-	-	**329**
12	13.00% - 20.00%		700	192	-	-	**892**
13	20.00% - 100%		390	5	-	-	**395**
14	100%		-	-	16	-	**16**
Total			**34,104**	**1,091**	**16**	**-**	**35,211**

29. Share capital and reserves

Authorised shares	**2023**	**2022**	**2021**
	Thousands	Thousands	Thousands
Ordinary shares of €1 each	36,815	36,815	36,815

Ordinary shares issued and fully paid	**Thousands**
At 1 January 2022	36,815
Issued ordinary shares	-
At 31 December 2022	36,815
Issued ordinary shares	-
At 31 December 2023	36,815

Reserves

EURth	Reserve capital	Other reserves
At 1 January 2022	**169,600**	**2,009**
Cover of prior year losses	(9,592)	-
Formation of the reserve capital by shareholder contributions	119,000	3,854
At 31 December 2022	**279,008**	**5,863**
Formation of the reserve capital by shareholder contributions	100,000	-
Share based payments and translation cost incurred	-	2,404
Transfer from retained earnings	-	3,754
At 31 December 2023	**379,008**	**12,021**

The other reserves include the legal reserve of EUR 7,159 thousand (2022: EUR 3,405 thousand), the share based payment reserve of EUR 4,831 thousand (2022: EUR 2,438 thousand) and other translation reserve EUR 31 thousand (2022: EUR 20 thousand).

30. Share based payments

The Revolut Group issues equity-settled share-based payment awards to certain employees where they receive options at the date of granting.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market performance vesting conditions) at the date of grant. The fair value of the options determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Revolut Group's estimate of the number of awards that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Scheme and parent company modification

During 2022, a change in the legal structure of Revolut occurred; the ultimate parent company of the Revolut Group was changed to Revolut Group Holdings Ltd instead of Revolut Ltd. With this change, all previously awarded grants' have been novated from Revolut Ltd to Revolut Group Holdings Ltd.

In 2022, the Revolut Group issued share options under the Unapproved Options Plan ('UOP') for both UK and non-UK employees of the Group and issued no share options under the Company Stock Option Scheme ('CSOP') plan. Furthermore, Restricted Stock Units ('RSUs') were issued to employees under US entities.

The fair value of the options granted to employees during the year ended 31 December 2023 has been determined utilising an options pricing model, which encompasses the Black-Scholes methodology. It's important to note that the strike price of the options given to employees in 2023 was almost zero, making their fair value similar to that of ordinary shares.

Options granted have varying vesting schedules depending on the reason for the grant — for example, Joining Bonus, Referral Bonus, Promotion Bonus, or Performance Bonus. The main vesting schedules are: (i) a four-year vesting schedule with 25% vesting on each anniversary; (ii) a two-year vesting schedule with 50% upfront and 25% vesting annually over the subsequent two years; and (iii) a two-year vesting schedule where 1/24th vests each month. Employees are required to remain in employment with the Group until the vesting period has elapsed; otherwise, the awards lapse. Options issued under the UOP expire after ten years whereas RSUs expire after seven years.

Valuation Assumptions

Key assumptions used in determining the values of options are shared below.

	2023	**2022**
Expected term (years)	0 - 4	0 - 4
Fair value of ordinary share	204.17 EUR	175.05-185.35 EUR
Expected volatility	40% - 50%	30% - 40%
Expected dividend yields	nil	nil
Risk-free interest rate	4.29% - 5.35%	1.9% - 4.3%

Expected volatility is derived from observed volatility from comparable companies. Calculating the fair value of options in private companies requires making highly subjective assumptions including the methodology used. These assumptions can materially affect the fair value of share-based payments.

Reconciliation of outstanding share-based payment awards

A reconciliation of share option movements over the years ended 31 December 2023 and 2022 is shown below.

	Weighted average exercise price, (EUR) 2023	**Number 2023**	**Weighted average exercise price, (EUR) 2022**	**Number 2022**
Outstanding at the beginning of the year	**0.06**	**34,682**	**0.27**	**21,497**
Transfers during the year	0.00	-	0.11	7,072
Adjustments related to prior year	0.06	(1,391)	-	-
Granted during the year	0.18	16,417	0.14	7,192
Exercised during the year	0.01	(1,709)	0.01	(46)
Forfeited during the year	0.01	(1,970)	0.01	(1,033)
Outstanding at the end of the year	**0.03**	**46,029**	**0.11**	**34,682**
Exercisable at the end of the year	**0.05**	**32,242**	**0.64**	**25,821**

Fair values have been calculated by independent accounting advisors at the date of grant of each share award. The estimated weighted average fair value at the date of exercise for share options exercised in 2023 was EUR 85.76 (2022: EUR 175.05-185.35).

The outstanding options at the end of 2023 weighted average remaining contractual life by exercise price is shown below:

Pool	Exercise Price (EUR)	Weighted average remaining contractual life	Number of shares
1	0.01	8	42,851
2	0.12	5	1,140
3	0.58	6	1,600
4	0.87	6	438
total	**0.04**		**46,029**

The outstanding options at the end of 2022 weighted average remaining contractual life by exercise price is shown below.

Pool	Exercise Price (EUR)	Weighted average remaining contractual life	Number of shares
1	0.01	9	30,941
2	0.12	6	1,140
3	0.58	7	2,163
4	0.87	7	438
total	**0.06**		**34,682**

Impact on the Statement of Comprehensive Income

The total share-based payment expense recognised in administrative expenses in the Statement of Comprehensive Income is as follows.

EURth	2023	2022
Equity-settled share-based payment charge	2,393	912

31. Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities presented according to when they are expected to be recovered or settled.

As at 31 December 2023 EURth	**Up to 3 months /on demand**	**3-12 months**	**1-5 years**	**Total**
Assets				
Cash and balances with central banks	7,559,761	-	-	7,559,761
Due from banks and other financial institutions	20,514	-	-	20,514
Derivatives	5,802	-	-	5,802
Loans and unauthorised overdrafts	365,322	144,560	952,045	1,461,927
Debt securities	173,347	221,791	2,030,846	2,425,984
Other financial assets	590,408	-	-	590,408
Total financial assets	**8,715,154**	**366,351**	**2,982,891**	**12,064,396**
Liabilities				
Derivatives	4,994	-	-	4,994
Due to customers	10,661,324	-	-	10,661,324
Due to other financial institutions	257,749	-	-	257,749
Lease liabilities	118	462	1,455	2,035
Other financial liabilities	530,675	-	-	530,675
Total financial liabilities	**11,454,860**	**462**	**1,455**	**11,456,777**

As at 31 December 2022 EURth	Up to 3 months /on demand	3-12 months	1-5 years	Total
Assets				
Cash and balances with central banks	6,921,501	-	-	6,921,501
Due from banks and other financial institutions	9,754	-	-	9,754
Derivatives	1,261	-	-	1,261
Loans and unauthorised overdrafts	22,942	9,060	198,835	230,837
Debt securities	10,769	-	1,099,487	1,110,256
Other financial assets	490,719	-	-	490,719
Total financial assets	**7,456,946**	**9,060**	**1,298,322**	**8,764,328**
Liabilities				
Derivatives	2,800	-	-	2,800
Due to customers	8,083,838	-	-	8,083,838
Due to other financial institutions	191,561	-	-	191,561
Lease liabilities	75	227	1,162	1,464
Other financial liabilities	79,264	-	-	79,264
Total financial liabilities	**8,357,538**	**227**	**1,162**	**8,358,927**

32. Fair value measurement

32.1 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

At 31 December 2023 **EURth**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	5,802	-	5,802
Debt instruments at fair value through OCI	-	-	-	-
Debt instruments	-	-	-	-
Equity Instruments at fair value through OCI	-	-	-	-
Equity instruments	-	-	25	25
Total financial assets measured at fair value	**-**	**5,802**	**25**	**5,827**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	4,994	-	4,994
Total financial liabilities measured at fair value	**-**	**4,994**	**-**	**4,994**

At 31 December 2022 **EURth**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	1,261	-	1,261
Debt instruments at fair value through OCI				
Debt instruments	-	-	-	-
Equity Instruments at fair value through OCI				
Equity instruments	-	-	25	25
Total financial assets measured at fair value	**-**	**1,261**	**25**	**1,286**

Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Foreign exchange contracts	-	2,800	-	2,800
Total financial liabilities measured at fair value	**-**	**2,800**	**-**	**2,800**

32.2 Fair value of financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Bank's statement of financial position at amortised cost:

As at 31 December 2023 **EURth**	Carrying value	Fair value		
Assets		Level 1	Level 2	Level 3
Cash and balances with central banks	7,559,761	-	7,559,761	-
Due from banks and other financial institutions	20,514	-	20,514	-
Loans and unauthorised overdrafts	1,461,927	-	1,431,636	-
Debt securities	2,425,984	2,474,440	-	-
Other financial assets	590,408	-	590,408	-
Total financial assets measured at amortised cost	**12,058,594**	**2,474,440**	**9,602,319**	**-**
Liabilities				
Due to customers	10,661,324	-	10,661,324	-
Due to other financial institutions	257,749	-	257,749	-
Other financial liabilities	532,710	-	532,710	-
Total financial liabilities measured at amortised cost	**11,451,783**	**-**	**11,451,783**	**-**

As at 31 December 2022 **EURth**	Carrying value	Fair value		
Assets		Level 1	Level 2	Level 3
Cash and balances with central banks	6,921,501	-	6,921,501	-
Due from banks and other financial institutions	9,754	-	9,754	-
Loans and unauthorised overdrafts	230,837	-	220,773	-
Debt securities*	1,110,256	1,070,454	-	-
Other financial assets	490,719	-		-
Total financial assets measured at amortised cost	**8,763,067**	**1,070,454**	**7,152,028**	**-**
Liabilities				
Due to customers	8,083,838	-	8,083,838	-
Due to other financial institutions	191,561	-	191,561	-
Other financial liabilities	80,728	-	80,728	-
Total financial liabilities measured at amortised cost	**8,356,127**	**-**	**8,356,127**	**-**

33. Capital

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

- Forecast for available capital is consistent with the Bank’s strategy and support its implementation;
- 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 complies with the regulatory capital requirements at all times;
- The Bank meets 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 severe adverse scenarios (both bank-specific and systemic);
- The Bank has a range of available and feasible management actions to restore the Bank’s capitalisation in case of its deterioration;
- The capital is optimised in order to maximise 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 actions such as adjustment of (i) amount of dividend paid to shareholders, (ii) return on capital, or 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.

33.1 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 with 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). 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.

As of 31 December 2023, the total capital requirement of Revolut Bank UAB (in accordance with the regulatory requirements) is equal to 12.5% for CET1 capital ratio and 17.6% for total capital ratio.

Capital requirements as of 31 December 2023

	Total capital
Minimum Pillar 1 requirement	8.00%
Pillar 2 requirement (P2R)*	3.70%
Combined buffer requirement (CBR)	4.90%
of which: Capital conservation buffer (CCB)	*2.50%*
of which: Countercyclical buffer (CCyB)	*1.40%*
of which: Other systemically important institution buffer	*1.00%*
of which: Systemic risk buffer (SyRB)	*0.00%*
Pillar 2 guidance (P2G)*	1.00%
Total capital requirement	**17.60%**

* In 2023, the Bank received a SREP decision, changing Pillar 2 requirement to a minimum of 3.7%.

** The Bank has been designated as Other Systemically Significant Institution by the Bank of Lithuania in December 2022, and had to meet an additional capital requirement of 1%. In December 2023, this requirement was increased to 2.0% applicable from July 2024, due to the increased significance of Revolut Bank UAB.

Revolut Bank UAB has complied in full with all its externally imposed capital requirements over the reported period, including the changes in requirements that come into effect after the end of 2023.

The Bank's CET1 capital ratio and total capital ratio were both at the level of 23.40% by the end of 2023 (2022: 22.13%) ensuring robust capitalisation. End of 2022 CET1 capital ratio has been restated from 22.14% to 22.13% after the release of the annual financial statement.

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 based on the permission from the Bank of Lithuania to amend the calculation of Pillar 1 operational risk capital requirement under the Basic Indicator approach referencing the CRR Article 315(3). The approach uses data from 2021 onwards to calculate the three year's average for the Basic Indicator. Pro-forma merged

(with Revolut Payments UAB) financial statements for 2021 are used;

● For market risk using standardised approaches;

● For credit valuation adjustment under a standardised method.

	At 31 December 2023	At 31 December 2022*
Capital Requirements (EURm)		
Total CET1 Requirement	266.6	157.1
Total Tier 1 Requirement	313.6	191.9
Total Capital Requirement	375.4	238.2
Total RWAs	2,133.2	1,654.0
Capital Resources (EURm)		
Total CET1 Capital	499.1	366.1
Total Tier 1 Capital	499.1	366.1
Total Capital Resource	499.1	366.1
CET1 Ratio (%)	23.40%	22.13%
Tier 1 Ratio (%)	23.40%	22.13%
Total Capital Ratio (%)	23.40%	22.13%

**Restated after release of annual financial statements.*

The Bank's leverage ratio was 4.30% by the end of 2023 (2022: 4.17%) indicating adequate capitalisation from this perspective too

The Bank's regulatory eligible capital consists exclusively of CET1 capital, which comprises share capital, reserves and retained earnings less the intangible assets and deferred tax assets.

33.2 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 capitalised 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 the capital planning as well as for the 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 economic environment or through regulatory interactions.

The ICAAP of Revolut Bank UAB of 2023 covers the forecast horizon extending until the end of 2026. 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 process:

- Operational risk;
- Market risk (additional internal Pillar 2 capital assessed for FX risk);
- Credit risk (additional internal Pillar 2 capital assessed for retail loans and wholesale loans);
- Credit concentration risk covering geographic, sector and single-name concentration risks;
- Interest rate risk in the banking book (IRRBB);
- Credit spread risk arising from non-trading book activities (CSRBB);
- Environmental, social, and corporate governance (ESG) risk.

Revolut Bank UAB conducts stress testing as part of the ICAAP in order to assess the capital adequacy under severe but plausible financial stress scenarios.

Stress testing of the ICAAP for 2023 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 2026. 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 capitalisation is strong and adequate to cover the risks to which the Bank is or might be exposed to.

34. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

At 31 December 2023 EURth	Parent	Other Related Parties	Parent from 2022-06-07	Parent until 2022-06-06	Other Related Parties
	Revolut Holdings Europe UAB		Revolut Holdings Europe UAB	Revolut Ltd	
	2023	2023	2022	2022	2022
Assets					
Due from banks and other financial institutions	-	6,428	-	1,358	-
Derivatives	-	5,707	-	1,261	-
Other assets	113	488,348	8	448,928	94,253
Total assets	**113**	**500,483**	**8**	**451,547**	**94,253**
Liabilities					
Due to other financial institutions	-	257,749	-	191,561	
Derivatives	-	4,938	-	2,800	
Other liabilities	4	517,646	-	146,510	7,381
Total liabilities	**4**	**780,333**	**-**	**340,871**	**7,381**
Income and expenses					
Sales to related parties	65	43,009	-	6,636	83
Purchases from related parties	-	636,628	-	286,959	945

Amounts due from other financial institutions and due to other financial institutions include positive and negative balance within a multi-currency facility with Revolut Ltd to deposit funds. The intercompany receivables and payables classified under other assets and other payables accordingly relate to recharges of expenses between group entities and are unsecured, non-interest bearing and repayable on demand.

The management of Revolut Bank received fixed remuneration of EUR 1,360 thousand in 2023 (2022: EUR 1,255 thousand) and variable (share options) of EUR 902 thousand in 2023 (2022: EUR 699 thousand). Revolut Bank did not provide post-employment, termination, or other long-term benefits to its employees.

As at 31 December 2023 Revolut Bank had granted a revolving credit (RC) facility to Revolut Ltd of EUR 118 million (2022: 12 million), as at 31 December 2023 no credit from the RC facility had been used.

35. Events after the reporting period

On 23 January 2024 Bank of Lithuania imposed the penalty of 200 thousand EUR on Revolut Bank UAB for temporarily violating the large exposure requirement with regard to Article 395(1) of Regulation (EU) No 575/2013. The Bank itself noticed the violation and informed the Bank of Lithuania about the incident. Following detection the Bank was able to fully remedy the violation within days and took decisive steps to enhance operational controls to ensure such a violation will not repeat.

There were no other than the disclosed events in the notes post reporting period that required disclosure or adjustments to be made to accounting estimates and assumptions as at 31 December 2023.

The financial statements were signed on April 17, 2024 by:

Joseph Heneghan
Chief Executive Officer

Oliver Schreiber
Chief Financial Officer