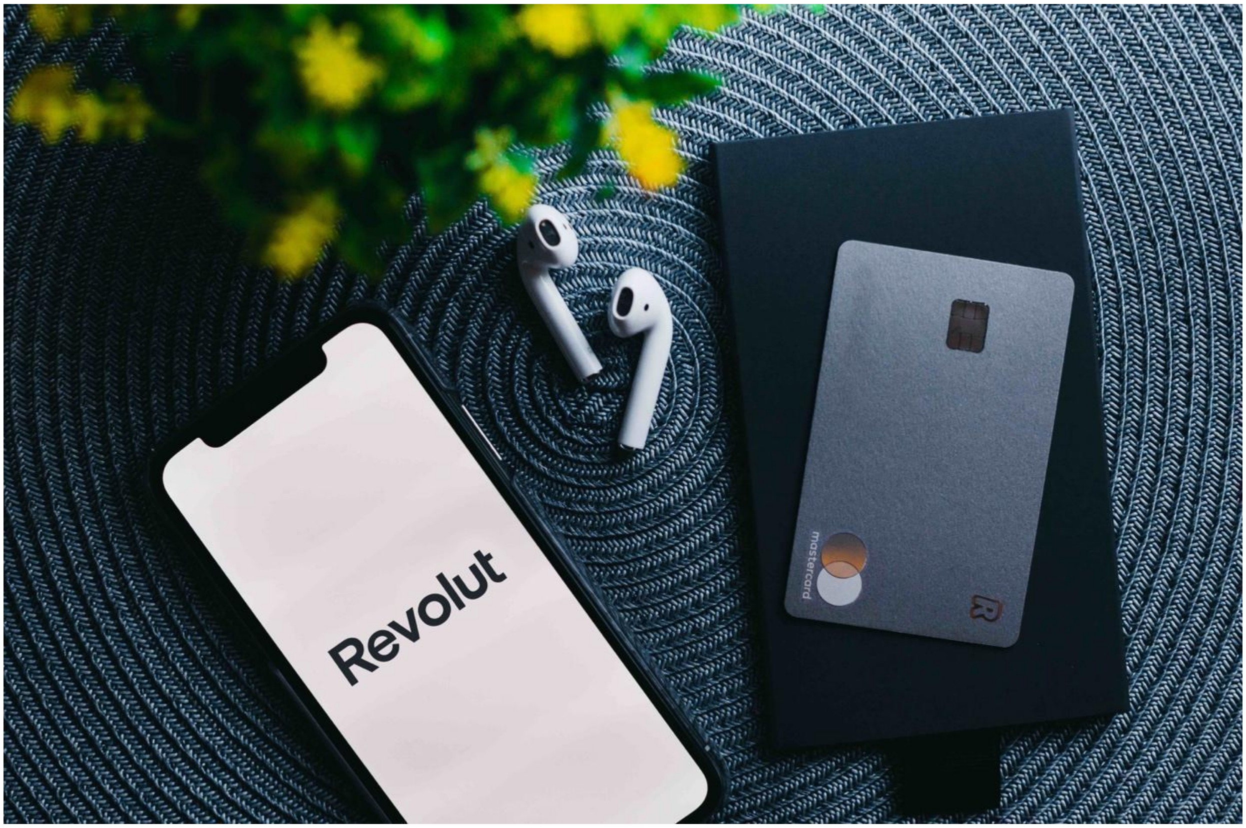

Revolut Securities Europe UAB

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

Contents

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Revolut Securities Europe, UAB:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Company 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	Our response to the audit matter
Recognition of fee and commission income (see Note 7)	
The Company's main activity is providing brokerage services in capital markets and providing access to money market funds to its customers. The Company's fee and commission income for the year 2023 amounted to EUR 5.992 million. The Company 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 understanding of the Company's revenue recognition process and assessed whether the Company'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 their respective controls have been designed and implemented properly and are operating effectively.

Fees and commission income are the key indicators of the Company'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 Company's financial results, as well as the complexity of the IT systems used to recognize 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 Company'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 Company 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 Company.

Other Matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor, who expressed an unqualified opinion on those financial statements on 31 March 2023 with an emphasis of matter paragraph referring to the Company's ability to continue as a going concern and other matter paragraph stating that comparative information was not audited.

Other Information

The other information comprises the information included in the Company'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, except to the extent otherwise explicitly stated in our report, 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 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 Company'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 financial information presented in the Company's annual report is consistent with the financial statements; and
- The Company'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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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 Company'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 Company and its Management Board.

We confirm that to the best of our knowledge and belief, services provided to the Company 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 financial statements, we have provided the financial statements translation service.

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
Company's audit certificate No. 001514

Vilnius, Lithuania
29 March 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 period of 1st January 2023 to 31st December 2023. Annual report covers information relating to Revolut Securities Europe UAB (referred to as "the Company").

2. Overview of the Company's status and development

The Company was incorporated in Vilnius, Lithuania on 15 June 2021. It's authorised and regulated by the Bank of Lithuania as a financial brokerage company having a category B licence received on 22 November 2021 and currently the Company is able to provide following services:

Investment services:

- Reception and transmission of orders;
- Execution of orders of behalf 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.

The Company had no operations during 2022 due to an ongoing operationalization process. Obtaining the Qualified Intermediary ("QI") status from the Internal Revenue Service (IRS) was one of the conditions for Revolut Securities Europe UAB ("RSEUAB") to go-live with US stocks as planned in 2022. The major impediment to obtaining the QI status was the prerequisite of Lithuania being included in the IRS List of KYC Approved Countries. To remedy the indicated blocker, RSEUAB completed all required IRS documentation in February, 2022. Consequently, "The Republic of Lithuania" was added to the Approved List in October, 2022. RSEUAB filled out the QI status application and got QI status approved on 27th of January, 2023.

In 2022, Revolut Securities Europe UAB became a participant in the insurance system of liabilities to investors of the Republic of Lithuania. Investor liabilities are insured up to 22,000 euro, in accordance with the procedures and conditions established by the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania.

The Company's activities started in March, 2023 in Lithuania as home country where the Company is established and all other EEA jurisdictions on a freedom of services basis including the following jurisdictions: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Iceland, Liechtenstein and Norway. Freedom of services approval from the Bank of Lithuania was granted for transferable securities, money-market instruments, units in collective investment undertakings and financial contracts for differences. The Company does not have any branches.

The company initiated its operations with an offering of 1,000 U.S. listed stocks accessible to all retail customers. Over time, this selection expanded to exceed 2,000 stocks. The distinctive feature of enabling customers to commence their investment journey with as little as 1 USD was made possible through the implementation of fractional stock trading. This innovative approach allowed investors to access a diverse range of stocks without requiring a substantial initial investment.

In May, 2023 the Company introduced access to more than 100 Exchange Traded Funds (ETFs) across all EEA customers. With the minimum investment amount of just 1 EUR, this product is accessible to everyone. The Company is making further investments and developments to expand the offering of ETFs significantly in 2024.

After introducing fractional ETFs, RSEUAB extended its offering in July by launching three Low Volatility Money Market Funds denominated in euros, British pounds, and U.S. dollars in several EEA countries, expanding the offering across EEA during the second half of the year.

In October 2023, RSEUAB introduced over 100 EEA-listed stocks to its offering. Aligning with its approach to other asset classes, the Company maintained an inclusive stance with a minimum investment starting at just 1 EUR, ensuring that trading remained accessible to everyone within the EEA.

Just after the launch of EEA-listed stocks, RSEUAB introduced a new order type called “recurring buys” for U.S. and EEA-listed stocks, as well as for ETFs. A recurring buy order allowed customers to set up automatic investments into securities of their choice with predefined parameters like amount and frequency. This type of order is usually called a “Savings Plan”.

In November 2023, the Company introduced a new Trading Pro subscription — a powerful set of tools and insights designed for advanced traders to enhance their trading experience. With Trading Pro traders can benefit from discounted commission fees and higher order limits on US, EEA stocks and ETFs. Trading Pro also came with a desktop Trading Terminal (accessible via trade.revolut.com), where active traders could set up custom workspaces, monitor market trends, and execute trades efficiently, all within a single screen, for the ultimate desktop experience.

In November 2023, RSEUAB has introduced extended market hours trading for US stocks. To provide customers with more flexibility, RSEUAB has extended US stock trading availability from 6.5 hours to 16 hours per day. Users were able to trade between 4am EST (10am CET) - 8pm EST (2am CET).

RSEUAB customers had the flexibility to place four types of orders — market, recurring buy, limit, and stop. Notably, the latter two options, specifically for EEA stocks and ETFs, were introduced in the platform in November 2023. With this enhancement, all four types of orders were available across the spectrum of trading products offered by RSEUAB.

The Company devoted substantial resources to enhancing client education efforts. RSEUAB customers gained valuable insights by subscribing to the 'Sparks' weekly newsletter, providing a concise overview of pivotal events in financial markets. Furthermore, customers had the opportunity to acquire fundamental trading knowledge through dedicated learning courses available in-app. To foster a deeper understanding of financial markets, various asset classes, and key trading terminology, a new 'blogs' functionality was developed, empowering customers to delve even further into the intricacies of the trading landscape.

In 2023, RSEUAB migrated more than 1.1 million customers based in the EEA from the UK trading entity, Revolut Trading Limited. This strategic move ensured that these customers seamlessly transitioned to enjoy the full spectrum of benefits offered by the Company’s newly launched products and features.

At the end of 2023, RSEUAB was offering trading services to more than 2.5 million customers with more than 3 billion euro in assets under administration.

Depending on the plan, customers can perform 1 (Standard), 3 (Plus), 5 (Premium) or 10 (Metal and Ultra) commission-free trades per month. Once the free limit is passed, a variable fee on each trade of 0.25% (0.12% for Ultra), min. 1 EUR, will apply. RSEUAB also applies a custody fee of 0.12 % annually of the market value of user assets, charged monthly.

As at 31 December 2023 and 2022 RSEUAB did not hold its own shares. No treasury shares were acquired or transferred during the reporting period.

3. Strategy and plans

Revolut Group's ambition is to build the world's first truly global financial super-app. This is best captured by the Group's vision, mission and purpose statements:

- **Vision:** Reinvent how the world does money;
- **Mission:** Relentlessly making all things money 10x easier, more rewarding and useful for everyone, everyday;
- **Purpose:** Empower users towards financial freedom.

As part of the Revolut Group, the Company shares this ambition and wants to build an all-in-one global investment platform that is multi-asset class, has coverage across global markets and caters both beginner and advanced users. Trading products are being used by active traders and passive as well, therefore the Company develops a diversified range of different asset classes which would fit different types of investor needs. The company aims to enhance its offerings in 2024 by introducing several new products, refining app features to elevate user experience, and expanding its services to cater to the needs of business customers.

4. Organisational structure

The Company's organisational structure embodies the specifics of its business model, wherein the provision of trading services is supported by cutting-edge technologies and certain services, with support functions being partially or entirely outsourced to the Revolut Group and external third parties.

As at 31 December 2023, the Management Board (MB) consisted of three members with a minimum quorum of two members, including Chief Executive Officer (CEO), compliance and operations functions. The MB monitors and periodically assesses the effectiveness of the Company's governance arrangements and takes appropriate steps to address any deficiencies. As part of this function, the Board assesses and periodically reviews the effectiveness of the policies, arrangements and procedures as adopted by the Company. Detailed lists of MB competences are prescribed in the Company's Articles of Association and the MB's Terms of Reference.

The Management Board has established an Executive Risk Committee (ERC) for controlling and monitoring the risk profile and determining if actions are within the risk appetite of the Company, as set out by the Management Board. The Executive Risk Committee is chaired by the Enterprise Risk Manager.

The ERC monitors exceptions to risk policies, risk and control issues, tracks their timely remediation, and approves new or material changes to products and services. Detailed list of ERC competencies is prescribed in RSEUAB ERC Terms of Reference.

In addition to other responsibilities related with chairing and being member of the Management Board and leading daily management of the Company, the CEO heads the administration of the Company and manages day-to-day commercial operations with responsibilities of:

- Administration of the office and infrastructure;
- Day-to-day staff supervision;
- Routine communication with the regulatory authorities;
- Developing and implementing business strategies and plans;
- Setting and achieving financial and operational goals;

- Building and maintaining strong relationships with internal and external stakeholders;
- Overseeing the development and management of the firm's product offering;
- Representing the company in public and serving as its official spokesperson;
- Providing leadership and direction to the team.

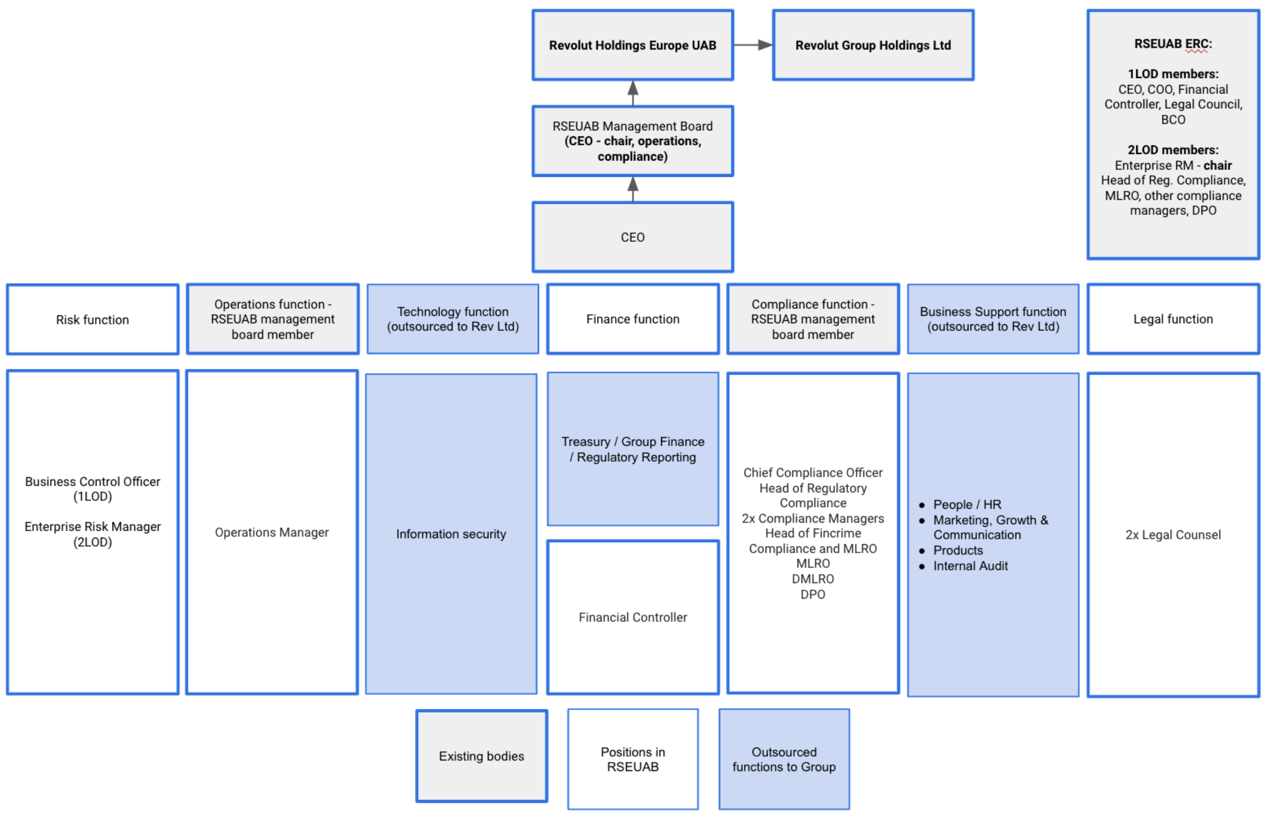

Table: Organisational structure

5. Risk management and internal control

The Company recognises that every employee within the organisation has responsibility for the effectiveness of the risk management and internal control framework.

The Company uses the “three lines of defence” 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 the control of the risk management;
- Functions that perform independent assessment of the efficiency of risk management processes and internal control framework.

The first line of defence ("1LoD") comprises all the risk-taking functions of the Company. The functions comprising the first line of defence such as Products, Credits, Operations, Treasury, Finance, Legal or Technology are considered to be Risk Owners.

As the 1LoD, Risk Owners have ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. Revolut's risk platform (Back Office) ensures clear ownership of risk and controls are allocated to the right 1LoD people.

The 1LoD also includes a Business Risk Manager fully dedicated to the entity's first line activities, reporting to the senior management of the Company.

The Second Line of Defence ("2LoD") describes the risk monitoring and oversight functions of the Company, defined as the Risk Management Function and the Compliance Function. These teams are governed and assessed by the Board and the Enterprise Risk Committee (ERC).

The Risk Management Function is responsible for enforcing the Company's Enterprise Risk Management Framework, which consists of:

- Establishing the risk policies and procedures, maintaining risk systems and ensuring controls are appropriate;
- Defining the risk governance framework that reviews the risks and approving risk taking activities to ensure the Company operates within desired risk appetite;
- Ensuring the oversight and control of the 1LoD through on-going risk identification and management, as well as monitoring of the risk profile against risk appetite;
- Providing regular forward-looking risk analysis of the risks on the horizon to the Company's Senior Management and the Board.

The Regulatory Compliance Function is responsible for the conduct risks excluding fraud, anti-money laundering, counter terrorist financing and sanctions controls (but including, for the avoidance of doubts, modern slavery, anti-bribery and corruption) and bears responsibility for implementing the conduct risk framework. This involves:

- Supporting the first line in identifying actual and potential conduct risks and implementing controls to mitigate these risks;
- Monitoring and testing the effectiveness of the control environment to prevent or minimise conduct risk.

The Board and ERC review the management of risk in relation to the particular risk appetite, as determined by the Board. The Board also monitors the effectiveness and independence of the 2LoD functions to ensure they are independent of the 1LoD and adequately resourced in terms of qualifications, knowledge and experience.

Information contained within the risk register is used by 2LoD functions to assess the effectiveness of management controls and to ensure accuracy, completeness and compliance with policies and regulatory obligations. Based on this underlying risk data, the 2LoD provides independent reporting and Management Information to management and the Board via risk governance structures.

The 2LoD Functions also provide training and guidance to 1LoD to help risk owners to identify, manage and monitor risks, and to review and update the risk register with appropriate controls and management actions.

The third line of defence ("3LoD") consists of the internal audit function which works independently to the 1LoD and 2LoD bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. As part of the Revolut Group, the Company is subject to an internal audit performed on its operations.

Revolut Group internal audit team performs regular reviews on the Company and is accountable to the Board. Feedback from internal audit is communicated to the Company's Senior Management via the Board.

The Internal Audit Function for the Company is outsourced to the Head of Internal Audit located at group level in Revolut Ltd. The Head of Internal Audit is independent of the 1LoD and 2LoD, and responsibilities include but are not limited to:

- Providing reports and assurance to the Revolut Group Board Audit Committee (BAC) and/or Board that the main risks have been identified and whether existing controls are adequately designed and effective;
- Preparing a first draft of the annual internal audit plan, which will then be reviewed and commented on by both the senior management team and the Board, to ensure it addresses the internal audit priorities of the Company (rather than Revolut Ltd or the wider group). All of the Company's internal audit plans will be subject to approval by the Board;
- The implementation of the internal audit plan for the Company will be then outsourced to the Internal Audit Function of Revolut Ltd;
- Engaging with senior management and key function holders within the Company to provide perspectives, insights and challenge in order to improve its control framework;
- Providing independent assurance to the Bank of Lithuania, as regulator of the Company, on specific risks and controls.

The Internal Audit function of Revolut Ltd provides internal audit support to all the companies within the Revolut Group. Revolut Ltd has contracted with a number of audit firms (e.g. Deloitte, EY and KPMG) to provide additional manpower and entity support to its Internal Audit function when carrying out internal audits in each group company.

The Company, as a fully-owned subsidiary of Revolut Group Holdings Ltd, will be in scope for any external audits being carried out at group level. External audits are performed on an annual basis and the results of these reviews have to be communicated to the Company's Senior Management and Board.

The Company will also request external auditors to perform a client assets assurance report on an annual basis and in good time to enable the Company to comply with its regulatory obligations under Rules on Organisational Requirements of Financial Brokerage Firms and on Provision of Investment Services as approved by the Bank of Lithuania.

Regarding financial risk, RSEUAB does not possess any assets other than foreign currency that would generate financial risk. RSEUAB does not engage in transactions to hedge currency risk, and thus does not have exposure to credit risk, liquidity risk, and cash flow risk in terms of hedging instruments. RSEUAB is in the process of implementing solutions aimed at using FX spot transactions for managing currency risk. The Company only has basic financial instruments, comprising bank balances, as well as intercompany and other payables and receivables, all of which are accounted for at amortised cost.

6. Remuneration policy

The Remuneration Policy (the "Policy") of the Company, an investment firm, fully considers and incorporates the Remuneration Policy requirements outlined in Directive 2019/2034/EU ("IFD"). This Policy ensures that the compensation structure of the firm aligns with sound and effective risk management practices, promotes responsible risk-taking, and aligns the interests of the firm, its employees and its clients. The Policy also incorporates transparency and consistency in the firm's compensation practices and adheres to all relevant regulations and laws. The Company regularly reviews and updates its Remuneration Policy to ensure its continued effectiveness in promoting responsible risk management and aligning the interests of all stakeholders.

The Decision-making Process in Establishing the Remuneration Policy

The Company's Management Board and the Executive Risk Committee ("ERC") have approved the firm's Remuneration Policy, which will be annually reviewed and updated by the firm's compliance team and other relevant stakeholders in line with relevant EU-wide requirements, national legal requirements, and any other relevant new obligations or regulatory guidelines.

The Link Between Compensation and Performance

The remuneration system implemented by the Company aims to attract, nurture, and retain motivated talent possessing the necessary knowledge and competences, foster strong performance outcomes, integrity, ethical conduct, sound risk management, and long-term growth of the firm. The system is designed to ensure equal pay for work of equal value to promote pay equity. Furthermore, the system is built to encourage employees to consistently follow and promote the ethical principles and values of the Group in their work and conform with the firm's business and risk management strategy.

The objectives of the remuneration system implemented by the Company are to:

1. Ensure that employee remuneration is fair, competitive, and gender-neutral;
2. Harmonise the procedures and criteria for awarding variable remuneration, ensuring they are in line with the long-term interests of the investment firm's continuous operation, business strategy, goals and values;
3. Ensure that variable remuneration is consistent with and promotes sound and effective risk management, including - where applicable - sustainability risks in respect of relevant employees
4. Assist in conflict of interest prevention and management and mitigating excessive risk-taking;
5. Correlate employee's remuneration with their individual performance appraisals.

The Company actively monitors to ensure that procedures required to achieve previously-stated objectives are properly implemented, effectively executed, and do not lead to conflicts of interest (with the firm's clients or otherwise). The firm's Regulatory Compliance Team, among its other functions, analyses the impact of the Policy on the Company's compliance with legal requirements, regulations, and internal procedures. The Regulatory Compliance function also continuously monitors the regulatory landscape to ensure that the Remuneration Policy is up-to-date with new and upcoming obligations. Furthermore, an Internal Auditor carries out an independent internal review of the firm's Remuneration Policy and practices on an annual basis. The assessment results, which measure whether the firm's remuneration practices effectively align with the applicable national and international regulations, principles, and standards, are recorded in audit reports.

The Company has integrated Environmental, Social, and Governance (ESG) considerations into its Remuneration Policy to encourage employee commitment and engagement in sustainability, particularly with regards to sustainability risks. This integration is reflected not only in the design and long-term orientation of the firm's remuneration structure, but also in the Company's internal governance processes for making remuneration decisions in a sustainable manner.

Employee evaluations serve as the basis for determining remuneration principles. Personal conduct is initially evaluated within the framework of the Company's remuneration system goals (as outlined above) and with reference to adherence to the firm's core values.

The Primary Design Features of the Remuneration System, which Include Information on Performance Measurement Criteria, Risk Adjustment, and Vesting Criteria for the Variable Component Scheme and the Underlying Reasoning

The Remuneration Policy applies to all employees of the Company, as well as management and supervisory bodies involved in decision-making regarding the setting and payment of employee remuneration.

The compensation at the Company encompasses both fixed and variable remuneration.

Fixed remuneration refers to the compensation specified in the employee's employment contract or other agreements with the employee, and any other long-term payments, that are not performance-related.

Variable remuneration, on the other hand, consists of Revolut Ltd’s Share Options granted to employees as part of their remuneration, based on the sustainable and risk-adjusted performance of both the Company and the Group, and/or the individual performance of the employee in excess of the target performance outlined in their job description or employment terms. Please note that the investment firm employs a different method for granting Share Options to new hires as a sign-on bonus or referral reward / bonus.

The internal control functions' variable remuneration is rewarded based on the work performed and results related to their assigned functions. The methods used to determine their remuneration must not compromise their objectivity and independence.. The Remuneration Policy also imposes additional requirements for Identified Staff (Material Risk Takers).

The term 'Identified Staff' (including executive staff, management, supervisory bodies, staff with managerial responsibility over control functions or material business units, and staff entitled to significant remuneration in the preceding financial year) means staff whose professional activity and/or decisions have a material impact on the risk profile. This identification is made through an analysis of both quantitative and qualitative parameters as outlined in IFD and further described in complementary EBA’s Regulatory Technical Standards (EBA/RTS/2021/02).

The fixed remuneration awarded to the Company’s employees, including Identified Staff reflects their relevant professional experience and the organisational responsibility at the firm, while also taking into consideration their educational background, competencies, skills, work experience, respective business operations, and market-level remuneration.

The Proportion of Fixed to Variable Remuneration

The amount of variable remuneration granted must not surpass 100% of the relevant employee's Fixed Remuneration for the given year. However, if all the necessary conditions specified in the Remuneration Policy and related regulations are fulfilled, the Company’s General Meeting of Shareholders may raise this proportion to 200%, where certain conditions, such as approval from the General Meeting of Shareholders and notifying the supervisory authority are met.

Details Regarding the Performance Criteria that Determine an Employee's Eligibility for Share Options or Variable Components of Remuneration are described below.

The allocation of variable remuneration is in the form of Share Options.

The allocation budget for the variable remuneration for the financial year is determined only after evaluating the financial performance results of the investment firm (and relevant unit) while taking current and potential risks and the cost of maintaining working capital and liquidity into account. Variable remuneration is granted in Revolut Ltd Share Options by Revolut Ltd, the awarding and payment of the variable remuneration shall not in any case limit the firm’s ability to strengthen its capital base.

Variable remuneration shall be based on various considerations, including the financial performance results of the Company (in relation to Revolut Group), the relevant structural unit for the period in question, and taking into account both quantitative and qualitative criteria for employee performance evaluation. Qualitative criteria shall encompass achievements of strategic objectives, compliance with internal and external regulations, leadership, teamwork, creativity, motivation, proactivity, initiative, loyalty, effective collaboration with colleagues, achievements of goals set by supervisors, their feedback, etc. The evaluation also considers the employee's adherence to high professional standards of the financial sector, compliance with the ethical principles, values, and risk management culture of the firm and the Group in general. The performance criteria is designed to prevent excessive risk-taking, mis-selling of products, and aims to maintain a balance between compliance, risk-aversion, and business goals.

Variable remuneration will only be granted if the employee has acted fairly and ethically without any legal violations identified in their conduct/performance, and they have received excellent evaluations over the past three years or throughout the duration of their employment with the firm if they have been with the Company for less than three years.

Variable remuneration may not be granted nor disbursed in the following circumstances:

- it would conflict with the firm's performance for a given period and the employee's performance evaluation outcome;
- it would undermine the firm's responsible and effective risk management;
- disbursing the Variable remuneration would promote excessive risk-taking;
- it would not align with the firm’s strategy, objectives, values, and long-term goals.

If an Identified Staff member’s employment has been terminated due to their failure to fulfil their responsibilities or if said employee voluntarily resigns from their position, Variable remuneration that has already been granted shall not be disbursed.

The Remuneration Policy also provides for circumstances in which the Company may reduce, withhold, or recover a portion or the entire amount of the Variable remuneration awarded.

7. Information about positions held by key management personnel

Name and surname	Management Body of Revolut Securities Europe UAB, title	Main workplace	Other companies where management functions are held
Rolandas Juteika	Chief Executive Officer of Revolut Securities Europe UAB; Chairman of the Management Board	Revolut Securities Europe UAB	-
Vytautas Danta	Chief Compliance Officer of Revolut Securities Europe UAB; Member of the Management Board	Revolut Bank UAB	Member of the Management Board and Chief Compliance Officer of Revolut Bank UAB Company code: 304580906 Registered address: Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania; Chief Compliance Officer of Revolut Insurance Europe, UAB Company code: 305910164 Registered address: Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania; Center of Excellence in Anti-Money Laundering, representative of Revolut (member) Company code: 305773609 Registered address: Lukiškių str. 2-2, LT-01108 Vilnius, the Republic of Lithuania
Laurynas Spangevičius	Member of the Management Board	Revolut Bank UAB	Head of Operations of Revolut Bank UAB Company code: 304580906 Registered address: Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania; Head of Operations of Revolut Holdings Europe UAB Company code: 305820090 Registered address: Konstitucijos ave. 21B, 08130 Vilnius, the Republic of Lithuania;

8. Research and development

The Company did not have any activities in the field of research and development in the current or prior year.

9. Events after the reporting period

Events after the reporting period are disclosed in note 22.

Statement of profit or loss and other comprehensive income

EURth	Notes	2023	2022
Fee and commission income	7	5,992	-
Fee and commission expense		-	-
Net fee and commission income		**5,992**	**-**
Interest income calculated using the effective interest method	8	2,058	12
Interest expense		(1)	(2)
Net interest income		**2,057**	**10**
Net operating income		**8,049**	**10**
Personnel expenses	9	(480)	(279)
Depreciation		(1)	(1)
Other operating expenses	10	(6,976)	(18)
Total operating expenses		**(7,457)**	**(298)**
Profit (loss) before tax		**592**	**(288)**
Tax (charge) / credit	11	(93)	52
Profit (loss) for the year		**499**	**(236)**
Items that will not be reclassified to profit or loss		-	-
Items that will or may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year, net of tax		**499**	**(236)**
Attributable to:			
Equity holders of the parent		**499**	**(236)**

The accompanying notes on pages 21 to 43 are an integral part of these financial statements.

Statement of financial position

EURth	Notes	2023	2022
Assets			
Due from banks	12	11,060	4,689
Trade receivables	20	20,761	-
Property and equipment and right-of-use assets		2	3
Deferred tax assets	11	-	52
Other assets	13	1,698	99
Total assets		**33,521**	**4,843**
Liabilities			
Trade payables	14	7,656	422
Other liabilities	14	20,946	42
Total liabilities		**28,602**	**464**
Equity attributable to equity holders of parent			
Share capital	15	4,686	4,686
Retained earnings		192	(307)
Other reserves	19	41	-
Total equity		**4,919**	**4,379**
Total liabilities and equity		**33,521**	**4,843**

The accompanying notes on pages 21 to 43 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2023

		Total attributable to equity holders of the parent				
EURth	Notes	Share capital	Reserve capital	Retained earnings	Other reserves	Total equity
As at 1 January 2023		4,686	-	(307)	-	4,379
Profit for the period		-	-	499	-	499
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**-**	**499**	**-**	**499**
Issue of share capital		-	-	-	-	-
Share based payments	19	-	-	-	41	**41**
As at 31 December 2023		**4,686**	**-**	**192**	**41**	**4,919**

for the year ended 31 December 2022

		Total attributable to equity holders of the parent				
EURth	Notes	Share capital	Reserve capital	Retained earnings	Other reserves	Total equity
As at 1 January 2022		586	-	(71)	-	515
(Loss) for the period		-	-	(236)	-	(236)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**-**	**(236)**	**-**	**(236)**
Formation of share capital		4,100	-	-	-	4,100
As at 31 December 2022		**4,686**	**-**	**(307)**	**-**	**4,379**

The accompanying notes on pages 21 to 43 are an integral part of these financial statements.

Statement of cash flows

EURth	Notes	2023	2022
Operating activities			
Profit (Loss) before tax		592	(288)
Adjustment for:			
Interest income		(2,058)	(12)
Interest expense		1	2
Depreciation		1	1
Share-based compensations	15	41	-
Changes in operating assets and liabilities			
Change in other operating assets		(21,922)	(93)
Change in other operating liabilities		28,097	392
Interest paid		(1)	(2)
Interest received		1,620	6
Net cash flows from operating activities		**6,371**	**6**
Investing activities			
Purchase of property and equipment		-	(3)
Net cash flows used in investing activities		**-**	**(3)**
Financing activities			
Proceeds from issue of share capital		-	4,100
Net cash flows from financing activities		**-**	**4,100**
Net increase in cash and cash equivalents		**6,371**	**4,103**
Cash and cash equivalents at 1 January	12	4,689	586
Cash and cash equivalents at 31 December	12	**11,060**	**4,689**

The accompanying notes on pages 21 to 43 are an integral part of these financial statements.

Notes to the Financial Statements

1. Corporate information

Revolut Securities Europe UAB is a closed joint stock company incorporated and registered in the Enterprise Register of the Republic of Lithuania, at Konstitucijos ave. 21B, LT-08130 Vilnius, Lithuania with registration number 305799582. Revolut Securities Europe UAB has been granted a license on 22nd November 2021 to provide the following investment and ancillary services:

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.

The sole shareholder of the Revolut Securities Europe UAB is Revolut Holdings Europe UAB, incorporated and registered in the Enterprise Register of the Republic of Lithuania, at Konstitucijos ave. 21B, LT-08130 Vilnius, Lithuania with registration number 305820090. The ultimate parent of Revolut Holdings Europe UAB is Revolut Group Holdings Ltd ("RGH") whose registered address is 7 Westferry Circus, Canary Wharf, London, E14 4HD.

2. Basis of preparation

Revolut Securities Europe 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. The financial statements are presented in euros and all values are rounded to the nearest thousands, except when otherwise indicated.

3. Changes in accounting policies and disclosures

3.1 New and/or amended standards and interpretations effective from 1 January 2023:

The following standards, amendments and interpretations of the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are currently effective and were adopted by the Company 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 these standards, amendments and interpretations have not had a material impact on the Company’s financial statements.

3.2 Standards, amendments and interpretations to existing standards issued by IASB, adopted by EU, but not yet effective:

The Company 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 to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of 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 Management of the Company 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 Company during the initial period of their application.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been endorsed by 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 management of the Company 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 Company in future periods.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company 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 income 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. Income and expense recognition

Interest income and expenses

Interest income and expenses relate to cash and cash equivalents from third party banks and are disclosed separately in the Statement of profit or loss and other comprehensive income, charged over the term of the asset using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Fee and commission income and expenses

Fee and commission income and expense are generally recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The Company recognises revenue according to the principles of IFRS 15 using the five-step model:

- Identify the contract with the customer.
- Identify the performance obligations in the contract.
- Determine the total transaction price.
- Allocate the total transaction price to each performance obligation in the contract.
- Recognise as revenue when (or as) each performance obligation is satisfied.

The Company account for a contract with a customer, when the following criteria are met:

- the parties of the contract have approved the contract;
- the Company can identify each party’s rights regarding the services;
- the Company can identify the payment terms for services to be transferred
- the contact has commercial substance
- it’s probable that the Company will collect the consideration to which it will be entitled in exchange of services that will be transferred to the customer.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. Company revenue contracts do not typically include multiple performance obligations. When the Company provides a service, consideration is generally due immediately upon satisfaction of a service provided at a point in time.

Fee and commission income consists of trade commissions, Money Market Fund product service fees, subscription fees and custody fees. Subscription fees are generally recognised as revenue over time, as services are performed. Trade commissions and custody fees are generally recognised when the services are provided, it means, at a point in time.

4.3. Other and administrative expenses

Other and administrative expenses are recognized 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.

4.4. Taxes

Corporate income tax expense comprises current tax and deferred tax. Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of the previous year. It is measured using the tax rate enacted or substantively enacted at the reporting date.

Corporate income tax is calculated in accordance with the requirements of the Law on Corporate Income Tax of the Republic of Lithuania.

Deferred income tax is calculated on temporary differences. Temporary differences are differences between the recorded value of an asset or liability and the taxable value of the asset and liability. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax asset for unused tax losses is recognised to the extent that it is probable that taxable profit will be available against which the tax losses will be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised based on the likely timing and level of future taxable profits.

Deferred tax is reviewed at each reporting date and adjusted taking into account the changes in the temporary differences.

4.5. 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.

4.6. Financial instruments – initial recognition

4.6.1. Date of recognition

Financial assets and liabilities attributable to the customer are initially recognised on the trade date. The trade date is the date whereby the Company becomes a party to the contractual provisions of the instrument.

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

Subsequent measurement of financial assets depends on the classification performed by the Company at initial recognition.

At initial recognition financial assets can be classified into one of the following categories:

- Financial assets measured at fair value through profit or loss;
- Financial assets measured at fair value through other comprehensive income (OCI);
- Financial assets at amortised cost.

The Company 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.

4.6.3.1 Business model assessment

The Company 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 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 original expectations, the Company 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.

4.6.3.2. The SPPI test

As a second step of its classification process the Company 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 and credit risk. To make the SPPI assessment, the Company 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.

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

The Company classifies all financial liabilities as subsequently measured at amortised cost except for financial liabilities at profit or loss. The Company can, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss if:

- Doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity’s key management personnel (Management Board and CEO).

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 whereby the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company 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 whereby 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 Company 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 Company evaluates the leveling 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.

4.7. Derecognition of financial assets and liabilities

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or

- The Company has transferred the rights to receive cash flows from the asset or retained the right to receive cash flows from the asset but have assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement and
- The Company either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

When the contractual cash flows of a financial asset are substantially modified such a modification is treated as a derecognition of the original assets and the recognition of a new financial asset and the difference in the respective carrying amounts is recognised in the income statement. In case of the modification which does not lead to derecognition the Company recalculates the gross carrying amount of the financial asset and recognises modification gain or loss.

When the existing financial liability is replaced by another from the same lender on substantially different terms or when 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 one and the difference in the respective carrying amounts is recognised in the income statement.

4.8. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost:

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Steps for determining if there has been a significant increase in credit risk (SICR) are set out in a separate procedure, which states that the Company identifies SICR, if any of the following SICR indicators is present:

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

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

The 12-month expected credit losses are a part of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both - lifetime and 12-month expected credit losses - are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company 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 Company groups its financial instruments into Stage 1, Stage 2, Stage 3, as described below:

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

Loss allowances for purchased or originated credit impaired assets (POCI) are calculated at an amount equal to lifetime expected credit losses regardless of the changes in credit risk during the lifetime of financial assets.

The Company recognises the amount of expected credit losses (or reversal) as impairment loss (or gain) in profit or loss.

Credit loss is the difference between the contractual cash flows that are due in accordance with the contract through the expected life of the financial instrument and all cash flows that the Company expects to receive discounted at the original effective interest rate (in case of POCI assets - credit adjusted effective interest rate).

As at 31 December 2023 and 2022 expected credit losses were not material and not recorded in the financial statements for financial assets.

4.8.1 Default definition

The Company uses the definition of default according to the Revolut Group's Wholesale Credit Risk Management Policy. The Company 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 Company;
B. the obligor is considered unlikely to pay its credit obligations to the Company.

Counting of days past due in relation to criterion (A) is performed at obligor level. The Company 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.

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

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

1. The Company 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 Company stops charging interest and/or has direct write-offs;
2. The Company recognises a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the Company taking on the exposure;
3. The Company sells the credit obligation at a material credit-related economic loss;
4. The Company consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest or, where relevant, fees;
5. Bankruptcy of the customer or similar protection;
6. Credit fraud;
7. Death of a customer

8. Disappearance of an active market for a financial instrument because of financial difficulties of the customer (applicable for non-retail exposures only);
9. Observable data indicating a measurable decrease in estimated future cash flows from a group of financial assets, such that the counterparty is not capable of servicing its debt (applicable for non-retail exposures only);
10. For previously defaulted exposures in 'probation' status, where the exposure in probation becomes 30 days or more past due (applicable for non-retail exposures only).

4.9. Write-offs

Financial assets are written off either partially or in their entirety when the Company 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 expense.

4.10. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.11. Share-based payments

The Company 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 Company 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 and other comprehensive Income 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 Company has to estimate the expected yearly percentage of employees that will stay within the Company 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 Company'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 Company'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 Company's financial statements have been prepared on a going concern basis as, after making enquiries, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

In making their assessments, the director has given regard to the fact that the Company commenced trading in March 2023 and generated substantial revenues since then. In its first year of operating, the Company has already become profit-making. Forecasts show that the Company is expected to sustain the trend of increasing its customer base in the foreseeable future. The Company also plans to expand the service offering in 2024 (new services include robo-advisor, bonds and contracts for differences), which should further increase the number of customers and revenues. The Company's current assets are significantly higher than its liabilities, therefore the Company maintains a strong liquidity position and is capable of meeting its short-term obligations. Based on the above, the director has assessed that it is probable that the Company will continue to be profitable and it has sufficient resources to continue operating in the foreseeable future.

The Company is reliant upon the Group's ultimate parent company, Revolut Group Holdings Ltd, for the provision of any additional short-term funding (credit facility), the use of the Group's technology platform and app, and the provision of certain centralised support functions, as well as the Company's increasing capital requirement which is also satisfied by Revolut Group Holdings Ltd.

5.2. Share based payments

The Company applied the Group methodology to determine the share based payment liability, using the fair value as verified by an independent party. Information about method and assumptions used is disclosed in Note 19.

6. Risk management

6.1 Funding and liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations when they fall due. Funding risk is the risk that the Company 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 Company is subject to a dedicated prudential framework, proportionate to its size, activities and risks. It is governed by the Markets in Financial Instruments Directive (MiFID) and prudential framework composed of Investment Firms Regulation (IFR)[1] and Investment Firms Directive (IFD)[2] that aim to ensure the Company has sufficient resources to cover potential losses from its activities.

[1] Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms

[2] Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms

The Company aims to maintain a sufficient amount of unencumbered cash or cash equivalents to ensure that it can meet all of its financial obligations in business-as-usual circumstances and in stress conditions. The IFR-IFD framework imposes that the Company shall hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirements, calculated based on the preceding year. As the Company has not been in business for one year the projected fixed overhead requirements under IFR-IFD framework include the projection for the first 12 months' activities, which is equal to 450,681 euros. Therefore, the Company should hold 150,227 euros of liquid assets at any time.

As of December 31, 2023, the Company had liquid assets of 11,059,616 euros (cash held in banks) with requirements of 150,227 euros. Thus, the ratio of liquid assets held by the Company to liquidity requirements was 7,363% (where 100% is the minimum value required under the regulations). Thus, the Company met the minimum regulatory liquidity requirements.

Cash, short term deposits and financial instruments belonging to clients, even where held in the own name of the Company, shall not be treated as liquid assets.

6.2 Foreign currency risk

The FX position of the banking book mainly arises from the operating activities. This includes revenues earned and costs incurred in non-base currencies (predominantly USD and GBP).

As of 31 December 2023 the Company was exposed to foreign exchange risk with the majority of exposure in USD currency.

Sensitivity of foreign exchange risk

The Company uses a statistical value-at-risk (VaR) model to forecast a potential loss due to movements in FX rates.

The table below summarises Company's exposure to foreign currency exchange rate risk at the 31 December 2023.

Currency	Rates	Position	Reasonably possible change	Impact on Profit	Percentage of capital
U.S. Dollars (USD)	1.1037	6,851	5.22%	358	8.11%
UK Pound Sterling (GBP)	0.86694	182	7.27%	13	0.30%
Open position	**N/A**	**7,033**		**371**	

The Company had no open positions in foreign currencies as at 31 December 2022.

6.3 Credit risk

Credit limits and credit assessments of counterparties are made at the Revolut Group level. Thus, the monitoring of the use of the granted limits, as well as the supervision of credit risk, rests with the Group's Credit Risk Department. RSEUAB, on the other hand, monitors the limits that have been set for its direct counterparties. The last review of credit risk for the two largest counterparties was conducted in October 2023 for J.P. Morgan Group and in March 2023 for Fidelity International Ltd.

The credit ratings of the J.P. Morgan Group as a whole are strong, reflecting the breadth and scale of the group's business, with a good level of diversification between capital markets and non-capital markets facing businesses, providing a balance in the stability of revenues. Its retail business also provides a good source of funding. The group's parent (JP Morgan Chase & Co) rating is lower (Moody's A), typical of holding companies, due to the debt at the parent level and structural subordination when facing the parent (note that Revolut faces the operating subs). Meanwhile, JP Morgan Bank Luxembourg SA rating is aligned with JP Morgan Chase Bank NA (Moody's: Aa) on the basis of its materiality/importance to JP Morgan Chase Bank NA, being its key EU operating entity.

JPM continues to benefit meaningfully from its strong company profile and franchise in a challenging operating environment. JPM financial performance reflects its proven ability to build capital and the diversity of its overall business model. All of this is underpinned by the firm's industry-leading franchises across multiple consumer and wholesale businesses, driving pricing power and allowing adequate investment in risk systems and customer-facing technology, to gain further market share. The group has been successful in adapting its business model to meet evolving regulatory expectations as well as customer behaviour, which is expected to allow the company to operate from a position of strength.

Fidelity International Ltd (FIL Limited) and its subsidiary FIL (Luxembourg) S.A. (FIL Lux) provides investment management services, including mutual funds, pension management, and fund platforms to private and institutional investors. FIL Limited is one of the largest asset managers globally. FIL Lux has been chosen as a financial partner for Revolut's new Money Market Fund product, offered by Revolut Securities Europe UAB (RSEUAB), which faces a risk of non-payment of pre-funded amounts to RSEUAB clients owed to us by FIL Lux.

While the Revolut-facing entity, FIL (Luxembourg) S.A., is not externally rated, we consider its credit profile to be closely aligned with that of its parent entity.

The credit risk from JPM arises from holding a bank account with this entity, where RSEUAB stores cash equivalent. At the end of the reporting period, this amounted to approximately EUR 11 million.

The credit risk from FIL is related to the Money Market Funds product, which includes a pre-funding element to RSEUAB's clients for the redemption of units, thereby giving them immediate access to the withdrawn funds. The client does not have to wait for the settlement of the unit redemption transaction one business day.

Nostro accounts

As of 31 December 2023, the Company had EUR 11 million of cash equivalent at other banks. All the above balances were held in the foreign banks (with a minimum of A+ long-term borrowing rating assigned by international rating agency Standard & Poor's).

For financial assets recognised on the balance sheet maximum exposure to credit risk equals their carrying amount.

6.4 Concentration risk

Concentration Risk in the Company is managed in accordance with Investment Firms Regulation (IFR) and Investment Firms Directive (IFD). The Company manages concentrations in the credit risk profile through setting restrictions (limits) on exposures against certain concentration types. Risk concentrations covered within the scope of the regulation include:

- individual client concentrations;
- group of connected clients 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 ERC, which further decides whether escalation is required to the Company's Management Board as well as to the Revolut Group's relevant decision body.

RSEUAB has the largest concentration limit within credit exposures with Fidelity International Ltd (Luxembourg) S.A. This limit is related to the Money Market Funds product, which includes a pre-funding element to RSEUAB's clients for the redemption of units, thereby giving them immediate access to the withdrawn funds.

7. Fee and commission income

EURth	2023	2022
Trading fees and commission	5,813	-
Subscription	179	-
Total	**5,992**	**-**

Trading fees and commission revenue consists of trade commissions, Money Market Fund product service fees and custody fees.

Contract assets are disclosed in note 13 under "accrued income from contracts with customers", contract liabilities are included in note 14 under ""deferred revenue".

8. Interest income

EURth	2023	2022
Interest income from amounts held in banks	2,057	12
Interest on cash collateral to financial brokerage firms	1	-
Total	**2,058**	**12**

9. Personnel expense

EURth	2023	2022
Wages and salaries	(428)	(274)
Social security costs	(8)	(5)
Share based payments	(41)	-
Employee benefits	(2)	-
Staff Recruitment & HR Expenses	(1)	-
Total	**(480)**	**(279)**

10. Other operating expenses

EURth	2023	2022
Recharges from Revolut Group (Note 20)	(6,806)	-
Net foreign exchange loss	(129)	-
Professional fees	(11)	(1)
Irrecoverable VAT	(7)	-
Audit fees	(3)	(13)
Other expenses	(20)	(4)
Total	**(6,976)**	**(18)**

11. Income tax

EURth	2023	2022
Current tax	(41)	-
Deferred tax	(52)	52
Total income tax	**(93)**	**52**

11.1. Reconciliation of the tax charge

EURth	2023	2022
Accounting profit / (loss) before tax	592	(288)
Tax (charge)/credit at statutory income tax rate 15% (2022: 15%)	(89)	43
Effects of:		
Non-deductible expenses	(4)	-
Utilization of tax losses /(tax losses carried forward)	52	(34)
Increase(+) /Decrease (-) in deferred tax assets	(52)	52
Other differences	-	(9)
Income tax expense in the statement of comprehensive income	(93)	52

11.2. Deferred tax

EURth	Deferred tax asset	Income statement
31 December 2023		
Provision for tax losses carried forward	-	(52)

EURth	Deferred tax asset	Income statement
31 December 2022		
Provision for tax losses carried forward	52	52

12. Due from banks and other financial institutions

EURth	2023	2022
Placements with other banks - demand deposits	11,060	4,689
Total	**11,060**	**4,689**

Placements with other banks consist of on demand deposits and are included in cash and cash equivalents as referred to in the cash flow statement.

The Company holds money on behalf of its clients in accordance with the rules described in MiFID II. These client funds are held in segregated bank accounts, are separated from the Company's own funds and are excluded from the Company's Balance Sheet. As at 31 December 2023 the client money held by the Company amounted to €101,618,918. (2022: nil).

The Company also holds and administers securities belonging to its clients. Similarly to client money, these securities are excluded from the Company’s Balance Sheet. As at 31 December 2023 the value of clients’ securities held amounted to €2.96 billion (2022: nil).

13. Other assets

EURth	2023	2022
Accrued income from contracts with customers	728	-
Accrued income from placements with banks	467	6
Client money settlement position	344	-
Cash collateral to financial brokerage firms	151	93
Prepaid expenses	8	-
Total	**1,698**	**99**

14. Trade payables and other liabilities

EURth	2023	2022
Trade payables to related parties	7,564	422
Trade payables to non related parties	92	-
Total trade payables	**7,656**	**422**
Other liabilities:		
Unsettled client liabilities*	20,508	-
Accrued expenses	312	21
Corporate tax payable	41	-
Deferred revenue	51	-
Payroll payable	27	21
Other liabilities	7	-
Total other liabilities	**20,946**	**42**
Total	**28,602**	**464**

* Unsettled client liabilities consist of customers' transactions related to investments into Money Market Funds, which were instructed by the customer before the year-end, but settled in 2024 due to cut-off time.

15. Share capital

Authorised shares	**2023**	**2022**
	Units	Units
Ordinary shares of €1 nominal each	4,686,000	4,686,000

Ordinary shares issued and fully paid	**Thousands**	**EURth**
At 31 December 2021	586	586
At 31 December 2022	4,686	4,686
At 31 December 2023	4,686	4,686

The EUR 1 ordinary share has full voting, dividend and capital distribution rights. Profit and loss account records the accumulated results of the Company. The Company did not not hold its own shares, nor did it have treasury shares. No treasury shares were acquired or transferred during the reporting period.

The Board has not proposed a dividend for 2023 (2022: EUR 0).

Other reserves include the share-based payment reserve of EUR 41 thousand (2022: 0). Assumptions and method of calculation are described in note 19.

16. 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 Assets	Up to 3 months	3-12 months	1-5 years	Total
Due from banks	11,060	-	-	11,060
Trade receivables	20,761	-	-	20,761
Other financial assets	1,539	-	151	1,690
Total financial assets	**33,360**	**-**	**151**	**33,511**

EURth Liabilities	Up to 3 months	3-12 months	1-5 years	Total
Trade payables	7,656	-	-	7,656
Other financial liabilities	20,854	-	-	20,854
Total financial liabilities	**28,510**	**-**	**-**	**28,510**

As at 31 December 2022

EURth Assets	Up to 3 months	3-12 months	1-5 years	Total
Due from banks	4,689	-	-	4,689
Other financial assets	6	-	93	99
Total financial assets	**4,695**	**-**	**93**	**4,788**

EUR Liabilities	Up to 3 months	3-12 months	1-5 years	Total
Trade payables	422			422
Other financial liabilities	42	-	-	42
Total financial liabilities	**464**	**-**	**-**	**464**

17. Fair value measurement

The Company doesn't have financial instruments recorded at fair value as at 31 December 2023 and 31 December 2022.

The carrying amounts and fair values of those financial assets and liabilities presented on the Company's statement of financial position at amortised cost don't differ materially, as all instruments are concluded on market conditions.

18. Internal capital assessment and capital requirements

The purpose of the internal capital adequacy assessment process (ICAAP), is to ensure that the Company develops and implements effective and functional mechanism for determining the internal capital adequacy requirements, which would include:

a) Strong and effective corporate governance arrangements, including a clear organisational structure for the Company with well-defined, transparent and consistent responsibilities;

b) Effective identification, management, monitoring and control of risks to which the Company is or may be exposed;

c) Appropriate internal control mechanisms;

An integral part of the Company's Internal Capital Adequacy Assessment Process (ICAAP) is Stress testing which helps to determine whether the Company's capital would be adequate to cover losses, amortise unfavourable changes in the balance sheet, and maintain the Company's solvency at proper level in case of occurrence of certain events driven by internal and/or external factors, adverse changes in financial and economic environment.

Main principles followed by the Company in its ICAAP are:

- **Reliability.** The Company's ICAAP process determines the appropriate amount and structure of capital buffers required to ensure sustainable development of its activities and cover risks identified by the Company taking into account both normal (planned) business conditions and potential adverse scenarios. The Company's ICAAP process is supported by reliable internal and external empirical data, estimates, forecasts and ensures uniform methodological treatment of the outcomes in the context of the Company's financial and prudential reporting. The Company's ICAAP process is based on the application of reasonable risk identification and assessment methods as well as on evaluation of efficiency of internal governance and internal control systems.
- **Efficiency and consistency.** The ICAAP process is an integral part of the Company's overall management framework which affects the strategic decisions related with the Company's business development and the everyday/regular organisation and execution of its activities. The ICAAP process outcomes (material risks, limits, key risk indicators (KRI) and similar) are integrated into the Company's management information and reporting system and are monitored with the defined frequency. The functions and responsibilities of the Company's management bodies, structural units and employees related to the ICAAP process are clearly defined and documented, and the process itself is described in detail. The ICAAP process is closely linked with the Company's strategic planning and risk management processes and informs the review and updates of the strategic plan, risk management strategy and relevant risk management policies. The Company's ICAAP process is to be treated as a tool for the Company's management and not just for reporting.
- **Completeness and proportionality.** The Company makes an assessment of all relevant risk types and their materiality taking into account specifics of its business model. Forward-looking assessment of internal capital adequacy is performed for the period of minimum 3 years. In accordance with the principle of proportionality the Company's ICAAP utilises processes, data, risk identification, quantification and aggregation approaches, which are proportional to the scale, nature and complexity of the Company's activities.

The results of the ICAAP process are described and formalised in the ICAAP Report. The ICAAP Report is a document, which discloses the Company's comprehensive assessment and justification of the capital adequacy and integration of the ICAAP process into the Company's activities.

The regular ICAAP process is held and the ICAAP Report is prepared on an annual basis during the first 4 months of the year, and the ICAAP process documentation is submitted to the Bank of Lithuania according to the deadlines determined by it.

The ICAAP process is considered to be a tool that enables the Company to have a sound capital management, therefore, the whole ICAAP process or certain relevant parts of the ICAAP process could be reviewed and updated, if needed, more frequently than on a yearly basis in order to ensure proactive adjustment of the ICAAP process to any material changes that occur, such as entering new markets, providing new services, offering new products or changes in the perimeter of entities to be covered by it.

While conducting the ICAAP process, the internal audit remarks should be addressed in the best way possible in the ongoing ICAAP process or included in the remediation action plan for the next ICAAP process cycle.

As per the Markets in Financial Instruments Directive II (MiFID II), investment firms are required to maintain their capital requirements in accordance with the guidelines set out in the legislation. The Company, being a Class 2 MiFID II investment firm, is required to hold an adequate level of capital as set out in regulation at all times.

The regulatory capital requirements for the Company are calculated as the highest of:

- a fixed overheads requirement (FOR), equal to a quarter of the annual fixed overheads of the firm;
- a permanent minimum capital requirement (PMR);
- an overall "K-factor" capital requirement, which is the sum of "K-factor requirements" grouped in three categories: Risk-to-Client (RtC), Risk-to-Market (RtM), Risk-to-Firm (RtF).

As of 31 December 2023, the regulatory capital requirements for the Company are:

- FOR requirement was calculated based on the projected fixed overheads for the first 12 months of trading and equals 450,681 euros;
- PMR capital requirement equals 150,000 euros;
- "K-factor" capital requirement was calculated as 349,733 euros.

Based on that, the final capital requirement for the Company is 450,681 euros.

The level of applicable Tier 1 capital as at 31 December 2023 was 4,378,947 euros, therefore the ratio of the Company's capital to its capital requirement was 972% (where 100% is the minimum value required under the regulations).

19. Share based payments

The Company issued Group equity-settled share based payment awards to certain employees. These awards are share options which will be settled in shares of Revolut Group Holdings Ltd, the ultimate parent company. As there is no obligation for the Company to settle these awards, these represent equity settled share based payments. 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 determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period, based on the Group's estimate of the number of awards that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Unapproved share option scheme

The Group issued shared options under the Unapproved Options Plan ("UOP"), for the non-UK employees, including the employees of the Company.

Options granted gave varying vesting schedules depending on the reason for the grant - Joining Bonus, Referral Bonus, Promotion Bonus and Performance Bonus.

A reconciliation of outstanding share-based payments awards

	Weighted average exercise price, (EUR) 2023	Number 2023	Weighted average exercise price, (EUR) 2022	Number 2022
Outstanding at the beginning of the year	-	-	-	-
Adjustments related to prior year	0.11	1,089	-	-
Granted during the year	0.00	322	-	-
Exercised during the year	0.00	-	-	-
Canceled during the year	0.00	-	-	-
Outstanding at the end of the year	0.08	1,411	-	-
Exercisable at the end of the year	0.10	1,179	-	-

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the weighted average contractual life dates and exercise prices:

Pool	Exercise price (EUR)	Weighted average remaining contractual life (years)	Share options 31 December 2023	Share options 31 December 2022
1	0.00	8.3	1,210	888
2	0.58	5.5	210	201
Total			**1,411**	**1,089**

Fair value of options granted

The fair value of the options granted to employees was determined utilising an options pricing model, which encompasses The Black-Scholes methodology.

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

	2023
Model	Option Pricing Model
Expected volatility	40% - 50%
Expected terms (years)	1.25
Expected dividend yields	0%
Risk-free interest rate	4.29% - 5.35%

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. Fair values were calculated by independent accounting advisors at the date of grant of each share award. The estimated weighted average fair value of share options granted as at 31 December 2023 was approximately 204 EUR.

The total share-based payment expense recognised in the other reserves in equity is as follows:

EURth	2023	2022
Unapproved share option scheme	41	-

20. 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.

EURth	Parent	Other Related Parties	Parent	Other Related Parties*
	2023	2023	2022	2022
Assets				
Due from banks	-	2,574**	-	-
Trade receivables	-	20,761**	-	-
Total assets	-	**23,335**	-	-
Liabilities	-		-	-
Trade payables	-	7,564***	-	422*
Other liabilities	-	-	-	-
Total liabilities	-	**7,564**	-	**422**
Income and expenses	-		-	-
Sales to related parties	-	-	-	-
Direct and indirect recharges from related parties	-	(6,908)	-	-

* During the year 2022 the Parent has changed from Revolut Ltd to Revolut Holdings Europe UAB. Trade payables to Revolut Ltd as at 31 December 2022 are included in "other related parties".

** Amounts due from banks include positive and negative balance within multi-currency facility with Revolut Bank UAB to deposit funds. The intercompany receivables classified under trade receivables relate to investments made by the customers which were not yet settled between the entities at year end.

*** The amounts are classified as trade payables (Note 14). They represent unsecured intra-group liabilities, which do not have any particular terms and conditions associated with them. The amounts relate to direct and indirect recharges, payroll expenses, clearing deposits paid to third parties and invoices paid on behalf of the Company. There were no guarantees paid or received in relation to these liabilities.

Recharges from related parties relate to technology, shared services and support functions outsourced partially or entirely to Revolut Ltd and are based on a transfer pricing policy between group entities.

The management of Revolut Securities Europe UAB received fixed remuneration of EUR 232 thousand in 2023 (2022: EUR 232 thousand) and variable (share options) of EUR 39 thousand in 2023 (2022: EUR 13 thousand). Revolut Securities Europe UAB did not provide short-term, post-employment, termination, or other long-term benefits to its employees.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

21. Commitments and Contingencies

As at 31 December 2023 and 2022 the Company has no commitments or contingencies.

22. Events after the reporting period

On 17 January 2024 the Swiss Financial Market Supervisory Authority (FINMA) granted a license for Revolut Bank UAB and Revolut Securities Europe UAB to set up a joint representation of a foreign bank and a foreign securities.

There were no events 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 29 March 2024 by:

Rolandas Juteika Chief Executive Officer	Olga Kosiakova Head of Finance