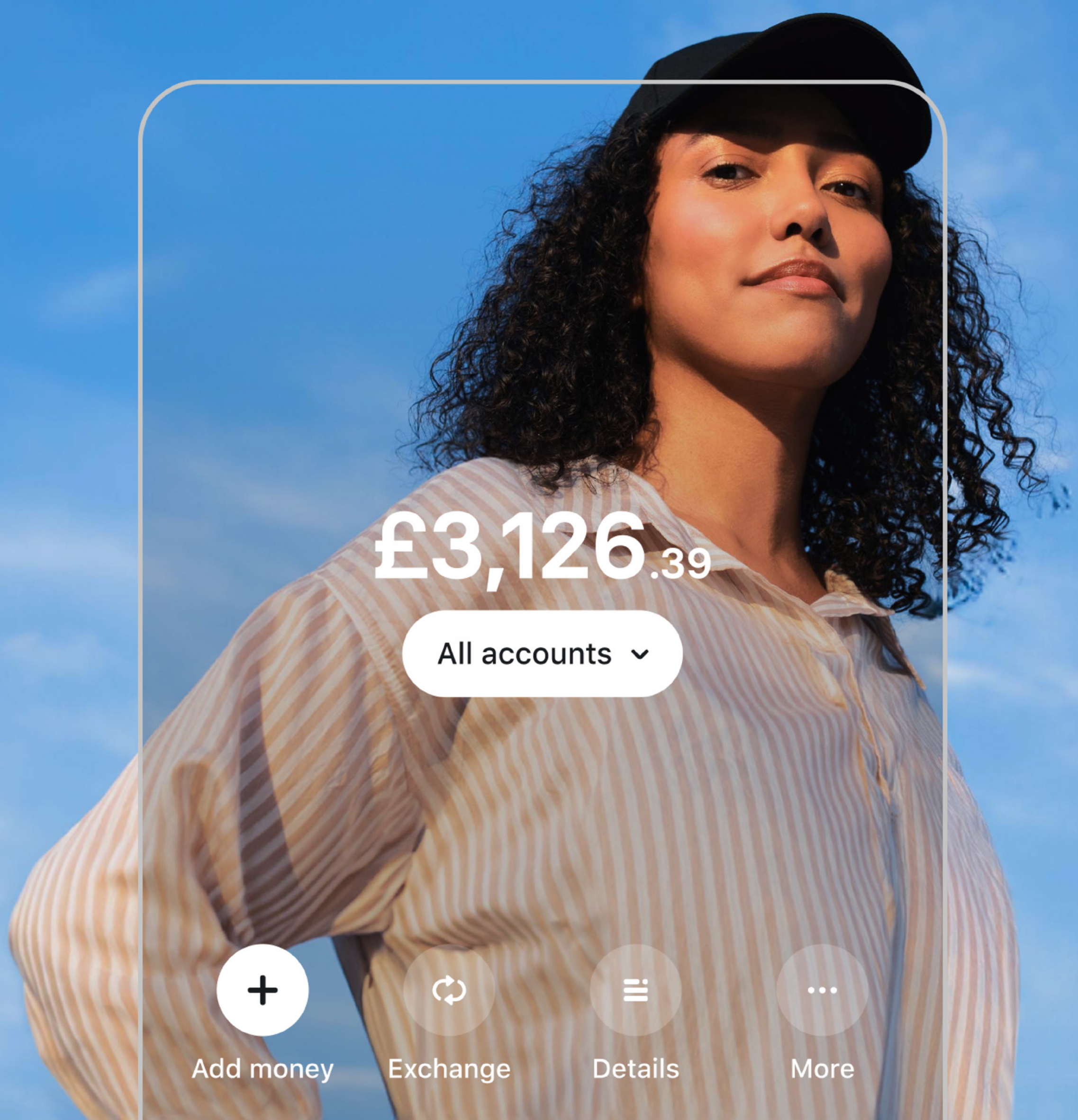
Revolut

SIMPLIFY ALL THINGS MONEY

2022 Annual Report and
Consolidated Financial Statements



Contents

#1 FINANCE APP IN 9 EUROPEAN COUNTRIES

By downloads
2023 Q1-Q3

REVOLUT BANK IN 30 COUNTRIES

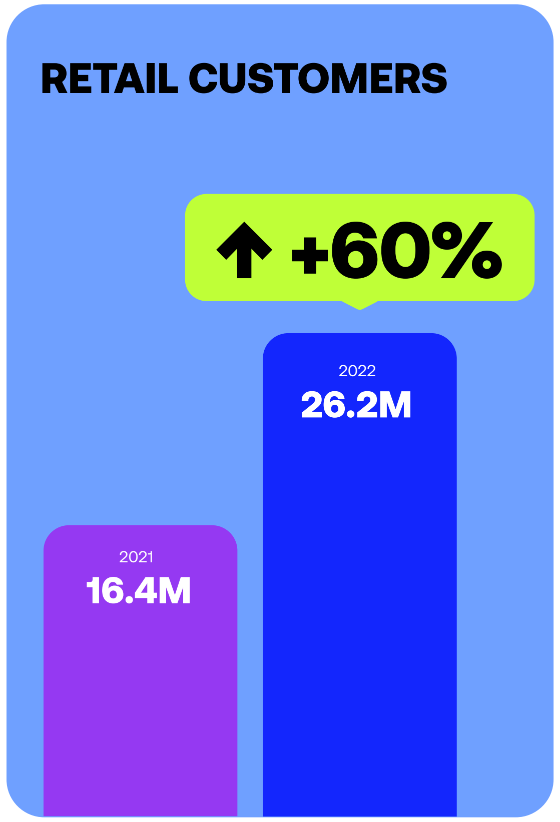
35M CUSTOMERS IN 38 COUNTRIES

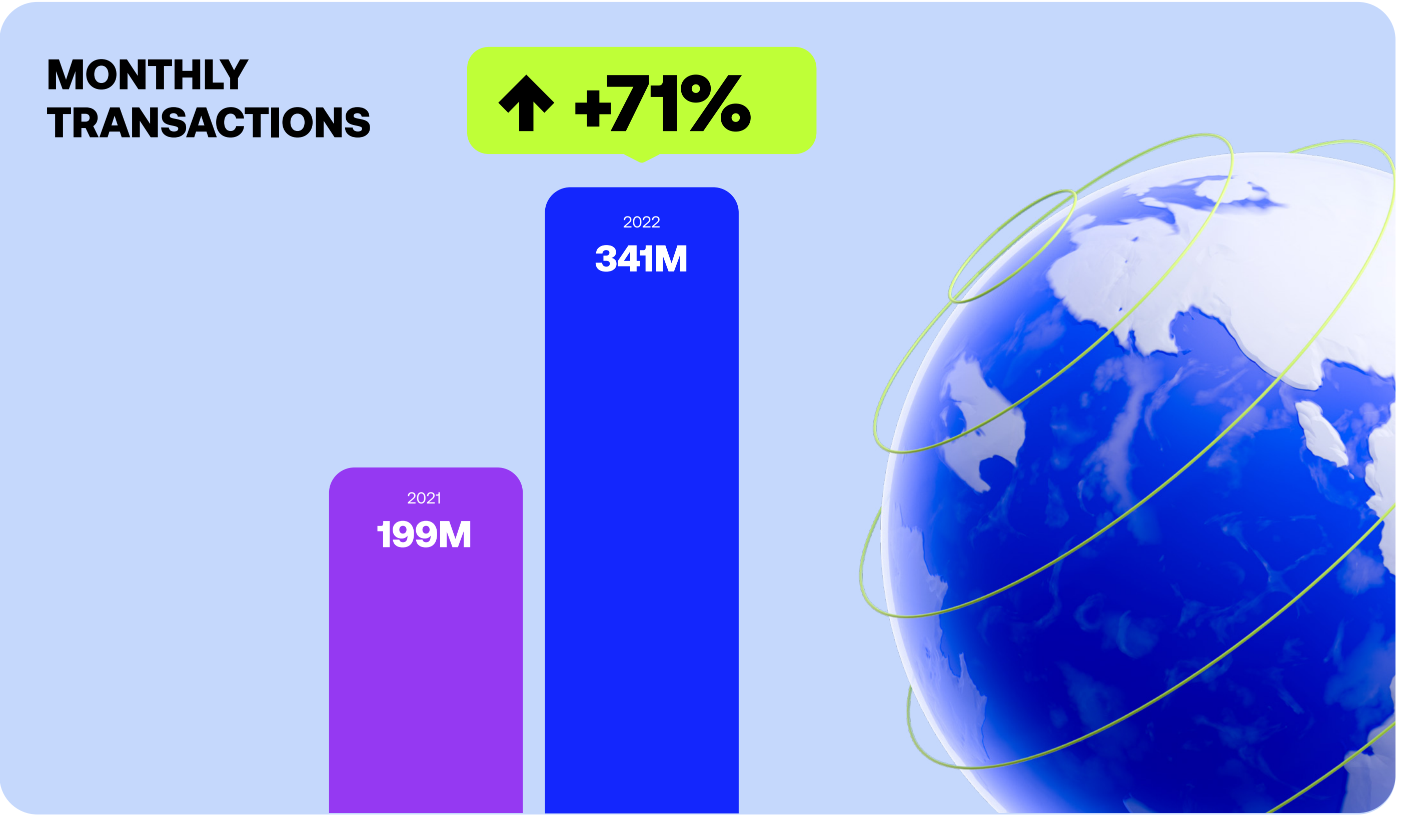
October 2023

STRATEGIC REPORT

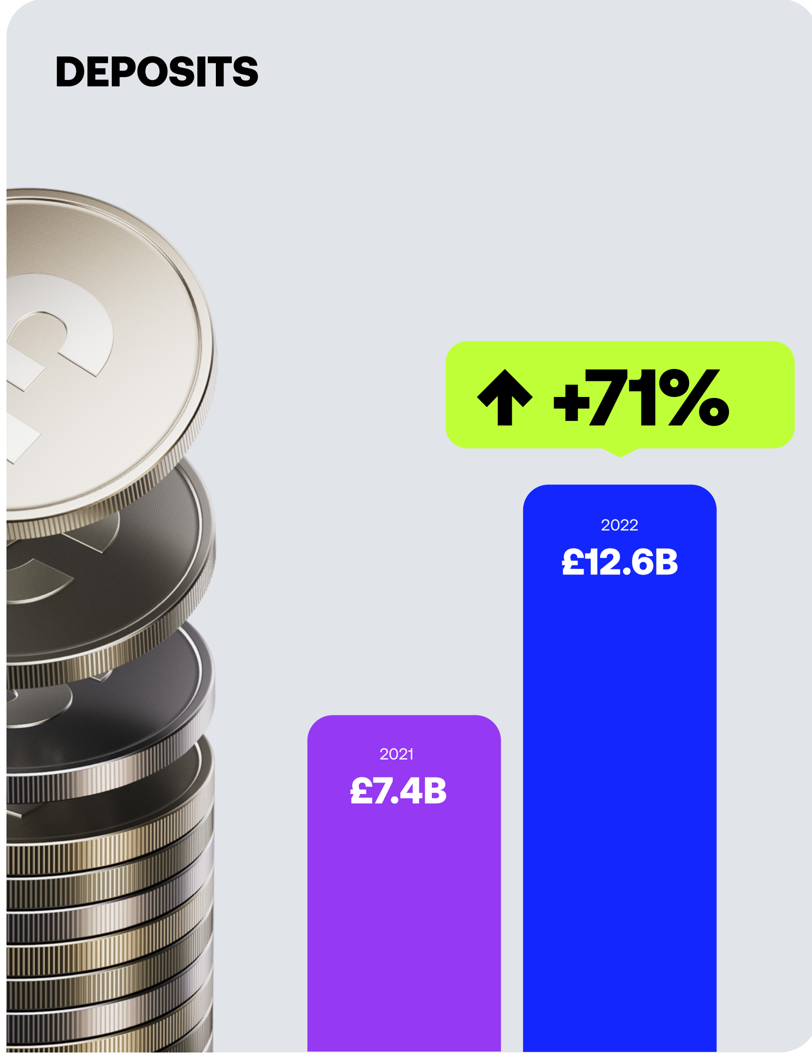
Revolut's revenue steeply increased 45% year-on-year to £923m and saw balanced growth across our different business units, yet another validation of our diversified and robust revenue model.

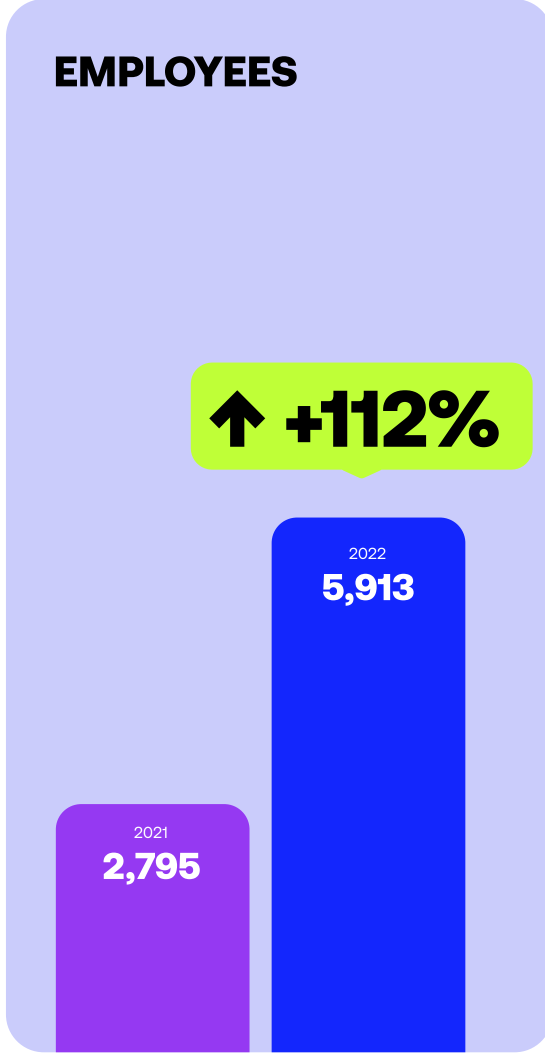
2022: Another Year of Growth





Strategic Report | 2022 Highlights | Chair's Statement | Chief Executive Officer's Review | Chief Financial Officer's Review





OUR AWARDS AND RECOGNITION

LinkedIn Top Startup award in the UK for the fifth consecutive year

International Customer Experience Award 2022 (iCXA)

Chair's Statement

In spite of the challenging macroeconomic and geopolitical landscape, 2022 was an excellent year for Revolut. We generated record revenue, earning £923 million, which represents a 45% increase year-over-year, validating our diversified and robust revenue model. We grew, adding over 9.8 million customers, the highest yearly increase in our history. In 2022 customers used our products more than ever before, with a 71% increase in deposits and a 55% increase in customers on paid subscription plans. We are proud of the financial strength of Revolut, with capital and liquidity well in excess of our regulatory requirements.

Across 2022, we made significant investments in our products, technology, risk, compliance and governance, while exercising strict cost discipline. We made prudent growth investments in strategic markets with the launch of our biggest ever brand campaign, 'Your Way In'. We also made significant investments in our people, particularly in customer support and financial crime. I remain proud of Revolut's resilience and of what our colleagues around the world have achieved, collectively and individually.

Board Governance and Risk Management

Our relentless focus on risk management and comprehensive controls over all our activities helped us guide and support our product and business teams throughout the year — especially during these challenging macroeconomic times of double-digit inflation. During 2022, we embedded a proportion of our risk and compliance employees within first-line product teams, to ensure that risk and compliance are built into our products by design, while maintaining oversight with an emboldened second line. We also kickstarted a major project to prepare for the new Consumer Duty regime in July 2023. The focus on Consumer Duty throughout our product lifecycle highly complements our Deliver Wow company value, which puts customer outcomes at the forefront of our work.

Our People

Our success rests with our people. They are the frontline, both individually and as teams, serving our customers, building our technology, making strategic decisions, managing risks and driving innovation. We are extremely proud of the diverse and inclusive environment we have built at Revolut, with employees from almost 100 nationalities working together. Our thriving inclusive guilds programme remained steadfast in its commitment to diversity and inclusion. Our initial five guilds, dedicated to Women, Pride, Parents and Carers, REACH (Race, Ethnicity and Cultural Heritage), and Wellbeing, continued to thrive. Building upon this success, we introduced two additional guilds, with a specific focus on disability, and religion and belief.

Strategic Report | 2022 Highlights | Chair's Statement | Chief Executive Officer's Review | Chief Financial Officer's Review

These guilds serve as a crucial platform for our colleagues, fostering connection, collaboration, and the advancement of positive change initiatives. Our dedication to advancing diversity and inclusion across our organisation remains unwavering, and we eagerly anticipate the continuation of this important work.

Our Revolut Partnership Programme entered its second year in 2022. The partnership recognises senior leaders in the company who champion our values and whose contributions are critical to propelling Revolut forward. During 2022, the partnership grew to 26 (from 17 in 2021). I am delighted for the 2022 partner class, all of whom have demonstrated an ongoing commitment to our success. In addition to serving our customers and delivering for our stakeholders, our partners have focused on taking care of our people. We have a long-standing commitment to recruiting, developing and promoting the best talent available with the widest range of backgrounds, experiences and perspectives. In addition to expanding our global partnership, we expanded our Executive Committee to 20, to ensure a healthy representation of product, business and control functions and to empower even more of our team to be key decision-makers for the company.

The safety and well-being of our employees is always our top priority, and more so than ever before in 2022 for our Ukrainian colleagues and their families, where we immediately arranged evacuations and, where possible, facilitated relocations to our other locations around the world. Recognising the immense strain on our staff, we introduced mental health support and an emergency fund to support the families of colleagues who had to flee their homes. As of today, we have 45 Revoluters in Ukraine and as a firm remain committed to their ongoing support and wellbeing.

A huge thanks to all the Revoluters for championing our values, and for their relentless focus on making Revolut a truly global financial product that helps customers simplify all things money.

Outlook

Our path ahead is never certain, and there will be plenty of challenges along the way, but as we continue through 2023 and into 2024, I am excited and determined to build on our solid foundations and deliver for our stakeholders. We have a huge opportunity in front of us to become a primary financial services provider for customers globally, and our ambition, adaptability and innovation equips us for success in reaching this goal.

Martin Gilbert
Chair

19 December 2023

Chief Executive Officer's Review

Revolut exists to make managing, spending, saving, investing and borrowing money cheaper, simpler and more transparent. Traditional banking across the world is antiquated, expensive and falls short of customer expectations. We are committed to giving people the financial services they deserve, and our mission is to simplify all things money. Looking back at 2022, I'm proud that we've made huge progress towards achieving that mission.

2022 was another great year in terms of financial performance, customer growth, new product launches, expansion into new markets, and for the continued strengthening of our risk, compliance and governance infrastructure.

As always, I thank our Dream Team, our colleagues here at Revolut, who drive unceasingly towards our mounting goals and ambitions. The strength of our position today is the result of their work, and they continue to meet the challenges and opportunities brought by our skyward trajectory. I thank them for their contribution.

Customer Growth and Engagement

Over the past year, our retail customer base has grown by more than 9.8 million - more than in any year in our history. In just seven short years since we first set out, we've had the privilege of becoming a leading financial services provider across the UK and Europe. In 2023 so far, Revolut is the most downloaded app in the Finance category in nine countries and in the top three in 15 countries in Europe. What makes this achievement even more valuable is the trust our customers have placed in us to help them manage and grow their finances.

Our relentless focus on the customer and on building great products is a major driver of our growth. Four in five customers who joined Revolut in 2022 joined organically or were referred by someone they knew. On average, our customers know 87 people who also use Revolut. Building on that, and to make our customers' experience even more seamless, we launched Revolut Chat, a secure messaging feature within the app in Q4 of 2022. To supplement our organic growth, we deployed a £100+ million marketing budget across various channels and markets where we operate, and we also launched our first-ever brand marketing campaign in the UK.

Our scale and the strong growth of our customer base puts even more emphasis on the quality of service that we provide to customers. Delivering a great experience and providing good outcomes to our customers remains our top priority, and we are working hard to make sure our customers can always rely on us. In 2022, we invested heavily in our customer support team by doubling the headcount and providing deeper knowledge and assistance across 14 specialisations. As a result, 90% of tickets in our in-app Chat Support were picked up by our support agents in two minutes across business and retail in 2022. Customers appreciated this effort by giving a 'WOW' rating to even more of their support interactions, from 30% in 2021, up to 60% in 2022.

Our customers are highly engaged and are increasingly trusting Revolut for their everyday financial needs. Over the course of the year, our transaction volume grew by more than 70%, with more customers using Revolut for their daily spend. Our customers also rely on Revolut for more of their financial needs, with many using multiple Revolut products. In 2022, increased customer activity contributed to a 71% increase in customer balances. We also saw encouraging adoption of our paid subscription products, with 55% growth in retail customers using a paid plan in 2022. Our monthly active customers increased by nearly 50% in 2022, a reflection of the strength of our products.

Product Innovation

As we deepen our presence in each market, we are building the foundation to become the primary financial services provider for our customers. We have launched Revolut Bank in 30 countries in the EEA, meaning that we are now a bank for the majority of our customers. We offer Deposit Protection insurance in Europe up to €100,000, giving customers peace of mind that their deposits are safe. We have now rolled out local branches for retail customers in France, Ireland and Spain, giving customers local IBANs and allowing them to bank like a local with Revolut.

Revolut also aims to be the first-choice provider for our customers when their credit needs arise, by offering a best-in-class product experience and competitive pricing. We are now offering credit (Unsecured Personal Loans, Credit Cards and Pay Later) in nine countries, with revenue from credit products growing more than 10 times year-over-year. Our credit portfolio continues to grow as we expand both the countries in which we offer credit and the products we offer in those markets.

With growing concerns about the rising cost of living, we have improved our money health tools to help customers better understand their financial situation and build good habits to save more and spend better. Our product portfolio includes various money health-related products, including Savings and Spare Change, with Money Market Funds also launched in 2023. In 2022, 4.3 million customers saved with Pockets, up 56% from the previous year, and over 2.6 million customers saved a total of £550 million rounded up through Spare Change.

We are constantly enhancing our features and capabilities to better support and protect our customers. Our team of fraud experts and data scientists take a data-driven approach to fraud management, deploying a sophisticated fraud detection platform to protect Revolut customers from falling victim to fraud and scams. We estimate that in 2022 we prevented over £200 million in fraud against our customers.

It was another great year for Revolut Business, which celebrated five years of operations in 2022. Hundreds of thousands of businesses across the UK, Europe and the US rely on Revolut Business to manage payments, sales, FX and employee spending. Monthly active businesses grew 49% year-over-year and business revenue growth accelerated, exceeding 83%. In 2022, we hit £100 billion in total processed business transactions. While in the past most of our customers were single-person businesses or micro-enterprises, we have been building our product to serve larger and more complex companies. Our typical Business customer now has 5-50 employees, while some have thousands.

To appropriately serve our customers we have expanded our product areas considerably. For example, when making payments, businesses can now send money via many payment routes, schedule and track payments, make payments through our API, add expense details and control spend through our spend management software. Business users can also accept payments via invoices, payment links, QR codes, local account details and our API.

In 2022, we launched Revolut Reader, our first-ever hardware device for in-person payments. With Revolut Reader, payments are processed seemingly instantly and funds appear in the customer's account within 24 hours of a transaction. For online payments we rolled out Revolut Pay, a one-click payment feature for merchants. In a matter of seconds, existing Revolut users can securely pay online with just one click. And with Revolut Pro, our income, payment and expense management account for freelancers within our retail app, self-employed people and contractors can now easily manage their business funds.

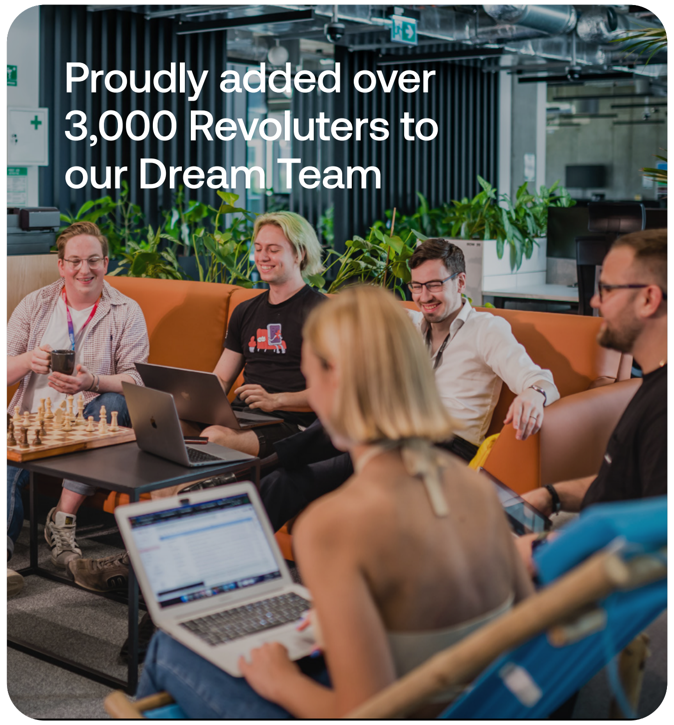
We believe that financial services across the world are in need of an overhaul, and our ambition has always been to take our products global. As part of our global expansion, in 2022, we laid the foundations for our launches in Brazil and New Zealand in May and July 2023, respectively. We also launched Revolut Business in Australia in May 2023.

Financial Performance

2022 was a year of exceptional financial performance. We grew our revenue from £638 million in 2021 to £923 million in 2022, a significant increase of 45%. We saw robust growth across our different business units, proving the strength of our diversified business model. This was driven by our rapid roll-out of products and many millions of new customers. You can read more about our financial performance in the Chief Financial Officer's Review in the next section.

Dream Team

All of these successes would have been impossible without our Dream Team, our Revoluters who together drive the company forward. Attracting, retaining and nurturing talented people while fostering an inclusive and diverse work environment is of paramount importance to us.



In a year when many companies scaled down headcount or reduced their hiring, we proudly added over 3,000 Revoluters to our Dream Team and continued investing in making Revolut an even better place to work.

We improved our employee engagement: introducing new value-based behaviours (a clear and transparent set of values enabling a consistent understanding of our culture across the company), enhancing our employee feedback tool, and launching a new team called CultureLab to create an immersive corporate culture and improve our employee experience.

These initiatives were also recognised externally, with Revolut receiving a 'LinkedIn Top Startup' award in the UK for the fifth consecutive year in 2022.

Commitment to the Community

In addition to focussing on our customers, we strive to create a positive impact within our wider communities too. In March 2022, we launched a free payments service for Ukrainian refugees. More than 250,000 refugees used the service to gain quick and easy access to their money. Thanks to the generosity of our customers, and in partnership with the British Red Cross, we were also able to raise £9 million for the British Red Cross's Ukraine Crisis Appeal.

Looking Ahead

Looking ahead, our focus is on continued growth across all our markets. We remain committed to our ongoing UK banking licence application in addition to bringing the Revolut app to new markets and customers around the world. We will continue building a global financial services platform, one which feels personal to everyone and which is increasingly becoming a primary choice to simplify all things money. In 2023, we surpassed 35 million retail customers. We aim to '10x' this in the future, pushing towards 350 million and beyond.

Nikolay (Nik) Storonsky
Chief Executive Officer & Co-founder

19 December 2023

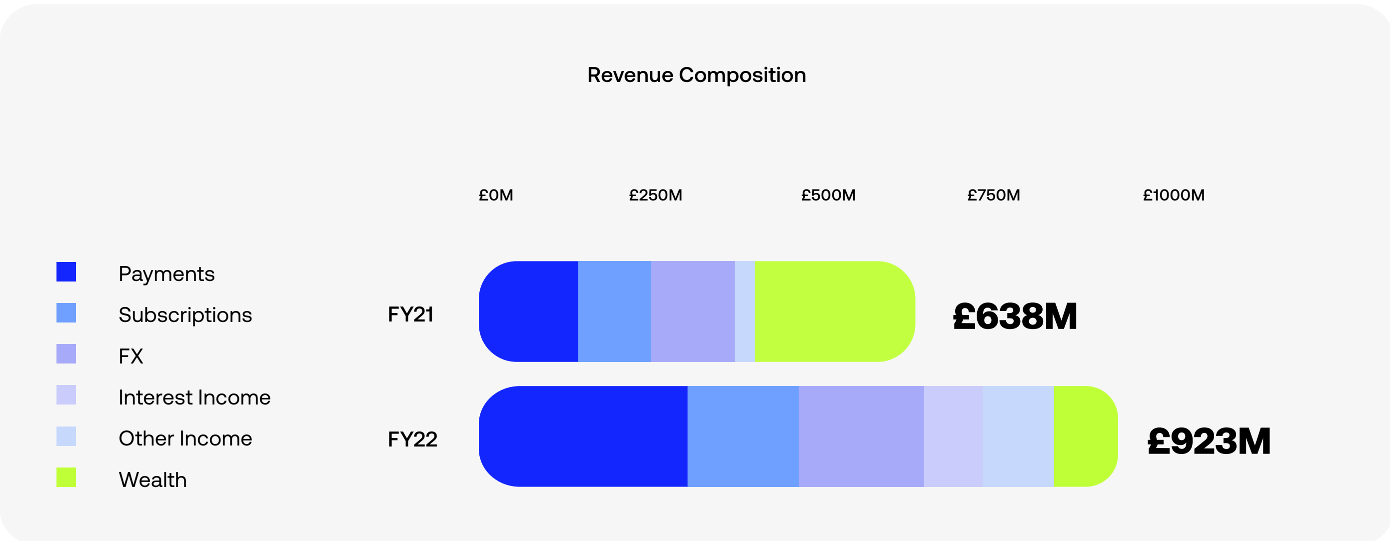
Chief Financial Officer's Review

2022 was another strong financial year for Revolut - we achieved accelerated customer growth, as well as significant increases in revenues and gross profits. We executed our strategy and investments with precision, and were fortunate to have navigated a difficult year for the industry, avoiding any redundancy programmes and continuing to hire actively.

Throughout 2022, our financial results mirrored our ever stronger product-market fit across both consumer and business segments, as well as the robustness of our business model. Our customer growth accelerated, with more than 9.8 million customers opening Revolut accounts - more than in any other year in our history. Deposits grew 71% year-over-year as customers trusted Revolut with more of their funds and transitioned from occasional to day-to-day users.

Accelerated Growth through Revenue Diversification

We continued to prove the strength of our diversified revenue model. While 2021 had been a year when our Wealth unit benefited from exceptional tailwinds, which were driven by a surge of retail investing activity in crypto and equity markets, we saw this activity drop significantly in 2022 in line with general market sentiment. Despite these trends, we continued to significantly scale our revenues to £923 million driven by growth of 106% year-over-year across all our other business units which contributed £836 million in 2022 (up from £406 million in 2021). Notably, interest income on our assets contributed £83 million to revenue in 2022, driven by increased deposits, interest rate hikes and the build-out of treasury capabilities.



Doubled Down on Investing in Revolut's Future Growth

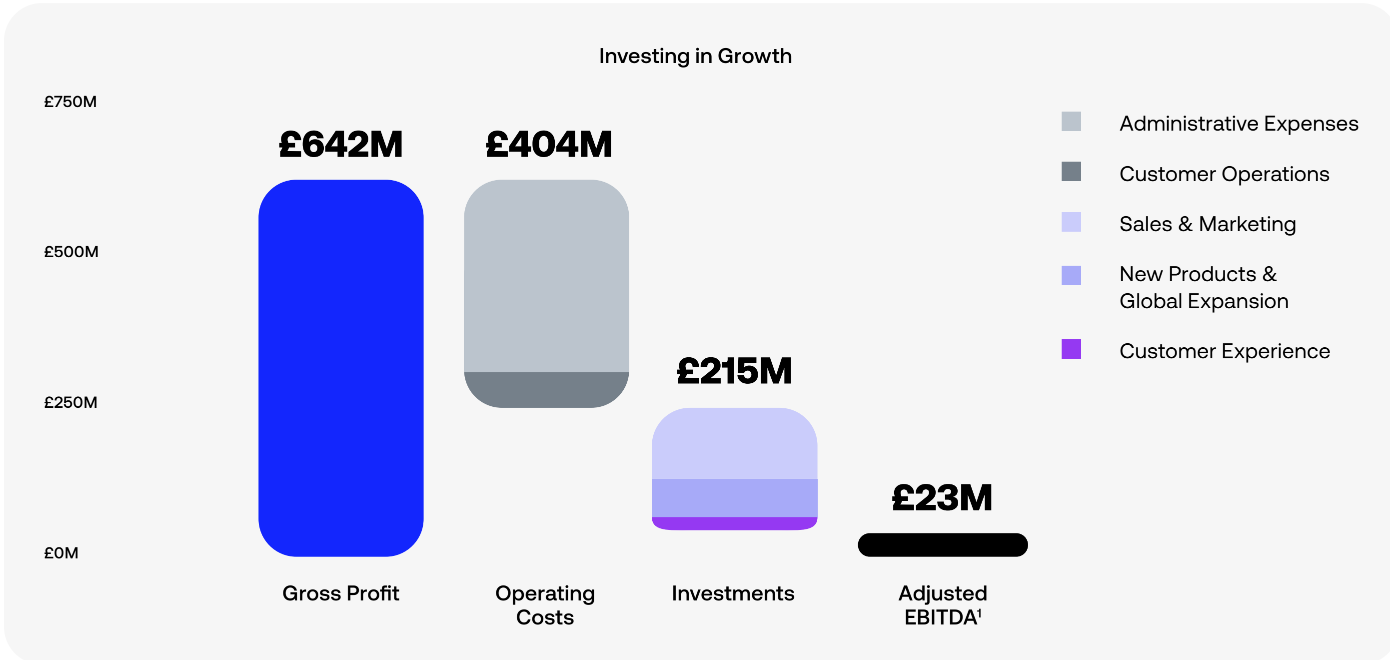
Amid a market environment dominated by uncertainty and hesitancy, we continued to see large, attractive opportunities to invest in the future growth of Revolut. We directed our excess gross profits after operating expenses towards investments in sales and marketing, new products and global expansion and improving customer experience.

Sales and Marketing: In 2022, we supplemented our organic growth with sustained sales and marketing investments. We deployed a £100+ million marketing budget across markets to boost peer-to-peer referrals, increase our presence on digital channels as well as to launch our first-ever brand marketing campaign in the UK. We also decided to pursue larger opportunities in the enterprise segment of the business banking market by scaling our Revolut Business sales team to more than 700 representatives and onboarding our largest client to date with more than 60,000 employees. We closely monitor the performance of our Marketing and Sales investments against strict Return On Investment (ROI) constraints at country and channel level.

New Products and Global Expansion: In 2022, we continued to make long-term bets on building and launching new products as well as expanding our geographic reach beyond our core markets to become the first truly global consumer fintech. We have deployed over £65 million into these initiatives with the new product and expansion teams reaching more than 700 employees by the end of 2022.

Customer Experience: Building customer trust is one of the key priorities for us as a financial institution and this starts with the level of customer support we are able to provide to customers when they need us. We invested heavily in scaling our customer operations functions, spanning both customer support and financial crime operations, as well as optimising our data models and in-app journeys, while further automating many processes. As a result, we have recorded that:

1. 90% of customer service queries in 2022 were picked up by our support team in two minutes.
2. The percentage of customers who rate their experience with our customer support team as 'WOW' increased from 30% in 2021 to 60% in 2022.



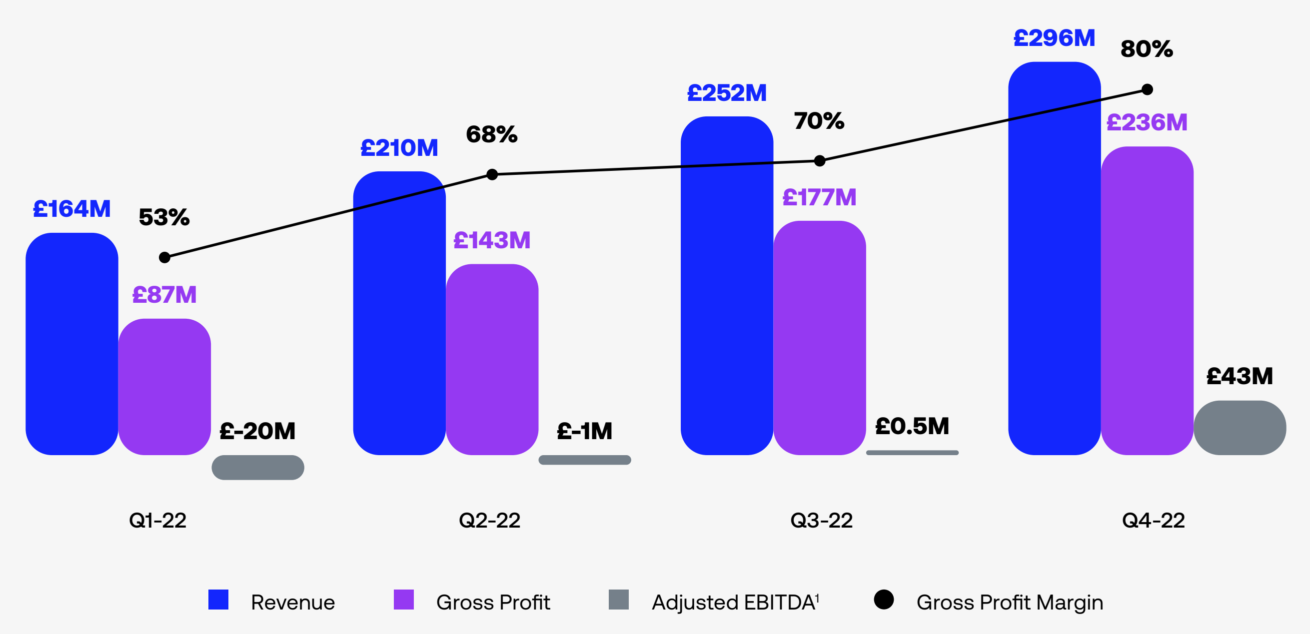
[1] Adjusted EBITDA refers to Earnings before Interest, Tax, Depreciation, Amortisation and Share-based Payments, a measure of core profitability

Balancing Fast Growth and Profitability

Overall, 2022's financial results demonstrate our commitment to building a sustainable business that balances fast growth and profitability. Throughout the year, we continued to build momentum - ramping up quarterly revenue at ~20% quarter-over-quarter and displaying discipline in optimising our gross profit margin to surpass >75% in Q4. We continue to focus on gross profit margin as a primary KPI for the company as it demonstrates the strength of our business model and its operating leverage. Improvements in gross profit margin followed a setback in Q1 caused by a card payment fraud incident in the US that led to a loss of £17 million to Revolut but not to our customers. While being an isolated incident that was remediated within days of it being identified, it served as a powerful reminder of the risks inherent in the business we operate, and of the need to continually refine our controls to remain one step ahead of such actions.

This trajectory of revenue growth and operating leverage puts us in a position of sustainable profitability on an Adjusted EBITDA basis in the second half of 2022. Recording profitability in our UK entities in 2022, as well as sustaining profitability going forward, allowed us to recognise a deferred tax asset on carryforward losses and share-based compensation for the first time in 2022.

We observe this momentum continuing in the first quarters of 2023, putting us on track to double the scale of our business and record substantial profits by the end of the 2023 financial period.



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Strategic Report | 2022 Highlights | Chair's Statement | Chief Executive Officer's Review | Chief Financial Officer's Review

Prudent Balance Sheet Management

In line with the overall business, our balance sheet continued to grow considerably - reaching a total of £14 billion in total assets by December 2022. This was primarily driven by a growth of 71% in customer funds - a reflection of increased customer activity, such as transitioning to primary account usage and trust in our platform. We continued to exercise conservative management of our balance sheet, choosing to keep over 87% of our assets in cash with Central Banks and reputable financial institutions and in high-quality liquid assets. We enhanced our treasury capabilities to ensure we are well positioned to manage our balance sheet and associated risks effectively while also achieving positive yield on our assets.

Throughout 2022, we continued to maintain levels of capital and liquidity resources comfortably in excess of regulatory requirements across all entities. Looking forward, we forecast to generate high levels of organic capital and liquidity. This puts us in the fortunate position of not having to depend on external sources of funding to execute our strategy at a time when the availability of capital in the industry has substantially decreased.

Focussed on Strengthening Our Financial Processes and Controls

We continued to focus on making improvements to our financial systems, processes and controls. In the previous annual financial audit, we were issued a qualified opinion due to deficiencies identified in our IT control environment. We have since remediated these gaps and have worked with BDO, our auditor, to conduct extensive testing of both the design and effectiveness of our controls. While these historical events have had a knock-on impact on the timing of publication of these financial statements, we are now back in a position to return to a regular reporting schedule starting from next cycle.

We are grateful not only to our colleagues in the Finance department but throughout the organisation for their contribution to building a culture of financial control and discipline, as well as to our entire Executive team and the Board for championing these initiatives. We have confidence that our commitment to this remediation process sets the foundations for building a robust finance function that can support the business in the long-term to achieve our mission of building innovative financial products that simplify all things money.

Victor Stinga
Chief Financial Officer (Interim)

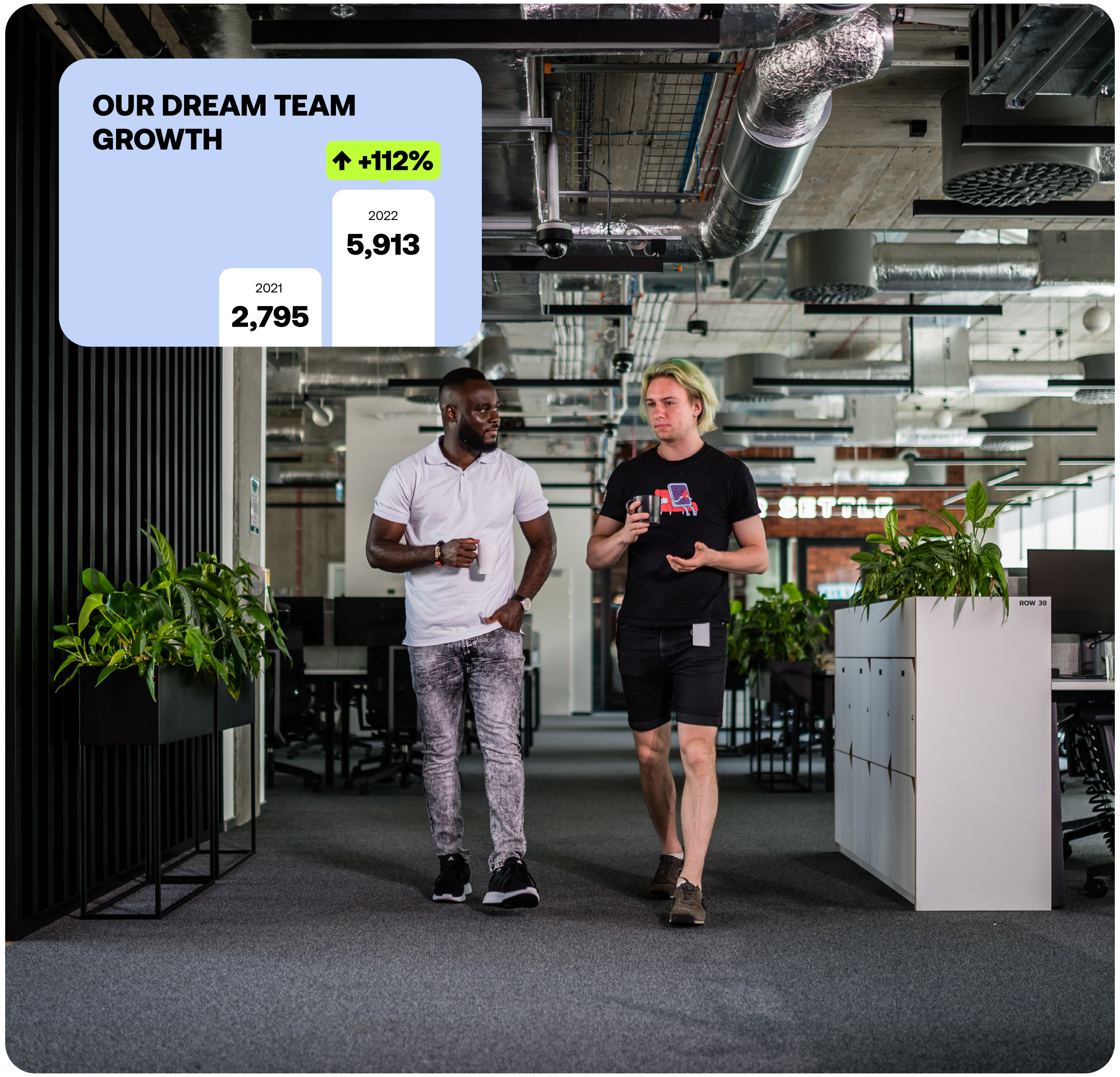
19 December 2023

General Overview

Who We Are

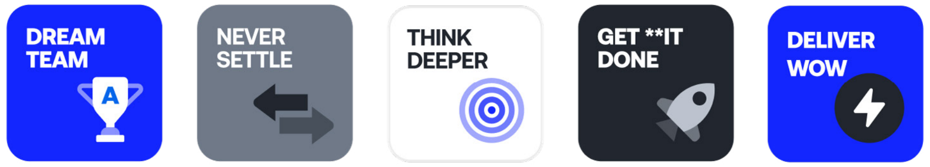
Revolut continues in our mission of simplifying all things money, offering people and businesses greater control over their finances and providing data-driven insights for a customised user experience.

Established in the UK in 2015, Revolut began with transfer and foreign exchange services that were faster and cheaper than those of legacy banks. Ever since, we have maintained a relentless focus on answering customers' needs and giving them a best-in-class experience. As of October 2023, we have more than 35 million retail customers in over 38 countries around the world using Revolut and our growing suite of products to better manage their finances.



Our Values

Revolut's unique culture is built on five core values. By working to these values every day, we create a fertile environment for success. Our values define 'the Revolut way', and we put them into practice every day across our organisation. They keep us on the right path, motivate us and ensure we hire and retain the best people. Our values are:



Never Settle

We constantly push, rethink, and rework to get 10x further from where we are now. We aren't afraid to be ambitious — and we're always looking for the next big thing.

Shoot for the Moon

- Relentlessly push to become number one in the world. Look for ways to disrupt, scale, reinvent.
- Come up with ideas that are new, better and unique. Be creative — reiterate, simplify, move beyond the traditional way. Connect the dots from different areas, industries, and products.
- Vigorously set ambitious, bold, and rational goals to guide your way.

Push the Envelope

- Constantly change your lens. Challenge solutions from all angles to deliver the best. Run toward critique to advance it even further.
- Recognise and celebrate those who challenge the status quo for the better.
- Pull at every thread. Don't just meet the ask, go above and beyond when solving a problem and never leave loose ends.

Jump in With Both Feet

- Enjoy the challenge, celebrate achievements, and have fun.
- Show initiative, inspire others. Enjoy taking on stretch assignments even if they're outside of your core responsibilities.
- Share optimism and confidence. Remain positive and energised when facing adversity.

Dream Team

We believe the key to winning is building diverse, lean teams of brilliant go-getters who break down barriers.

Never Compromise on Talent

- Make hiring decisions thoughtfully. Take the time to find the perfect fit. The quality and diversity of our talent defines our successes.
- Provide mentoring, coaching, opportunities, and support to help your team thrive. Award the best.
- Act on underperformance promptly. Monitor it, sort it and remedy it.

Ship, Shipmates, Self

- Work together — it's the only way the company can move forward. Forge a shared vision.
- Support each other individually and professionally, across teams and departments. Even if it's not in your KPIs or goals.
- Be inclusive, approachable and interested in your colleagues' work, especially if they need your help or expertise.

Be Radically Honest, Direct, and Respectful

- Feedback should be necessary, clear, direct and professional. Always say what needs to be said. Build on the feedback you receive.
- Step up, speak up, encourage other Revoluters to do the same.
- Be respectful at all times. Find the best tone of voice, time, and situation to provide feedback.

Lead By Doing

- Roll up your sleeves and get into the weeds of the work. Get to know the nitty-gritty, ins-and-outs of your team to help guide everyone to success.
- Enable others to achieve their goals — celebrate when they've done well and give credit where credit is due.
- Accept responsibility when things go wrong. Work quickly to make things right.

Think Deeper

We believe logic, reason, and common sense prevail over everything else in decision-making. We dive deep until we get to atoms. If we don't know something – we bet, collect the data and reiterate.

Start With "WHY?"

- Think before executing — articulate your problem, probe into it. Is it a real problem? Challenge others to do the same. Seek data to support decision-making, if data is not available, be transparent that you're making an instinctual recommendation.
- Dive deep into the root cause. Solve from the first principles. Question experience, data and assumptions. Always ask: 'Is that true?' and 'why?'.
- Constantly challenge your analysis, sense check, look from every angle and be prepared to revisit the proposed solution or initial problem.

Strategic Report | General Overview | Who We Are | Our Values | Our History and Progress | Our Products and Services

Never Lose 'North'

- Always think beyond the task at hand, keep the bigger picture in mind. Think several steps ahead. (e.g. Will our solution create more problems? What will the next problem be once we solve this one?). Look for ways to create scalable frameworks and tools to increase the impact.
- Avoid 'analysis paralysis' so that we move toward solutions.
- Focus on the outcome and continue checking your compass along the way (i.e. Are we still going in the right direction?). If not, take courage to start from scratch.

Be Open Minded – Listen, Probe, Adjust

- Invite criticism and alternative views to tackle problems better. Constantly challenge assumptions in your thinking. Do not follow any previously agreed-upon approach blindly.
- Take turns speaking and listening. Consider all feedback regardless of the person's title. There is no place for politics in Revolut.
- Think through your recommendation, don't say 'yes' or 'no' too quickly.

Get it Done

We believe that ideas are great, but execution is everything. That's why respect at Revolut comes from sweat and stretch.

Act Like an Owner

- Own your work and the tasks required end-to-end. Look for answers and solutions, not excuses.
- Assume full responsibility and accountability beyond your role or over expectations. Don't wait for guidance, self-direct.
- It is never 'someone else's job or problem'.

Commit and Execute

- Bring a can-do attitude at all times. Keep calm when facing challenging work.
- Unblock roadblocks. Break walls. Persevere until the project is finished. Completion is a must. And then iterate.
- Deliver on commitments, instil trust in your go-getter attitude.

Deliver Wow

We believe that everything we do should solve our customers' needs. To create awe and inspire, we pay attention to every single detail.

Put Customer First

- Put yourself in the shoes of the customer (external or internal) and understand how they are using the product or process, be curious.
- Focus on, and think through every single detail.
- Don't ship anything unless it's ready, fully-baked, tested and reviewed.

Keep it Simple

- Simplify everything – minimise any friction for the customer. Save time for your customers, your manager and your stakeholders.
- Make decisions on what to build and what to kill.
- Use language everyone can easily understand. Extract the essence. Lead with the most important information. Bottom line up front.

Strategic Report
General Overview | Who We Are | Our Values | Our History and Progress | Our Products and Services

Our History and Progress

2015

Revolut founded in the UK

2016

Reached 300,000 retail customers

$15 million Series A fundraising

2017

Launched Revolut Business

Launched Crypto Trading across EEA

Launched Revolut Premium

$66 million Series B fundraising

2018

First Banking licence granted by Bank of Lithuania

Launched Revolut Metal

$250 million Series C fundraising

2019

First expansion to Australia and Singapore

Launched Trading - offering millions of customers access to fractional shares

Launched Donations - partnering with international charities to support global causes

2021

Launched banking across 18 EEA countries

Launched Stays, a travel and accommodation booking feature

Launched On-Demand Pay early salary withdrawals

Launched first out-of-app services with Web App and Google Chrome 'Shopper' extension

$800 million Series E funding

2020

Launched Revolut Insurance

Launched in US and Japan

Launched Open Banking in UK and EEA

Launched Revolut banking services in Lithuania and Poland

Launched Merchant Acquiring for Revolut Business customers

$580 million Series D fundraising

2022

Reached 26 million retail customers

Revolut Business reached £100 billion in total processed transactions

Deposit Protection insurance for EEA Bank customers in 30 countries

Local IBANs launched in France (as of August 2023 also live in Spain and Ireland)

Launched Revolut Chat - instant customer to customer messaging feature

Launched Personal Loans in Ireland, Romania, and the US

Launched Pay Later instalments in Ireland and Poland

Launched Revolut Reader - Revolut Business's first hardware device for in-person payments

Launched Revolut Pay - online merchant checkout feature with one-click payment

Our Products and Services

Revolut was founded in 2015 in the UK, offering faster and cheaper transfers and foreign exchange services than legacy banks. Eight years later, millions of customers around the world use Revolut to manage their finances across an ever-growing suite of simple-to-use, yet sophisticated products.

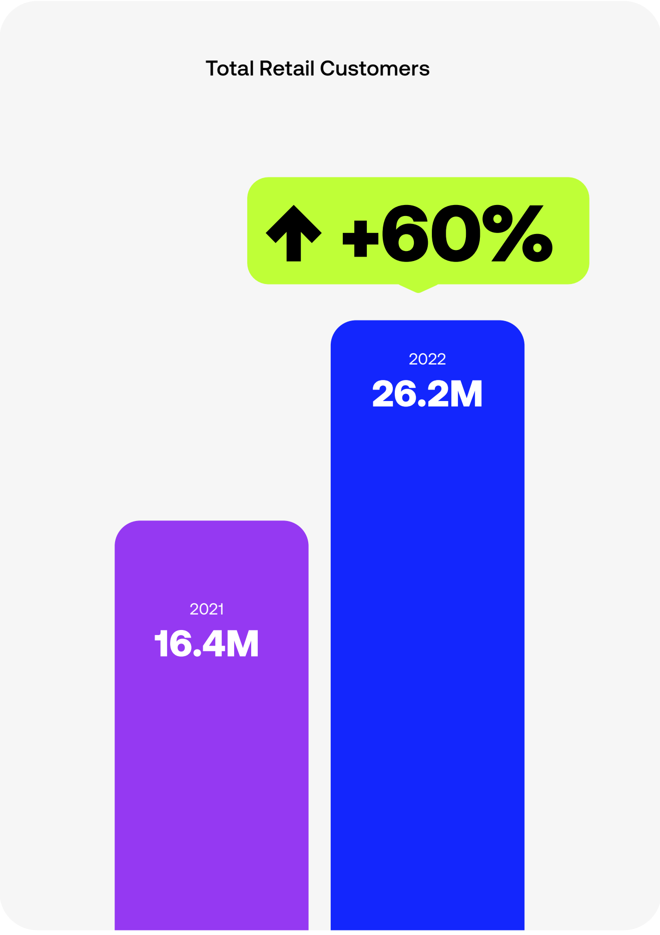
Revolut is a digital, app-based financial service. Territory-dependent, we offer retail customers e-money or bank accounts, which they use for their daily spending and financial management. With four subscription plans (the fourth, Ultra, having launched in 2023), on top of our free Standard plan, customers can choose the option which best suits their financial lifestyle. Our retail services include:

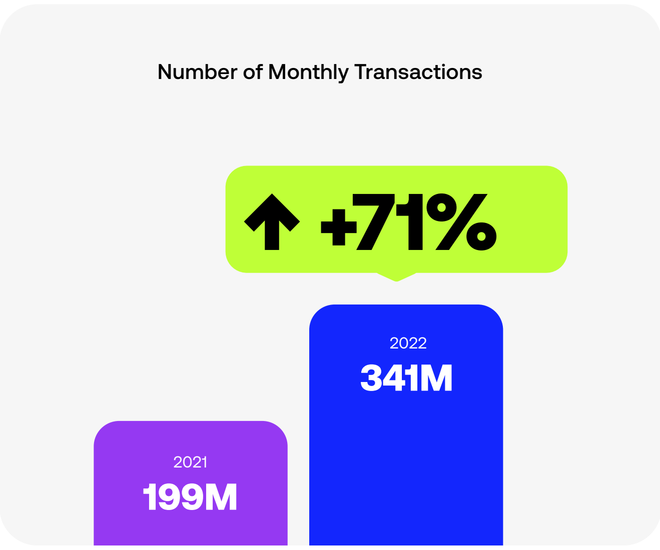
- Instant peer-to-peer payments
- Low-cost foreign exchange and multi-currency cards
- Junior (<18) accounts
- Buying and selling shares in listed companies and cryptocurrencies
- Deposit protected savings
- Insurance intermediation services
- Rewards when shopping with Revolut's partners
- Cashback when booking travel accommodation
- Consumer lending services in eligible countries, including unsecured Personal Loans, Credit Cards, and BNPL (Buy Now Pay Later)

Launched in 2017, Revolut Business provides similar electronic money and payments services, multi-currency exchange, merchant acquiring, international and domestic bank transfers for small and medium enterprises, with the speed and ease they have come to know and love from our retail product. As the retail and business ecosystems grow, we continue to add value at the touchpoints between the two. We offer Revolut Pay and Revolut Reader to merchants to facilitate online and in-person payments for retail customers, as well as offer rewards and discounts. We also launched Revolut Pro, an income, payment and expense management solution within our retail app that enables self-employed people and contractors to manage their business funds with ease.

Business Performance

Customers





Revolut's performance in 2022 defied the global fintech downturn, enjoying our strongest ever year of sustained growth, both in customer numbers, which grew by 9.8 million from 16.4 million to over 26.2 million, and monthly transactions, which jumped from 199 million to 341 million by the end of the year. Revolut Business grew by more than 90,000 business customers.

This record growth was achieved in a sustainable manner, with 78% of growth among European retail customers coming from word of mouth or organically. The total number of users on paid plans grew by 55%, while transaction volume grew by 71%. These numbers demonstrate how our customers continued to explore and use the full range of products and services offered to Plus, Premium and Metal account holders. Our fourth subscription plan, Ultra, launched in 2023.

This growth was also supported by the successful scale-up of growth and marketing activities, including the acceleration of performance marketing, customer referrals, influencers and the launch of Revolut's first ever 'Above The Line' brand marketing campaign.

In line with our customer growth, we are also committed to delivering the best possible customer outcomes while minimising waiting times. Milestones we proudly achieved in 2022 include:

- Increasing our highly specialised customer support team from nearly 1,200 at the beginning of 2022 to nearly 3,000 at the end of the year (including both employees and outsourced resources).
- Providing deeper knowledge and assistance across 14 specialisations while doubling our customer satisfaction scores.
- Reducing customer waiting time to 2 minutes for 90% of interactions with our support agents.
- Industry recognition for our incredible customer support with a Gold prize at the International Customer Experience Awards 2022 (iCXA).

At the start of the year, we strengthened our Customer Experience Managers team, who work to improve customer experience by actively listening to user feedback across all support and social media channels, and actioning accordingly.

Customer Protection

Over USD $55 billion was lost to scams worldwide in 2021, according to a study done by the non-profit organisation Global Anti-Scam Alliance (GASA) and data service provider ScamAdviser.

At Revolut, our fraud teams work tirelessly to prevent our customers from falling victim to scams and fraud, many of which are perpetrated by increasingly organised and global criminal actors. In 2022, we continued to invest in strengthening our set of advanced, data-science based tools and techniques to prevent, detect and disrupt fraudulent activity. In particular:

- Our in-house, proprietary fraud detection system uses advanced machine learning and artificial intelligence techniques to analyse up to 341 million customer transactions every month for signs of fraud. Our fraud detection and intervention approach enabled us to stop more than 90% of APP (Authorised Push Payment) scam attempts. Our system learns quickly from newly identified fraud trends and modus operandi, ensuring our customers are protected from new types of attacks.
- We significantly matured our customer-facing scam warnings and interventions with the goal of better 'breaking the spell' of fraud and helping our customers to think twice before making a high-risk payment. In 2022, we introduced new, targeted and tailored in-app warnings as well as scam intervention advice delivered via our expert team of fraud prevention chat agents. These interventions align to the industry message of 'Stop, Challenge, Protect' and bring proportionate and targeted controls into the payment journey.
- Our scam awareness education programme continued in 2022 with blog posts, emails and push notifications to educate and warn customers about emerging fraud and scam trends.

We estimate that in 2022, we prevented over £200 million in fraud against our customers. Future improvements will focus on providing our customers with additional security-driven features to help keep their accounts and money even safer. In 2023, we are already taking scam education to the next level by launching scam awareness campaigns with our in-app Learn programme to arm our users with everything they need to stay one step ahead of the bad actors.

Product Improvements

Our fast pace of new customer-centric product and feature launches continued through 2022, as we further expanded our services to meet the growing needs of our customers. We launched Revolut Bank in 30 EEA countries, meaning that we are now a bank for the majority of our customers. Revolut offers Deposit Protection insurance in Europe up to €100,000 giving customers peace of mind that their deposits are safe.

In 2022, we also rolled out local IBANs in France. In the past, our users in France experienced IBAN discrimination by service providers because of their foreign account details, even though it is illegal to refuse European account details. Through French IBANs we now enable local customers to seamlessly use their Revolut account for salary deposits, direct debits payments with any kind of service providers and have a truly seamless banking product in France.

We also launched multiple products and features for both retail and business customers:

Retail

Revolut Chat: We launched an instant messaging feature, where Revolut customers in the UK and EEA can chat as well as share GIFs and stickers whilst sending and requesting funds to and from other customers. Designed with a focus on security, all chat messages have end-to-end encryption. Customers are able to opt out of the chat function should they not want to use it, and they can either enable or disable it completely in the 'Security & Privacy' section. Additionally, users can block other users if necessary.

Revolut <18: The launch of the rebranding of Revolut Junior, a special account for children aged 6 - 17, Revolut <18 helps give kids hands-on experience so they can get off to a good start with their finances. They can earn their allowance, build a budget and save, and with <18's end-to-end security, spending alerts, custom limits and in-app card controls, they're in safe hands. They can also unleash their creativity by designing their own personalised Revolut <18 card.

Personal Loans: Our unsecured personal loans offering was expanded to multiple EEA countries. The credit contract is signed with a qualified electronic signature and the funds are disbursed instantly into the customer account. Customers will be able to change their monthly repayment date, make partial or full repayments directly from the app and check their credit statement at any point in time.

Pay Later: Revolut launched its first pay later product that uses an approved credit limit, designed to focus on affordability. Revolut puts the customer in control of when they want to use Pay Later, rather than restricting them to certain merchant partnerships. The product also features built-in safeguards to check that users can afford their Pay Later limit. Revolut is able to offer a robust assessment as it approves the credit limit before the transaction rather than offering an instalment payment method at the point of sale.

Crypto Learn: We introduced interactive lessons with quizzes to test customers' knowledge and understanding of different cryptocurrencies. Upon completion, users may receive a small amount of the target cryptocurrency as a reward.

Business

Revolut Reader: We launched our first hardware device to help merchants accept in-person payments anywhere. Revolut Reader accepts instant transactions made with debit and credit cards, as well as contactless payment methods. The tool is designed to run transactions 24/7 and process payments in a matter of seconds, enabling customers to accept, settle and store funds all in one place, under either their Revolut Business or Revolut Pro account. Revolut Reader can be adapted to other POS (Point of Sale) systems in place within businesses, having a SDK/ API solution included.

Revolut Pay: Revolut debuted a new feature that allows merchants to securely accept online payments from consumers with just a click, in a matter of seconds. Existing Revolut users can use Revolut Pay and make payments directly through their Revolut account balance or their preferred card. Non-Revolut customers can also use Revolut Pay to make payments by using saved Mastercard or Visa cards issued by other providers. They will then be prompted to join the Revolut ecosystem by receiving a cash reward for signing up to a Revolut retail account, allowing them to pay even faster the next time they check out.

Revolut Pro: A dedicated income, payment and expense management account within the Revolut retail app, Revolut Pro caters to the growing number of freelancers, sole traders and self-employed individuals looking to more easily, efficiently and conveniently manage business funds. Revolut Pro is a free account with no monthly fees, and no deposit or balance requirements. The account can be created in under two minutes within Revolut's app, and it offers a debit card with cashback. It also enables users to quickly accept payments via a variety of payment means (including Revolut Reader) and securely send transfers or instant payments to other banks as well as other Revolut accounts. With Revolut Pro, customers can manage their business funds without needing a fully-fledged business account.

Global Expansion

Our mission is to simplify all things money across the globe. We continued to pursue our global expansion in 2022 across a number of different markets:

North America

The United States remains a strategic market for Revolut and, during 2022, we focused on both improving our core product set, as well as developing new products to boost our ever-growing customer base.

Asia-Pacific

Our operations in Asia-Pacific in 2022 continued to expand, and the region remains a high-growth, high-potential region for Revolut's global expansion. We operate in Australia, Singapore and Japan. We also launched in New Zealand in July 2023.

Latin America

We laid strong foundations for our Latin American expansion in 2022 with a focus on Brazil and México (the former launching in May 2023).

Our Business Model and Strategy

At Revolut, our mission is to simplify all things money. We want to make managing, spending, saving, investing and borrowing money cheaper, simpler and more transparent. We deliver on this mission by designing best-in-class products to meet the global financial needs of our customers. Equally importantly, we invest heavily in building customer trust by ensuring the security and reliability of our platform, and are disciplined in chasing profitable growth.

Best-in-class Products

Revolut offers a wide range of products for both retail and business customers. Retail customers can hold, send and receive, and spend money in different currencies with our competitive multi-currency accounts, cards, and P2P, domestic, and international transfers. Revolut customers can also save, invest, and borrow money all in the same, single integrated Revolut App. In 2022, we further enhanced our product suite, with key launches including Revolut Chat, Personal Loans, Pay Later and Crypto Learn.

We also offer an all-in-one platform for our Revolut Business customers, including multi-currency accounts, company cards, business payments, transfers, and many more. In 2022, we launched new products such as Revolut Reader, Revolut Pay and Revolut Pro to support a broader range of use cases and customer profiles with our Revolut Business suite.

Customers love our products, rating us 4.3 out of 5 on Trustpilot (as of October 2023) and 4 out of 5 joining through word of mouth. We are encouraged by our customer support and are excited to continue delivering a wider range of even better products.

Customer Trust

It is our top priority to ensure that Revolut is a safe and reliable platform for customers.

In 2022, we doubled down on this, investing significantly in strengthening our teams, products, and technology to protect customers from falling victim to fraud and scams. We take a data-driven approach to fraud management, deploying a sophisticated fraud detection platform to protect our customers, and we will continue investing in this to ensure the safety of the platform.

We also ensure that our customer funds are safe with us. We offer Deposit Protection insurance for customers of Revolut Bank UAB (EEA customers) and strictly ensure funds safeguarding as an e-money institution (EMI) for customers of Revolut Ltd (UK and Swiss customers).

To ensure we are always sensitive to our customer needs, at the start of the year we also strengthened our Customer Experience team to capture customer feedback across all our support and social media channels. We leverage this customer feedback to meet changing customer needs and resolve any outstanding issues to deliver the best customer experience possible.

Profitable Growth

Revolut continues to see tremendous growth year on year, both in our deepening presence in the UK/EEA as well as in our global expansion. We continue to invest in growth, supplementing our organic growth with sales and marketing investments. We ensure disciplined spending and monitor our return on investment using proprietary models and tools.

Outside of Europe, we are seeing encouraging results in the US, Australia, Singapore, and Japan. As we continue to strengthen our global capabilities, we will continue to selectively bring Revolut to more countries around the world with a highly efficient, repeatable model.

Non-financial Information Statement

The table below cross references Non-financial Information and Key Performance Indicators provided in this report. This section is prepared to comply with Sections 414CA and 414CB of the Companies Act 2006.

Reporting Requirements	Policies and Standards which Govern Revolut's Approach	References
Environmental Matters	• Environmental, Social and Governance Policy • Responsible Lending Policy	• Environmental, Social and Governance (ESG), page 33
Employees	• Global Whistleblowing Policy • Health and Safety Policy • Equal Opportunities Policy • Anti Harassment and Bullying Policy • Conduct Risk Management Policy • Staff Remuneration and Governance Policy • Performance Management Policy • Global Grievance Policy • Group Fitness and Propriety Policy • Corporate Criminal Offence Policy • Communications Policy	• Our People, page 37
Human Rights	• Modern Slavery Policy • Third Party Risk Management Policy • Data Governance Policy • Information Classification and Handling Policy • Global Privacy Notice	• Environmental, Social and Governance (ESG), page 33 • Our Partners and Suppliers, page 32
Social Matters	• Employee Handbook • Code of Conduct • Environmental, Social and Governance Policy • Vulnerable Customers Policy • Customer Outcomes Policy • Consumer Duty Fair Value Policy	• Environmental, Social and Governance (ESG), page 33
Anti-corruption and Anti-bribery	• Anti-bribery and Corruption Policy • Anti-money Laundering Policy • Conflict of Interest Policy • Global Sanctions Policy • Market Abuse Policy • Anti-fraud Policy	• Our Partners and Suppliers, page 32
Description of Principal Risks and Impact of Business Activity		• Chief Risk and Compliance Officer's Review, page 41 • Principal Risks and Uncertainties, page 43
Description of the Business Model		• Our Business Model and Strategy, page 28
Non-financial Key Performance Indicators		• Strategic Report, page 3 • Chair's Statement, page 6 • Chief Executive Officer's Review, page 8 • Business Performance, page 24
Financial Key Performance Indicators		• Chief Financial Officer's Review, page 12

Engaging with Stakeholders

Building and upholding strong relationships with our stakeholders is pivotal to Revolut's success as we continue to expand our global footprint, product suite, customer base and employee headcount. When making decisions, the Board is mindful of its responsibilities under s172(1) of the Companies Act 2006 to promote the long-term success of the company with regard to our range of stakeholders. In this section, we set out steps that we have taken as a Group to engage with our key stakeholders.

Our Customers

Revolut sets itself apart from its competitors through its customer-centric approach, which gives our users a superior experience. From everyday spending to savings and investments, Revolut helps people get more from their money. As of October 2023, Revolut scores an industry-leading average user review of 4.3/5 on the consumer business review site Trustpilot.

One of our key company cultural values is Deliver Wow: our belief that everything we do should solve our customers' needs. We break this down into two components: putting customers first and keeping things simple.

In 2022, we introduced a long-term vision: to simplify all things money. Our mission is to provide a frictionless experience for our customers by taking the traditional borders, barriers, intermediaries and bureaucracies of finance and rendering them invisible.

We are also committed to developing and maintaining strong fraud controls in order to ensure the safety and security of our customers and our partner banks' clients. To achieve this objective, we have an established operating model for fraud prevention within our Financial Crime department.

Revolut takes a data-driven approach to fraud management, deploying sophisticated fraud modelling controls for both inbound and outbound transactions to prevent and detect fraudulent funds entering Revolut accounts, whilst also protecting Revolut customers from falling victim to fraud and scams.

In parallel, we place a significant focus on customer education and industry collaboration, releasing a series of fraud awareness communications related to current and emerging fraud threats whilst also developing and reinforcing our links with industry, law enforcement, regulators, governments and consumer groups to combat fraud and scams. This includes engagement with the UK Payment Services Regulator and UK Finance as well as active campaigning for fraud to be included in the Online Safety Bill and for Big Tech to be held to account for enabling fraud and scams. Our Head of Fraud also sits on the Advisory Board for Cifas, the UK fraud prevention agency. Revolut is committed to responsible handling of customer data, aligning our practices with GDPR and the evolving global landscape of data protection legislation. We follow the principles of privacy by design in our product development cycle and ensure that personal data is processed fairly, transparently and without bias.

Our Employees

For more on how we engage and manage our employees as strategic stakeholders, refer to the 'Our People' section (page 37).

Our Investors

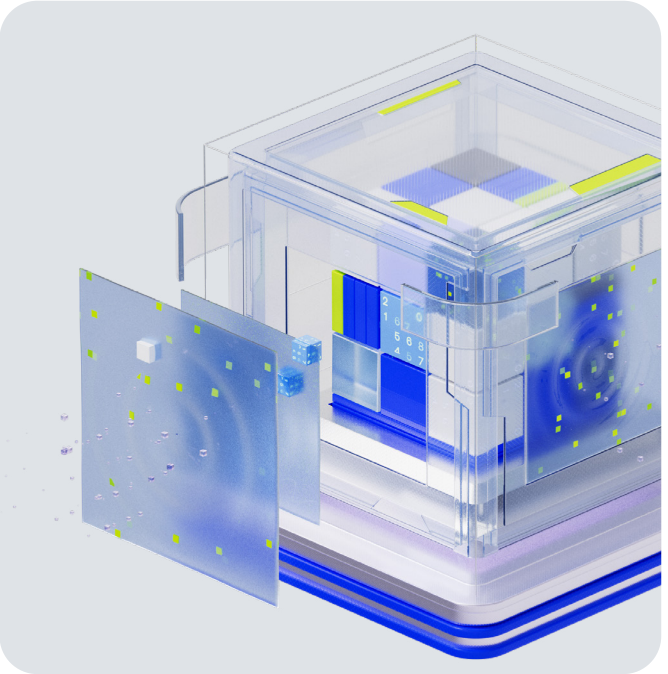
Our investors have played a key role in the success of Revolut, as their capital has allowed us to grow rapidly, as well as giving us the financial robustness to face potential oncoming economic challenges.

We completed our most recent funding round, Series E, in July 2021, when we raised $800 million on a valuation of $33 billion. Such an investment represents a backing and an affirmation of our goal of simplifying all things money, and it continues to enable Revolut to grow further and develop new products to meet the needs of our customers.

We value the opinions and the trust afforded to us by our investors, and we provide them with regular updates on our performance.

Our Regulators

Revolut engages with multiple regulators in different jurisdictions globally. Our two primary regulators are the UK's Financial Conduct Authority (FCA) and the Bank of Lithuania (BoL). All of our regulatory engagements adhere to our principles of cooperation, transparency, accuracy and timeliness.



Throughout the year, we met with our regulators, covering a wide range of priorities and emerging themes. Revolut is committed to providing not only the management information required to comply with our regulatory reporting obligations, but also to sharing insights on Revolut's approach to solving industry problems and proactively demonstrating what it really means when we say Revolut is data-driven. This enables us to foster a collaborative and harmonious relationship, which is vital in the rapidly evolving sector Revolut operates in. We keep our Board informed of ongoing engagements with regulators globally through regular reporting and direct engagement with our dedicated Regulatory Affairs team.

Our philosophy on regulatory relationships extends across a range of organisations. In the UK, this includes the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), Payments Services Regulator (PSR), Competition and Markets Authority (CMA), Information Commissioner's Office (ICO), National Crime Agency (NCA), The Gambling Commission, The Home Office and many more.

Our Partners and Suppliers

We continue to expand our strategic partnerships, which are an effective way to increase our value proposition to customers, and our supplier relationships. These are incredibly important as we grow our services and geographic reach. Trust is integral to our relationships with our partners and suppliers, and we work to ensure that these relationships remain mutually beneficial and adhere to our high standards of business conduct.

Revolut is committed to complying with all applicable anti-bribery and corruption laws and regulations, and does not tolerate bribery or corruption in any form. We require transparency and integrity in all our business dealings to avoid any improper advantage or the appearance of questionable conduct by our employees or associated third parties. All material third parties with whom Revolut proposes to contract are subject, prior to contracting, to stringent due diligence assessments by our third party risk team and these assessments are refreshed at regular intervals.

Third parties associated with Revolut are prohibited from offering, promising, giving or authorising any form of solicitation, agreement to receive, or accepting anything that constitutes or could be perceived as constituting bribery or corruption, and, as noted above, all employees are provided with training on how to identify this behaviour.

Revolut has a zero-tolerance policy to modern slavery and is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. Revolut's policy reflects the commitment to act ethically and with integrity in all business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place in supply chains.

Environmental, Social and Governance (ESG)

Customers donated £14.5 million via Revolut in 2022

At Revolut, we are committed to making a positive impact on the world. Since our founding in 2015, we have built a digital platform designed to democratise financial services globally and help our customers simplify all things money. Through leveraging our core strengths, namely our talented people and innovative products, we aim to champion sustainable initiatives, meet customer and regulatory needs and promote meaningful change.

As a digital institution, our direct physical impact on the environment is relatively low compared to traditional institutions. Further reducing our carbon footprint and enhancing our social impact across our markets remains an important goal for Revolut.

Making a Difference

As we reflect on 2022, we are proud to have continued our commitment to supporting charitable causes and helping our customers make a difference. Our Donations product achieved significant milestones and impactful partnerships, allowing us to make a positive impact on a global scale.

We supported several emergency appeals to provide aid to those affected by natural disasters, conflict, or other unforeseen circumstances.

The outbreak of the war in Ukraine saw a surge in donations from our customers, resulting in our 2022 Ukraine War Appeal raising £9 million for the Red Cross. On top of this, Revolut contributed £1.5 million directly to the cause.

Revolut also started providing accounts for all refugees with a Ukrainian passport or visa who were forced to flee, as well as waiving any transfer fees to and from the country. More than 250000 people used such accounts, which was a result of the hard work across multiple departments and functions in Revolut, including employees volunteering their extra time to deliver the project as quickly as possible. Revolut employees worldwide supported those affected by the conflict through donating supplies and money from team event budgets, and Revoluters in Poland received additional paid time-off so they could have more time to volunteer. Moreover, Revolut participated in the 'Devoxx for Ukraine' conference to support local entrepreneurs.

Our support for the Disaster Emergency Committee's Pakistan Floods Appeal raised £60,000 to support those affected by the devastating floods.

Our ongoing partnerships also continued to make a significant impact in 2022.

For the second year in a row, our partnership with the RTÉ Toy Show Appeal in Ireland proved successful, raising £2 million to support children's charities across Ireland. This partnership has become a highlight of our Donations feature, and we are grateful to our customers in Ireland for their continued generosity and support.

In 2022, we launched the Revolut Ira Scholarship in India to identify and reward female leaders of the future. Revolut awarded the scholarship to five female students from the top five management institutes in India.

We also renewed our participation in the Movember campaign in support of men's health, raising awareness and funds for issues such as prostate cancer, testicular cancer and mental health. Through our partnership with the Movember Foundation, we raised £45,000 in donations from our customers, contributing to the important work the Foundation does to improve men's health outcomes around the world.

Our partnership with the Royal British Legion Poppy Appeal allowed customers to donate and receive a limited edition poppy card. Customers in the UK raised £24,000 for the appeal.

To support LGBTQ+ communities, Revolut participated in the New York City Pride Parade, as well as partnering with ILGA (International Lesbian, Gay, Bisexual, Trans and Intersex Association) in a donations campaign.

We have continued our charitable support in 2023. In response to the earthquake in Syria and Turkey, Revolut supported multiple charities, including the Disasters Emergency Committee (member charities being the British Red Cross, Save the Children and Action Against Hunger), as well as the Irish Red Cross and the UN Refugee Agency on the Syria and Turkey Appeal, raising £1.5 million in just four days. This is a testament to the generosity of our customers and the importance of our Donations product in times of crisis.

Looking ahead, we remain committed to supporting charitable causes and making a positive impact in the world.

£9 million raised for the British Red Cross's Ukraine Crisis appeal

Impact of Operations on the Environment

Revolut is committed to reducing its environmental footprint and continued working on environmental initiatives in 2022.

Revolut took sustainability-driven office decisions at various locations around the world during the year. For example, in 2022 we closed one of the three floors in our Krakow office, and the energy used at our London and Vilnius offices continued to come from 100% renewable sources. Our employees worldwide continued to have flexible work options, such as the choice to work from home, and those going into the office in London could benefit from the Cycle-to-Work scheme.

We continued proactive waste management practices, including waste sorting and recycling in the offices, reusing electronic equipment where possible, and donating or refurbishing used equipment.

Revolut remains proud of its partnerships with sustainability-oriented charities on its Donations platform. During 2022, Revolut customers donated £45,000 to the WWF, and £20,000 in partnership with the Rainforest Alliance.

Energy Usage and Greenhouse Gas Emissions

We measure the Group's carbon footprint through the software platform, Watershed. We also measure our Scope 1, 2, and 3 emissions, which covers the entirety of our business operations, including our staff (e.g. commuting and business travel), our offices, our product (including cards, marketing costs and servers), as well as our partners and suppliers. The table below lists Revolut Group's greenhouse gas emissions and global energy use in accordance with the UK's Streamlined Energy and Carbon Reporting (SECR) framework.

Methodology

Emissions were calculated following the GHG Reporting Protocol (Corporate Standard) using the Watershed platform. Energy usage data was collected or estimated based on building square-footage for all facilities, and was combined with emissions factors from the US EPA, Ecoinvent, TCR and other data sources to calculate GHG emissions. The emissions factors for electricity are chosen based on geography to reflect the emissions intensities of the facilities' local grid.

	2022		2021	
	UK and Offshore	Global (Excluding UK and Offshore)	UK and Offshore	Global (Excluding UK and Offshore)
Energy consumption used to calculate emissions (Scope 1 and 2)	644,695 kWh	1,006,915 kWh	679,900 kWh	761,191 kWh
Emissions from combustion of gas tCO2e (Scope 1)	11.9 tCO2e	11.8 tCO2e	0 tCO2e	0 tCO2e
Emissions from combustion of fuel for transport purposes (Scope 1)	0 tCO2e	0 tCO2e	0 tCO2e	0 tCO2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	0 tCO2e	0 tCO2e	0 tCO2e	0 tCO2e
Emissions from purchased electricity, heat, steam and cooling (scope 2, location-based)	112 tCO2e	387.3 tCO2e	144.4 tCO2e	337.9 tCO2e
Total gross tCO2e based on above fields	123.8 tCO2e	399.1 tCO2e	144.4 tCO2e	337.9 tCO2e
	UK and Offshore	Global (Including UK and Offshore)	UK and Offshore	Global (Including UK and Offshore)
Intensity ratio: tCO2e per £ million of revenue	0.13	0.57	0.23	0.76

Our People

Attracting, retaining and nurturing talented people while fostering an inclusive and diverse work environment is of paramount importance to us. Our teams define our success, and we are committed to enhancing their workplace experience and developing their skills.

In 2022, we continued to prioritise employee wellbeing, recognition, strategic communication and promotions by building upon our commitments from 2021 and extending them.

We have a high-performance culture that has driven our success to date, and in 2022 we introduced value-based behaviours - clear, transparent definitions to ensure the same understanding of our culture within our growing organisation. We also included them in our performance reviews to guide unique and diverse talent at Revolut worldwide. We enhanced our in-house feedback tool to enable our employees to effectively share feedback and learn from it. To further build on our commitments, we have launched CultureLab, a team to create an immersive corporate culture and improve our employee experience.

In 2022, we launched our Manager Essential Programme, a six-week blended learning initiative involving e-learning, hands-on work sessions and a certification process with manager check-ins. As of the end of 2022, more than 90% of our managers had been certified through this programme.

In addition, more than 70% of our managers had completed our Manager Intermediate Programmes, focused on feedback, coaching and performance management skills in 2022.

At Revolut, we are proud to have cultivated an environment where employees are both challenged and supported to reach their full potential. In 2022, we created a unique career progression model that includes three distinct levels across most seniorities in the company, yet it is intentionally designed not to be restrictive or limiting. Our employees can move to the next level of seniority in as little as one year. In the Q4 2022 performance review, 331 employees earned promotions.

Revolut maintained its position as a highly respected employer, including receiving a LinkedIn Top Startup award in the UK for the fifth consecutive year.

We believe in entrusting our employees with significant responsibility and ownership over their areas of expertise, which is reflective of our relatively flat organisational structure.

With 44% of our team members operating at the 'CEO -3' level (just three steps from the CEO), and 81% at the 'CEO -4' level, we ensure that decision-making responsibility and accountability are spread across all ranks.

We are also building on the successful real estate policy we launched in 2021. Our offices have been repurposed as flexible collaborative spaces, offering our employees a range of working options. We are pleased to report that we have received overwhelmingly positive feedback from our employees regarding this policy. As a result, we have continued to enable the vast majority of our team members to choose when and how often they would like to work from home or visit the workplace. In 2022, roughly 50% of new joiners were remote, compared to 36% in 2021. Our approach has allowed us to maintain our commitment to employee wellbeing and safety. To tackle the challenges arising from remote work, we have allocated engagement budgets, so teams can create social experience initiatives. Overall, we are delighted with the success of our real estate policy and look forward to further building on it in the future.

Code of Conduct

Revolut's Group Code of Conduct emphasises the expectation that our employees act with integrity and in the best interests of our customers, colleagues and wider stakeholders.

We believe that brilliant people, working together in an honest, high-achieving culture, are the key to delivering amazing products that delight our customers. We know that our behaviour towards one another is critical to that success. Our Code of Conduct sets out the principles that guide the ways we behave and the decisions we make and ensure we act with integrity and in the best interests of our customers, people, communities and stakeholders, at all times.

Diversity, Equity and Inclusion (DE&I)

At Revolut, we want our Dream Team members to feel valued and accepted, and we understand how important it is for everyone to have the opportunity to reach their full potential. That's why we place a high priority on creating an environment that is diverse and inclusive.

We're pleased to report progress on our Diversity, Equity and Inclusion (DE&I) initiatives. To demonstrate our commitment to transparency and accountability, we conducted a diversity data survey, which achieved a 78% completion rate. The voluntary and confidential survey is open to all Revolut employees and asks them, among other questions, to share their gender, race and sexuality to help us measure the diversity of our workforce.

We published our second UK Gender Pay Gap report, as part of our ongoing efforts towards achieving gender equality.

We recognise the importance of actively increasing our diversity, and are working to widen the diversity of our candidates, which will allow us to further monitor and improve diversity in our recruitment efforts.

Our inclusive guilds programme continues to flourish, with our five original guilds still active, focusing on Women, Pride, Parents and Carers, REACH (Race, Ethnicity and Cultural Heritage) and Wellbeing. In light of the success of these guilds, we have launched two more, focused on Disability, and Religion and Belief. Our guilds provide a valuable platform for our colleagues to connect, collaborate and drive positive change initiatives, supported by executive sponsorship to ensure strong leadership and guidance. We remain committed to promoting D&I across our organisation and look forward to continuing this important work.

Despite the advancements made in support of D&I, we know that we still have a lot of work to do. Our D&I framework is made up of eight strategic pillars, which include 'Tone from the Top' and 'Inclusive Workplace'. Our progress is reported to our Group Board and Group Executive Committee, as well as on our website. Successes since we launched our D&I Framework include the following:

- Implementing a company-wide female representation target of 30% of women in leadership roles by the end of 2025.
- Incorporating tracking and formal controls in our promotion process to ensure gender equity in nominations and promotions.
- Launching our new promotion philosophy to provide greater transparency regarding career progression at Revolut. For example, we can state that in Q4 of 2022, 20% of men and 19% of women at Revolut were nominated for promotion, and of these, 67% of the women and 66% of the men achieved promotion following nomination.
- Attending our first ever in-person Pride event in New York City and held parties in offices across the world during Pride Month.
- Working on continuous and ongoing review of our employee policies and ensuring all our policies support under-represented groups.
- Supporting the career development of diverse Revoluters through successful Reverse Mentoring, Speed Mentoring and 'Yes You Can' initiatives.

Engagement with Employees

Our in-house engagement product 'Revolut Voices' captures employee feedback anonymously to assess employee engagement and satisfaction. The data is closely monitored within the talent department to ensure necessary action is taken to continue to drive positive employee engagement within Revolut. Our dedicated HR people partners discuss the data with the Board, and also regularly with Heads of Departments and their teams.

Revolut ensures effective communication with its staff through various channels. The CEO conducts quarterly town halls, newsletters are regularly shared to update employees on company goals and KPIs and key company announcements are promptly shared via dedicated Slack channels. Additionally, our weekly newsletter provides a comprehensive update on company and product news for all Revoluters.

We've also introduced the Revolut Spires programme to support our Dream Team's big career leaps to different teams within the company. Launching globally, Revolut Spires will be re-skilling employees who are interested in the roles of Data Analyst, Data Scientist, Python Engineer, Java Engineer, and Web/Front-end Engineer, with more roles to be added later in 2023. Successful candidates will be given a personalised learning and development programme to build their new skills.

Equal Opportunities

At Revolut, we are committed to treating all employees and job applicants with fairness and respect, and to providing equal opportunities to everyone, regardless of their personal characteristics. We believe in creating a harmonious work environment, free from any form of discrimination, harassment, bullying or victimisation.

We understand that treating each other with mutual respect is essential for maintaining a positive work environment and achieving our shared goals. That's why we have separate policies in place to address issues of harassment and bullying, and we take all reports of such behaviour seriously.

Our goal is to foster a work environment where everyone feels supported, and that there is a celebration of individual differences. By promoting equality and respect, we know we can create a workplace culture that benefits everyone at Revolut.

Employing People with Disabilities

We are committed to adhering to the Equality Act 2010 and our Equal Opportunities policy to ensure that our colleagues are treated with respect and dignity. We recognise the importance of providing reasonable adjustments to support all job applicants and colleagues with disabilities, and we are fully committed to making sure that they feel valued and supported throughout their employment.

In 2023, we started collecting information on disability to add to our diversity data, with 4% of Revoluters identifying themselves as neurodiverse or living with a mental illness and/or disability.

Reward and Employee Share Ownership

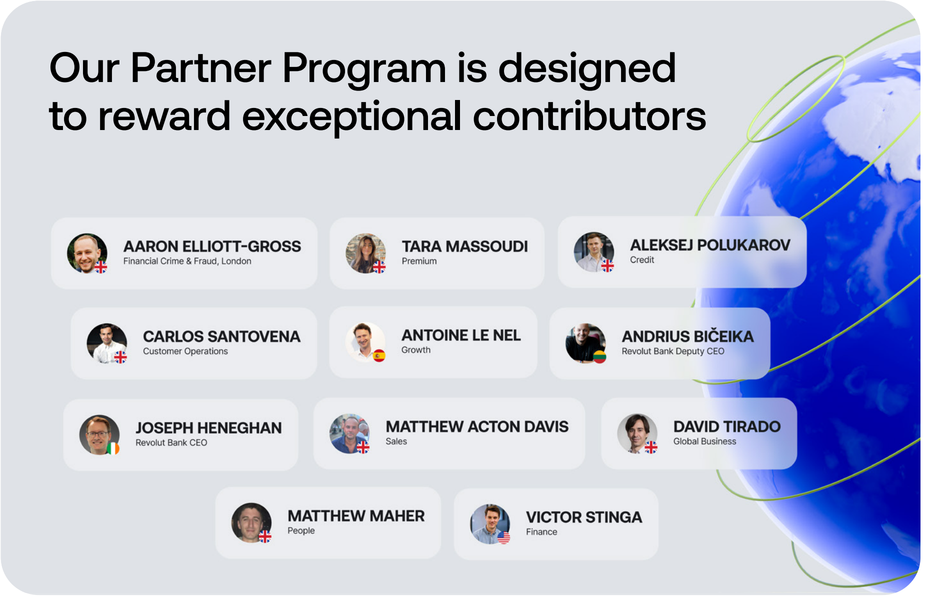
At Revolut, we know that our employees are the driving force behind our success. That's why we show our appreciation for our team members through our actions. We offer our employees the opportunity to earn a portion of their total reward package in the form of Revolut share-based awards. These share-based awards (in the form of options) offer our team members a tangible stake in our company's future success and growth, as well as the opportunity to benefit financially from that success.

The Revolut Partner Programme

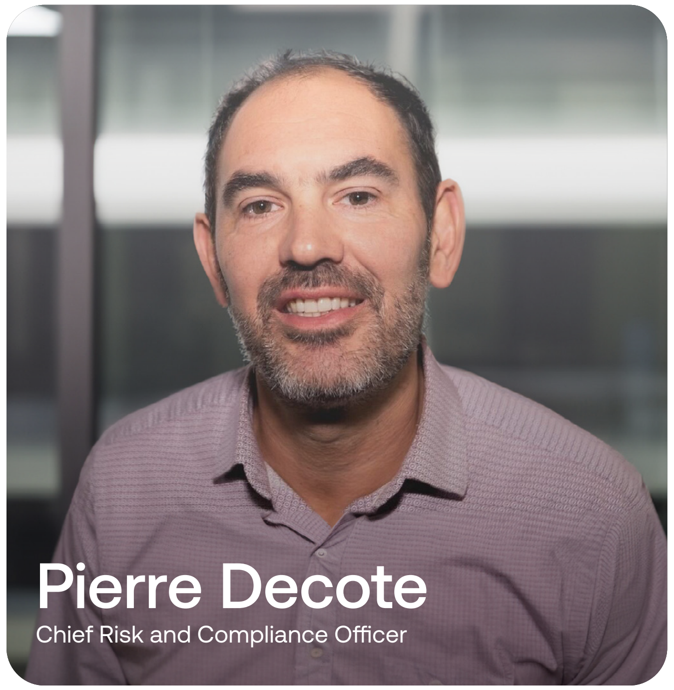
In 2022, we continued to build out the Revolut global Partnership programme, designed to reward exceptionally high-performing employees with a track record of contribution to the business, exceptional integrity and a consistent commitment to Revolut's mission and values as a culture champion. Our partners are elected based on their contribution to the entire organisation and ongoing commitment to our core values.

In the second year, we expanded our Partner pool to a total of 26 (from 17 in 2021). The nomination round consists of a re-evaluation of the competencies and skills of existing partners, standardised over a set of contribution metrics, making this a highly selective process.

Partners have been acting as role models to all Revoluters and our star players have been successfully pushing critical company initiatives. Similarly, we would like to acknowledge the hard work of the many potential candidates who were not selected this year. We look forward to more exceptional colleagues contributing to the company's overall success by joining the Revolut Partnership programme in the coming years.



Chief Risk and Compliance Officer's Review



The mission of the Risk and Compliance function at Revolut is to develop and manage a robust framework and provide the necessary oversight to enable our global business to grow in a balanced and sustainable way, and as a natural consequence deliver good outcomes for customers.

We have taken this mission very seriously over the years and 2022 was no exception. We have continued to manage our principal risks within appetite, whilst accompanying the business along its journey of growth, revenue diversification, new product launches and global expansion. This achievement is set against a backdrop of increasing geopolitical and macro-economic complexity as well as industry-disturbing events, which have led to a noticeable increase in regulatory scrutiny in all our key jurisdictions.

Over the course of 2022, Revolut has strengthened its 'Three lines of defence' (3LoD) and has made significant progress in maturing its risk operating model. We have bolstered our second line of defence in line with the size and complexity of the business with 256 employees in the function at the end of 2022, compared to 206 in 2021.

Within the product and services part of the business, we have strengthened the first line risk and compliance capability by deploying additional Business Risk Managers and Business Compliance Managers in key commercial areas. In turn, this has enabled us to enhance our ability to launch products more efficiently and in a controlled manner by taking into account risk and compliance requirements from inception. We have also launched the concept of Risk and Compliance Accreditations (RCA), an internal certification process that gives certain parts of the business the ability to operate with more autonomy and responsibility with regards to some of the daily management of the risk and compliance profile in their areas.

Additionally, as Revolut Group continues to expand, and as regulated entities in different markets and jurisdictions continue to mature, we have deepened our oversight model to ensure all entities within the Group operate in line with our Enterprise Risk Management Framework (ERMF) and that they have sufficient resources to handle the operations of their respective permitted activities.

At Revolut all colleagues are responsible for managing risk. And our Risk culture is an essential element of how we manage risk and our compliance obligations. We define our Risk culture as the set of shared beliefs and values which underpin how we make decisions that affect our risk-taking activities. To promote these values, we launched the concept of 'Karma' in 2020. Karma is an industry-defining proprietary scheme to track, measure and incentivise good risk and compliance behaviours and practice. This occurs through a scoring mechanism, which assigns points to behaviours, practices and outcomes related to risk. This, in turn, impacts performance awards in accordance with our remuneration arrangements. Throughout 2022, we have continued to expand the coverage of Karma, which has continued to act as a powerful tool to drive adherence to our ERMF and embed a strong risk and compliance culture at Revolut.

As a business, Revolut's ethos is about building beautiful and cutting-edge products, and our risk and compliance tools fit into this vision. We have continued to invest significant time and effort in the development of our industry-leading, data-driven infrastructure. We have also continued to enhance the linkage and interconnectedness of various risk and control assets, allowing us to obtain a better picture of the risk profile of the firm. We have also delivered key features in Aurora, our regulations and policy portal, the platform through which we manage all our policies and connect them to applicable regulations using our own in-house developed regulatory mapping processes. Finally, we have launched our new financial risk portal, a platform that is required as we have grown and diversified our investment activities.

This body of work has enabled us to deliver strong risk and compliance results in 2022. Key output measures show clear signs of the maturing of the organisation and a positive evolution of our risk profile. Despite headwinds and turmoil, we have supported the business in delivering a strong financial performance and its commercial goals. We remain aware of the challenges ahead and are keeping track of the evolution of our environment through a rigorous horizon scanning process.

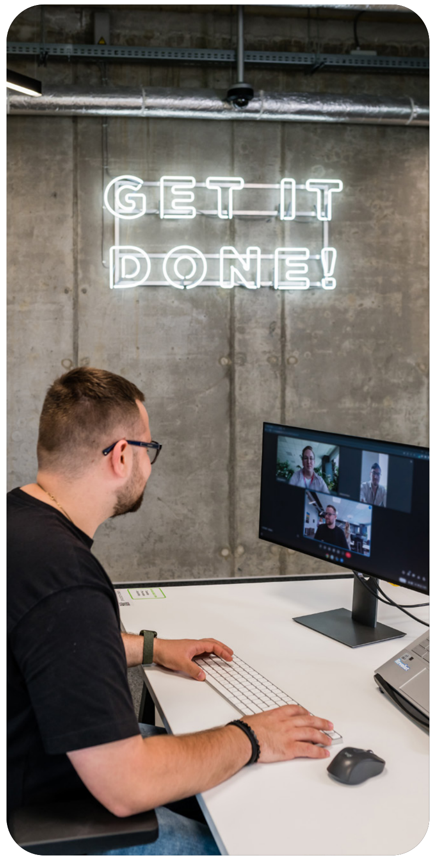
I am proud of the way that we continue to manage risk and compliance at Revolut and the strong risk culture we have built. I continue to look forward to continued investment and focus in these key areas of our business.

Pierre Decote
Group Chief Risk & Compliance Officer

19 December 2023

Risk Management and Compliance

Our Approach to Enterprise Risk Management



Revolut operates a comprehensive Enterprise Risk Management Framework (ERMF), which establishes our approach to identifying, measuring, monitoring, mitigating and reporting risks of all types. It documents the methods, tools and governance structures within our 3LoD operating model. The ERMF clearly articulates roles and responsibilities across the Group, while setting the ground rules applied to measuring, managing, reporting and escalating risk matters.

This consistent approach provides management and the Board with confidence that the entire Group is operating within risk appetite while allowing appropriate flexibility to meet the specific needs and regulations of each legal entity and region.

The ERMF document is aligned with Revolut's strategy and Risk Appetite Statement to ensure that risks are defined, that tolerances are formally set and agreed by the Board, and that there is a formal structure in place to help ensure execution is managed to align with the Board's strategic intentions. Effective risk management enables focus on the priorities of the business and delivers a high-quality assessment of risks in the decision-making processes through open discussions and challenges about risks and opportunities.

Our ERMF clearly defines meaningful risk categories, which are consistently used when identifying, assessing and managing risks. This ensures adequate risk coverage in terms of risk capture as well as reliable and useful risk aggregation and reporting. Aggregation of risks by risk categories allows for an analysis of any risk concentrations to which Revolut may be exposed. Visibility of risk through our risk taxonomy also assists Internal Audit in annual planning and priority setting.

Revolut has a two-level risk taxonomy. Level One (L1) is the principal risk category, of which there are five: Financial Risk, Operational Risk, Compliance Risk, Conduct Risk and Strategic Risk. Level Two (L2) is the specific risk areas within each Level One category. We also maintain a standardised risk library, which ensures consistency and completeness in the detailed risks within each of the L1 and L2 categories.

L1 Taxonomy Risk	Description
Strategic (business)	These are the risks that threaten the business as a whole and could prevent Revolut from achieving its key business and strategic goals.
Operational	These are the risks arising from failures in internal processes, people or systems, or from external events that impact the business. All businesses must bear a level of Operational Risk and this tends to increase with the business size and complexity.
Financial	These are the risks relating to our financial assets and liabilities, including credit risk, market risk, liquidity risk and capital. We actively take some financial risk as part of our business model (such as credit risk when lending to customers).
Compliance	These are the risks pertaining to Revolut not meeting its obligations under the laws, regulations and industry best practices in the jurisdictions in which it operates.
Conduct	These are the risks of any act or omission by Revolut (or those on its behalf) leading to poor outcomes or detriment to customers and stakeholders, or creating adverse effects on market stability or effective competition.

We continued to evolve our ERMF during 2022 to reflect the risk management implications of growth and increased complexity in our corporate structure, geographical reach and product breadth. We designed and incorporated additional tools and approaches to strengthen our grip on our risk profile. Examples of this include:

- The enhancement of our process for the identification, monitoring, mitigation and remediation of our top risks.
- The implementation of a standardised risk library and mapping of the risks within Revolut across all departments to this library. This enables the standardisation of the articulation of risks across the entire organisation and the aggregation of similar risks from different departments, allowing for a comprehensive view of the overall risk profile.
- The enhancement of our risk and control register within the Risk Platform by incorporating visual representations of risks and related risk events which ensure a more efficient and effective risk management process.
- An enhanced 'Watchlist' framework to better identify and monitor areas of the business that warrant a heightened level of oversight from the Risk & Compliance function.
- The strengthening and broadening of our 'black swan' risk identification process to capture highly unlikely scenarios, which could have a significant impact on Revolut's business.
- The documentation of roles and responsibilities across the 3LoD and incorporation of these into the ERMF to provide additional clarity to all lines of business on how the ERMF components should be followed and embedded.
- The enhancement of our in-house policy management platform to help us establish direct linking of policy statements to the control register. This integration allows for seamless monitoring of policy application through the annual control testing process, effectively automating the policy adoption process.

Three Lines of Defence Model

Revolut deploys the Three Lines of Defence (3LoD) operating model for risk management. The 3LoD model enhances the understanding of risk management and control by clarifying the different roles and duties expected. The 3LoD model operates across the different layers of the corporate structure.

1LoD	2LoD	3LoD
This describes all the risk-taking functions of Revolut. Under the 1LoD, operational management has 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. Business Risk Managers and Business Compliance Managers are situated within departments to embed risk management practices.	This describes the risk monitoring and oversight functions of Revolut, defined as the Risk Management function, the Regulatory Compliance function and the Financial Crime Compliance function. The 2LoD is governed by the Board Risk and Compliance Committee (BRCC). The 2LoD defines and maintains the risk management framework and underlying policies and processes. The 2LoD provides independent reporting and management information (MI) to management and the Board via risk governance structures. The 2LoD provides 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.	This refers to the Internal Audit function which is governed by the Board Audit Committee (BAC). The BAC is composed of Independent Non-Executive Directors and ensures that the Internal Audit function is operating effectively in providing independent and objective assurance over risk management, control and governance processes. Internal audit is tasked with performing in-depth reviews of the effectiveness of the controls over Revolut's key risks.

Risk Strategy and Risk Appetite

Our risk strategy is the bridge between the Group's commercial strategy and the Group's risk appetite. It is based on the following guiding principles:

- Responsible, controlled and sustainable growth.
- Prioritising our prudential risk obligations by maintaining adequate capital and liquidity resources to support growth in a safe and appropriate manner.
- Complying with regulatory requirements across all our jurisdictions.
- Building and maintaining confidence of all our business stakeholders (internal and external).
- Developing and retaining people with a growth and mature risk and compliance mindset who are committed to balancing speed and quality of delivery with sound governance processes.

This strategy is supported by the Group Risk Appetite Statement, where Revolut's Board determines the significant risks and aggregate risk levels that it is willing to accept in order to achieve its objectives. In some cases, we are not willing to accept exposure to certain risks and a strategy of full risk reduction is adopted. In other cases, we are willing to accept a moderate level of risk inherent in our chosen business model as long as the risk is taken rationally and is subject to appropriate levels of internal control.

Revolut expresses risk appetite using qualitative statements and quantitative limits where relevant. Qualitative statements are articulated for each risk type in our risk taxonomy. These are set and approved at least annually by the Board, taking into account the risk and reward trade-off of business activities. Key Risk Indicators (KRIs) act as automated preventive and detective controls. Board-level KRIs are supported by Executive-level KRIs across the risk spectrum.

Risk & Compliance Culture

We define our Risk & Compliance culture as the shared beliefs and values concerning risk and compliance that affect and are affected by our risk-taking and control decisions and the outcome of these decisions. Revolut believes that a strong Risk & Compliance culture is supported by an understanding of individuals' roles and responsibilities within the three lines of defence, and an alignment with the company goals and values.

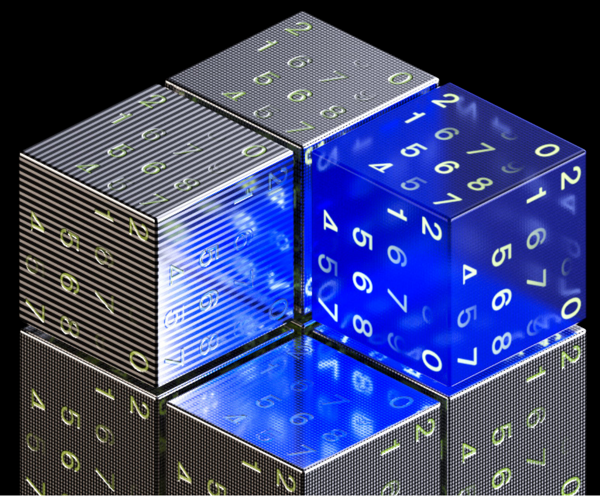
Revolut has developed and cultivated a strong risk management culture by supporting all employees to familiarise and undertake risk management and mitigation activities, which includes ongoing development of knowledge and skills in risk management that is relevant to their role.

Activities undertaken by the Risk & Compliance function to influence Revolut's Risk & Compliance culture include:

- Training and awareness building, considering specific and data-driven training needs (e.g. informed by reporting and resolution of risk incidents, engagement with governance processes, etc.).
- Investment in improving risk processes and tooling to ensure they are accessible, engaging and easy to use.
- Incentivisation through positive reinforcement and consequence management through specific Key Performance Indicators (KPIs) aligned to our 'Trust and Reputation' company goal, as well as our 'Karma' awards mechanism, a points-based system driven by an evaluation of individuals' engagement with Second Line processes, which converts into a portion of departmental bonus remuneration.
- Embedding risk management discipline through our growing network of Business Risk Managers and Business Compliance Managers situated in our key product and service teams.

The Karma mechanism, which has now been operational and embedded for two years, has given us a vast and granular data set which continues to inform our view on risk culture and allows us to identify where focus is needed to strengthen our risk and compliance culture.

We prioritise building trust by establishing a foundation of risk excellence.



Governance and Policies

Governance

Revolut defines governance as the combination of processes and structures implemented by the Board and management to inform, direct, manage and monitor Revolut's activities to achieve its objectives for the benefit of its stakeholders. Oversight of risk and strategic operations is conducted through the committee structure outlined in the Directors' report on page 61.

Policies

Our policy framework ensures that each risk across the risk taxonomy is addressed through appropriate policies and procedures that act as directive controls for the operation of the business. These are established in a tiered hierarchy ranging from Board-level policies to departmental-level policies and procedures, including:

i) Tier 1 - Board-approved policies;
ii) Tier 2 - Executive-level committee approved policies; and
iii) Tier 3 - Departmental management-approved policies.

Risk and Control Assessment and Monitoring

Risk assessment provides management with a view of events that could impact the achievement of its objectives. It is integrated into management processes and conducted using a top-down approach (see principal risks and uncertainties, below) that is complemented by a bottom-up assessment process. Our risk taxonomy ensures adequate coverage and enables risk data aggregation at multiple levels. This assessment process combines probability of occurrence (from almost certain to unlikely) with impact, using a framework that assesses impact from financial, customer, regulatory, employee and media perspectives.

For our product and services, embedded Business Risk Managers conduct first-line risk and control assessments with oversight from second-line risk management. Within regulated entities, oversight is provided by the entity's CRO (or equivalent) and risk team. These assessments are dynamic so that our view of risks and controls keeps pace with changes to our organisation, product offering and the risks we face. While assessment of risks and controls is first and foremost the responsibility of our first-line teams, the outputs of those are subject to oversight by Second Line Risk & Compliance. We gain additional assurance over our risk and control environment by conducting dedicated Compliance Assurance reviews and through our Third Line Internal Audit reviews.

External Environment Scanning, Scenario Analysis and Stress Testing

External environment scanning is the practice of monitoring the business environment, and tracking the changes in the environment that could have an impact on individual businesses. Understanding change in the business environment is a key element of proactive risk management, ensuring Revolut is adequately prepared for future challenges. We perform external scanning, mainly resorting to two main processes: emerging risk identification and regulatory horizon scanning.

- Emerging risks are new, as yet unidentified and difficult to quantify risks that may have a significant impact on Revolut's ability to deliver its strategy or on its key risk exposures. We have strengthened and further structured our approach to their identification and assessment.
- Horizon scanning is our process by which we constantly review regulations, legislations and industry publications to assess their applicability to Revolut.

Scenario analysis refers to the quantification and explanation of the impact of the risks contained within a scenario, which allows the Group and its entities to assess the risks and propose appropriate mitigating actions. Revolut conducts this analysis as part of its various stress testing activities, whereby analysis is performed based on quantitative techniques, supplemented with qualitative overlays, to provide quantitative assessments of a defined scenario. In addition to the standard stress testing exercises, we deployed ad hoc scenario analyses on a series of high impact / low probability ('black swan') events that could derail our strategy.

Principal Risks and Uncertainties

The table below enumerates our main risks, aligned to the risk taxonomy, with commentary on how these risks are managed and a forward-looking view on how they may evolve.

Principal Risk	Mitigants and Controls	Outlook
	Strategic Risk	
Strategic Risks are those risks that threaten to disrupt the assumptions underpinning Revolut's business model and strategy, thereby materially affecting the achievement of our strategic objectives. Revolut approaches Strategic Risk management from two perspectives: 1. Strategic planning 2. Strategic execution The Strategic Risks Revolut is most focused on include: • External factors, such as the inability to identify, assess and manage macroeconomic, regulatory, political and societal factors that may hinder the execution of our strategy. This includes our ability to identify and plan for high-impact events. • The risk that our company culture is unsupportive of our strategic goals. • The Reputation risk from the perspective of our various stakeholder groups, which may arise often as a second-order impact of risks emanating from our chosen strategy. • Sustainability of growth initiatives entailing the risk of short-term gains coming at the expense of long-term detriment. • Operationalisation risk, which may result in slowing down the delivery of our product offerings and entity structure; and the risk arising from the inability to adapt and iterate our product offering to fit several target markets.	Revolut's strategy is defined by the Board and overseen by the Executive Committee. The strategy is articulated through company goals and measured by KPIs (Key Performance Indicators). Threats to our strategy are monitored through KRIs (Key Risk Indicators) and other automated monitoring tools with formal processes to investigate and remediate potential or actual breaches to appetite. Revolut's top Strategic Risks are defined with the Group CEO and Executive team and regularly analysed and reviewed. A report which details the top Strategic Risks, their impact on company goals, their mitigants and future developments is presented on a quarterly basis to the Group Executive Risk Committee and Board Risk & Compliance Committee.	Revolut closely monitors changes to the macroeconomic, political and regulatory landscapes to ensure the impact on our operations are understood and contained. Multiple work streams are underway and thorough stress testing and risk analysis has been conducted factoring in a number of external scenarios and/or events that have or were expected to materialise during the financial year. Particular focus has been given to the assessment of the implications of volatility in the current macroeconomic environment. We continue to enhance our monitoring capabilities and assessment of our reputational risk, by expanding the use of internal and external data factoring in our growth. We remain conscious of the significant pace at which the business is growing and we continue to invest in building our processes and governance that serve as a guard against uncontrolled growth and impacts to operations.

Principal Risk	Mitigants and Controls	Outlook
	Financial: Capital Risk	
Capital Risk is the risk that Revolut does not hold adequate capital to support its business activities based on its regulatory requirements and risk profile. Revolut identifies the following risks as the top risks related to capital: ● Capital adequacy in an idiosyncratic or market stress scenario, or to support growth. ● Ability to raise funds on commercially acceptable terms based on dynamic market conditions, such as a recession.	Capital Risk is mitigated using KRIs that trigger immediate intervention if the Group's capital position deteriorates. The Group holds capital buffers, ensuring that it has sufficient capital based on its risk profile to mitigate the impact of stress. Capital requirements for the Group are re-assessed on an annual basis through the Internal Capital Adequacy Assessment Process (ICAAP). Recovery planning is also reviewed and updated on an annual basis. With respect to the top Capital Risks, the Group mitigates them by: ● Having a well-established process to monitor the capital position at a Group level, including quarterly forecasting taking into account planned growth and launch of new entities, with a range of capital KRIs and a detailed recovery plan to manage scenarios where there is a risk of any capital shortfall. ● Establishing macroeconomic monitoring and incorporating this into the recovery plan framework, to allow appropriate actions to be taken in response to changes in the macroeconomic environment.	Revolut has, and expects to have in the future, sufficient capital to support its risk profile. Based on our ICAAP stress testing, the Group has sufficient capital to withstand a range of severe, but plausible stress events.
	Financial: Liquidity Risk	
Liquidity Risk is the risk that Revolut cannot meet its financial obligations when they fall due. It includes Funding Risk which is the risk that Revolut 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 increase in assets or a decrease in liabilities can also create Liquidity Risk.	Revolut's key liquidity policy is to maintain a liquidity buffer of unencumbered, high-quality cash instruments and securities that are readily convertible to cash to ensure that it can meet all its financial obligations in business-as-usual circumstances and in stress conditions. Liquidity requirements for the Group are re-assessed on an annual basis through the Internal Liquidity Adequacy Assessment Process (ILAAP).	Revolut has, and expects to have in the future, sufficient excess unencumbered liquidity to support its business-as-usual and contingent financial obligations.

Principal Risk	Mitigants and Controls	Outlook
	Financial: Market Risk	
Market Risk is the risk that Revolut's earnings, capital or ability to meet business objectives could be adversely affected by changes in the level or volatility of market variables, which might include changes in interest rates, credit spreads, commodity prices, equity prices, cryptocurrency prices and foreign exchange rates. Revolut provides foreign exchange, commodity and cryptocurrency services to its customers via multi-currency wallets that allow spending in different currencies, creating exposure to various market risk drivers. Revolut is also exposed to foreign exchange risk arising from various corporate activities and stemming from revaluation of contractual cash flows or assets and liabilities denominated in foreign currencies. Interest rates and foreign exchange rate movements can affect the market value of some assets, which exposes Revolut to fair value risks.	Revolut's Market Risk is managed by monitoring its exposures using KRIs for the key risk drivers, setting appropriate risk limits and using hedging transactions where appropriate. We assess market risk under BAU and stressed conditions. Our KRIs include, but are not limited to, metrics monitoring FX, crypto and commodities rates and Fair value.	Foreign exchange, commodity and cryptocurrency exposure is maintained at relatively low levels through a standard hedging policy. Revolut maintains some structural foreign exchange positions, which are managed and monitored using the existing Market Risk metrics. Revolut expects an increase in fair value risk arising from specific treasury assets which are used to back e-money deposits, but monitors and manages this risk through the use of dedicated risk metrics and limits.
	Financial: Interest Rate Risk in the Banking Book	
Interest Rate Risk in the Banking Book (IRRBB) refers to the current or prospective risk to Revolut's capital and earnings arising from adverse movements in interest rates that affect our banking book positions. Revolut is exposed to IRRBB to the extent that there is a structural repricing mismatch between assets and liabilities. Revolut uses client deposits and equity to fund lending activity with excess funding being held in the form of cash and liquid securities, generating interest income with various repricing profiles.	Revolut monitors its IRRBB exposure on an ongoing basis by reviewing metrics for sensitivity of net interest income and economic value of equity by applying interest rate shocks, including those prescribed by the regulator.	Revolut's balance sheet is expected to evolve as clients migrate from payment entities to banks, the credit offering is increased and investments in treasury assets continue to ramp up. These changes will influence the interest rate risk to which Revolut is exposed. Revolut maintains a conservative IRRBB position, ensuring that our Economic Value of Equity (EvE) sensitivity is appropriately hedged whilst minimising Net Interest Income (NII) sensitivity.

Principal Risk	Mitigants and Controls	Outlook
	Financial: Credit Risk	
Revolut is exposed to wholesale, retail and business Credit Risk. The majority of its wholesale Credit Risk arises through the placement of corporate funds and safeguarded client funds with financial institutions, plus exposure to high-quality sovereign and corporate counterparties through treasury assets. Revolut's retail and business credit portfolios comprise of lending to individuals, primarily unsecured personal loans and credit cards, and credit exposure to individual businesses due to Revolut's merchant acquiring services, both in a range of countries.	All wholesale counterparties giving rise to Credit Risk are assessed at least annually and assigned a Credit Risk limit commensurate with their risk profile, subject to approved materiality thresholds. Exposure to individual financial institutions is gradually being diversified through the growth of treasury assets. Retail and business credit products are subject to appropriate underwriting procedures and monitoring, and governed by relevant Group-level and entity-level risk committees.	Revolut's exposure to financial institutions is expected to evolve over time with plans to grow a high-quality liquid asset portfolio to support compliance with regulatory large exposure requirements. Revolut intends to continue scaling up its product offering for retail and business customers in a controlled manner, which will result in growth in retail and business credit exposure during the coming year.

Principal Risk	Mitigants and Controls	Outlook
	Conduct: Conduct and Culture Risk	
Revolut has Conduct Risks associated with customer outcomes, market stability and effective competition; and Culture Risks associated with business practices and incentives. Revolut is committed to putting consumers at the heart of the business and delivering to them good outcomes. This applies across all stages of the consumer journey, including products and services, communications and post-sale support.	Revolut mitigates Conduct and Culture Risk through its Enterprise Risk Management Framework. This includes key controls, processes and governance oversight. Consistently with its Enterprise Risk Management Framework, Revolut designs products and services that meet the needs of consumers within the respective target markets, and deliver them with value; provides consumers with clear, understandable information that supports them to make informed decisions; and provides accessible in-app support that ensures our customers are able to realise the full benefits of products. There are additional controls to ensure individuals with characteristics of vulnerability do not suffer poor outcomes, or worse outcomes than any other group in the target market. Clear roles, responsibilities and oversight arrangements are defined at operational and organisation levels, as well as mechanisms to incentivise good business practices. Finally, governance is exercised through the Compliance, Operational & Conduct Risk Committee, with clear escalation lines to the Group Executive Risk Committee & Board Risk & Compliance Committee.	Revolut has a low tolerance for risks that may harm consumers or compromise its regulatory obligations. Our primary goal is to protect consumers and enhance trust in our products and services. Revolut has observed an increase in the inherent risks associated with Conduct and Culture Risk, directly aligned to the expansion of products, services, jurisdictions and volume of customers. This continues to be mitigated through the Enterprise Risk Management Framework.
	Compliance: Regulatory Risk	
Revolut is committed to complying with the relevant regulatory requirements in the jurisdictions in which it operates and to provide accurate, reliable and timely reports to external stakeholders, authorities and regulators.	Revolut mitigates Regulatory Risk through its Enterprise Risk Management Framework. Regulatory Risk management is enhanced by comprehensive policies and procedures underpinned by an extensive mandatory training programme. Governance is exercised through the Compliance, Operational & Conduct Risk Committee, with clear escalation lines to the Group Executive Risk Committee and Board Risk & Compliance Committee. Revolut has a well-established horizon scanning process to detect early signs of important regulatory, legislative and policy developments and/or changes. Revolut actively contributes to consultation papers issued by regulators.	Revolut seeks to operate within all relevant laws and regulations and establish strong working relationships with regulators. Regulatory requirements may be complex and require careful interpretation, including consideration of their underlying spirit and intent. We are committed to complying with applicable laws, rules and regulations and monitoring for changes to the regulatory landscapes and maintaining robust systems and controls.

Principal Risk	Mitigants and Controls	Outlook
Operational: Financial Crime Risk		
Financial Crime Risk is the risk of failing to effectively mitigate criminal or illegal activity through Revolut's products and services, third parties and employees. This includes money laundering, violations of sanctions, bribery and corruption, fraud, tax evasion, and terrorist and proliferation financing. Revolut may be adversely impacted if it fails to appropriately identify and mitigate the risk that employees or third parties facilitate, or that Revout's products and services are used to facilitate financial crime. Non-compliance may lead to enforcement action including fines, public censure, suspensions, restrictions, conditions, limitations and disciplinary prohibitions, which could result in a material financial and reputational impact to the business.	Revolut takes its responsibility to prevent and detect financial crime seriously. Revolut mitigates these risks by ensuring it has robust governance, effective risk management procedures and a strong control framework to manage Financial Crime Risk. We continue to improve the effectiveness of our financial crime systems and controls, including real-time monitoring of transactions, daily screening of all customers for sanctions and adverse media, and enhanced staff mandatory training on Financial Crime Risk. Revolut continues to invest significant attention and resources to strengthen the overall financial crime framework, systems and controls.	Financial institutions remain under significant regulatory scrutiny regarding their ability to prevent and detect financial crime. As Revolut continues to expand into new jurisdictions, products and services, this increases and introduces new risks that require continued focus to manage Financial Crime Risks effectively. Changes concerning virtual assets, particularly with regards to the scope of regulation and an increasing focus on customer harm linked to these assets, continues to be an area of significant focus and speed of change. Revolut continues to evaluate, monitor and strengthen the effectiveness of its Financial Crime framework and is committed to maintaining a risk and control environment that enables it to respond promptly and effectively to emerging financial crime threats.
Operational: External Fraud Risk		
Revolut defines External Fraud risk as losses due to acts of a type intended to defraud, or misappropriate property or circumvent the law, by a third party. Significant External Fraud Risks for Revolut include Acquiring Fraud, Issuing Fraud (Card / Payment / Lending), Account Takeover Fraud and Application Fraud (Identity Fraud). Revolut has a low appetite for External Fraud Risk. In particular, Revolut focuses on managing the risk that customers are victims of Account Takeover Fraud, Authorised Push Payments Fraud, and lost or stolen Card Fraud. Revolut is committed to comply with the relevant regulatory requirements and recommendations; furthermore, failing to be compliant may lead to enforcement action including fines, public censure, suspensions, restrictions, conditions, limitations and disciplinary prohibitions.	Revolut aims to minimise External Fraud Risk by maintaining robust, risk-based, systems and controls which are designed to meet prevailing legislative and regulatory requirements and to deter, prevent, identify, manage and report occurrences of External Fraud. Where fraud does occur, Revolut has a policy of investigating all events in order to learn and take the necessary steps to further strengthen its systems and controls, therefore protecting Revolut and its customers from future fraud risk(s) and to protect Revolut's reputation. The US fraud, referenced previously, was entirely specific to the US, as the only region supporting the type of payment that was exploited. The issue enabling the fraud was resolved upon identification and the subsequent review resulted in several control enhancements. In addition, the group is mitigating the specific top risks through mandatory training for all employees and specific KRIs to identify trends in fraud events.	Revolut continues to evaluate, monitor and strengthen the effectiveness of its External Fraud Framework and is committed to maintaining a risk and control environment that enables it to respond promptly and effectively to any emerging fraud threats and advanced technology. Revolut is increasing its engagement with peer financial institutions and industry bodies, which will enable it to respond more promptly to emerging risks and work collaboratively to proactively protect its customers.

Strategic Report | Risk Management and Compliance | Principal Risks and Uncertainties | Emerging Risks

Principal Risk	Mitigants and Controls	Outlook
Operational: Third Party Risk		
Revolut relies on third parties and outsourcing service providers across a number of channels, including payment processing, regulatory compliance, foreign and crypto exchange, trading services, Know Your Customer (KYC)/ Anti-Money Laundering (AML) and other business services. A significant portion of the services provided to Revolut customers depend on third-party arrangements. Consequently, this presents operational and sometimes, concentration risk, for which we have a defined risk appetite and monitoring procedures. Furthermore, a number of our outsourcing providers rely on a large number of their staff with dedicated training required to support Revolut services.	Revolut mitigates this risk through its Third Party and Outsourcing risk management framework. This includes vendor due diligence and ongoing monitoring of outsourced services, Service Level Agreements and contingency planning efforts. We work closely with third parties to ensure we are resilient and can continue to deliver our services with minimal disruption. We continue to reduce our dependencies on third parties via diversification and building products and processes in-house where practical.	We expect our network of third parties to continue to grow as a result of our business growth, so we continue to closely monitor this risk. Material third party relationships are subject to governance; and regular updates on third party concentrations continue to be conducted and reported to management. We are actively managing significant concentration risk with third parties through diversifying our suppliers of third party services and by building solutions to a number of key processes in-house.
Operational: Cyber and Data Security Risk		
As a global financial provider, cyber security threats which might attempt to access Revolut systems or customer and payment data are a significant risk. Revolut handles significant amounts of personal data provided by its customers, as well as employee data and confidential corporate information, and must comply with strict data protection and privacy laws and regulations in global jurisdictions in which it operates, while protecting its own reputation and corporate position. The top Cyber and Data Security Risks that Revolut is focussed on are unauthorised access to Revolut's data and systems and the risk of inadequate processes around data privacy.	Alongside the advanced security features it provides to customers, Revolut has implemented technical and organisational controls to reduce Cyber and Data Security Risks. These include dedicated internal team-led application security testing, vulnerability management, a company-wide training and phishing threat simulation programme, logical access controls, advanced endpoint threat protection, a dedicated cyber threat intelligence team, monitoring and alerting across our key infrastructure and systems, security due diligence and monitoring of third parties as well as regular external penetration testing and audits. Revolut also implements industry-leading security features into its customer offerings, including location-based card security features and 3D Secure push notifications and contextual multi-factor authentication, to ensure that customers can trust the service provided. Revolut continues to invest in its digital platforms and security posture, and builds resilient and secure technologies and processes to minimise the risk of data security breaches.	As a cloud-based fully digital company, Revolut operates a hybrid working model, with many employees operating fully remotely. The cyber risks that follow a remote-working model, an innovative digital and growing company, along with the continuing opportunism and motivation of criminals, continue to be closely monitored with additional controls implemented for customer, staff and data protection. Revolut operates a continuous improvement approach to security controls, adapting to the threat landscape as it evolves, and as a result of on-going testing and audit activities. Revolut will continue to mature its governance in this area and look to align to external Information Security standards (e.g. SOC2) to provide assurance on Revolut's control environment for customers, partners and vendors utilising Revolut's services.

Principal Risk	Mitigants and Controls	Outlook
Operational: Availability and Continuity Risk		
Operational Resilience is an outcome which Revolut strives to achieve by effectively managing its Availability and Continuity Risk and responding to operational disruptions in a timely manner. Operational disruptions can have many causes including, for example, technology failures or when making changes to systems. Some disruptions may also be caused by matters outside of a firm's control, such as a cyber-attack or wider telecommunications or power failure. Operational disruptions always remain a risk. However, as Revolut continues to grow, launching new products and entering new markets, the risk of an operational disruption occurring is likely to increase. As our customer base grows, the potential impacts may also increase. Maintaining Operational Resilience is important for Revolut to protect its customers, and achieve its growth goals.	Revolut operates an Operational Resilience Framework which sets out the policy, procedures and governance structures to enable us to monitor and manage the resiliency of our most Important Business Services for customers. The Operational Resilience Framework is formed of nine capability pillars, which cover a variety of potential sources of operational disruption and support us in defining 'resilience practices' under each pillar. Revolut maintains a suite of Business Continuity Plans and Disaster Recovery Plans, which contain recovery measures for business processes and technology to enable services to be resumed within a timely manner. These plans are tested regularly to ensure they remain fit for purpose. A dedicated Operational Resilience capability is in place to maintain oversight of the framework across the Group and local entities.	Our Operational Resilience Framework has identified our most Important Business Services for customers, and set tolerance limits for their disruption in a major incident. We will continually work to enhance the resiliency of these important services, by investing in additional technology, people and third party resources. The aim of this is to limit the likelihood of a major disruption occurring, and also to limit the harm to customers and Revolut should a disruption impact the Group. We operate a robust testing regime to monitor the effectiveness of our resiliency measures across the Group.

Emerging Risks

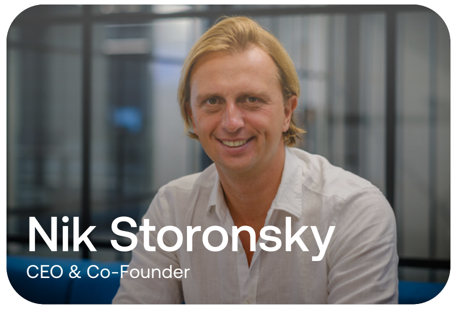
Whilst we monitor the environment for key risks emerging, we would like to call out the following risks in this year's report. These are risks which we are paying particular attention to and are developing concrete plans to integrate into our daily risk and control registers (or amend existing entries where relevant).

Risk	Perspectives
Climate Risk	Revolut's exposure to the financial risks arising from climate change is currently immaterial. Our small number of offices are not especially exposed to physical risk. Revolut does not undertake lending activities collateralised with physical assets or provide funding that generates financed emissions. We expect to develop some limited climate risk as Revolut's business model evolves and have put in place governance and metrics to track this. In particular, we anticipate the possibility of Revolut developing exposure to climate risk through its lending book and investment operations, and will enhance risk management capabilities (including dedicated climate stress testing) accordingly. Given the longer-term nature of the risk and Revolut's desire to set and achieve appropriate climate goals, we currently manage climate risk as an emerging risk with the expectation that it will become one of our key strategic risks as our exposure begins to grow.
Evolving Technology	The regulatory environment surrounding emerging technologies such as Artificial Intelligence ('AI') and crypto is continuously and rapidly evolving. Recognising Revolut's strategic objectives, we constantly monitor regulatory change across all jurisdictions in which Revolut operates. This includes assessing any emerging legislative and regulatory change promptly, to ensure that Revolut is able to identify any impact to the way in which we provide the technology within our products and services to our customers to ensure we remain in compliance with any requirements as they may become applicable. New technologies provide substantial upside to Revolut, however there is also a risk that technologies such as AI could create an opportunity to bypass or manipulate existing anti-fraud and other controls

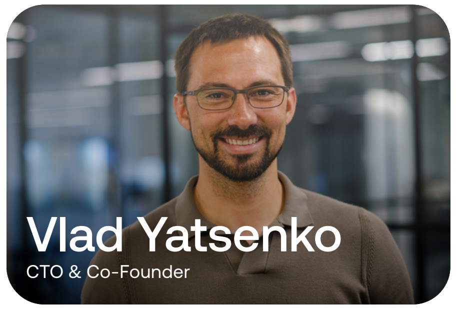
BOARD OF DIRECTORS

The Board of Directors is responsible for setting the overall strategy and culture of the Company and Group, and for overseeing management in its day-to-day running of the business. The Board is responsible for ensuring the company has in-place governance arrangements appropriate for the size and nature of its business

Experience: Martin Gilbert co-founded Aberdeen Asset Management in 1983, leading the company for 34 years and overseeing its 2017 merger with Standard Life. Until November 2019, he was chairman of the UK's Prudential Regulation Authority's Practitioner Panel and was Deputy Chairman of the Board of Sky plc until 2018. Before this, he was the Chairman of FirstGroup. In 2015, he was ranked no. 22 in the Harvard Business Review's 900 best-performing CEOs in the world. Martin holds an LLB from the University of Aberdeen and an MA in Accountancy. He qualified as a chartered accountant with Deloitte.



Experience: Nik Storonsky launched Revolut in 2015 to transform the way we spend and transfer money abroad. Since then, he has put Revolut on the path of simplifying all things money. Before founding Revolut he was an emerging markets equity derivatives trader at Credit Suisse and Lehman Brothers, where he traded more than $2 billion across various options, swaps and foreign exchange instruments. Nik holds an MS in Applied Physics and Mathematics from the Moscow Institute of Physics and Technology and an MA in Economics from the New Economic School, Moscow.



Experience: Vlad Yatsenko co-founded Revolut with Nik Storonsky in 2015 and is its Chief Technology Officer. His software engineering experience spans industries including travel and finance and includes creating real-time billing systems at Comarch and booking engines for Sabre Airline Solutions. Having built financial software systems at tier one investment banks including UBS, Deutsche Bank and Credit Suisse, he realised that to deliver a next-generation digital banking service he would need to build it himself. He holds an MS in Computer Science from the National University of Kyiv-Mohyla Academy.

Experience: Michael Sherwood retired as Vice Chairman of Goldman Sachs and Co-Chief Executive Officer of Goldman Sachs International in 2016, after 31 years with the company and 22 years as a partner. He was a founding sponsor of Harefield Academy and a member of the Westminster Abbey Development Board. He is a former Trustee of the Mayor's Fund for London and the Serpentine Galleries.

Current External Appointments: Michael is a Board Member of Moscot Inc and of Credit Benchmark Limited and a Trustee of Greenhouse Sports Limited.

Experience: Caroline Britton was at Deloitte LLP for 30 years until 2018 and was an audit partner for 18 years. Caroline holds an MA in Economics from the University of Cambridge. She is a fellow of the Institute of Chartered Accountants of England and Wales.

Current External Appointments: Caroline is a Non-Executive Director and Chair of the Audit Committee at both MoneySupermarket.com Group plc and Sirius Real Estate Limited. She is also a member of the Audit, Finance Risk and Investment Committee for Make-A-Wish Foundation International, and a Trustee and Chair of the Audit and Risk committee at the Royal Opera House.

Experience: Ian Wilson spent much of his career with Royal Bank of Scotland, latterly as Director of Credit, Retail Banking. Later executive roles included Managing Director of Business Banking at Santander UK, Chief Risk Officer for GE Money UK, Tesco Bank, Charter Court Financial Services (also Executive Director), and Monzo Bank and Strategic Risk Director for Virgin Money. He is a chartered banker, a fellow and former Vice President of the Chartered Banker Institute in Scotland and a fellow of the Institute of Financial Services.

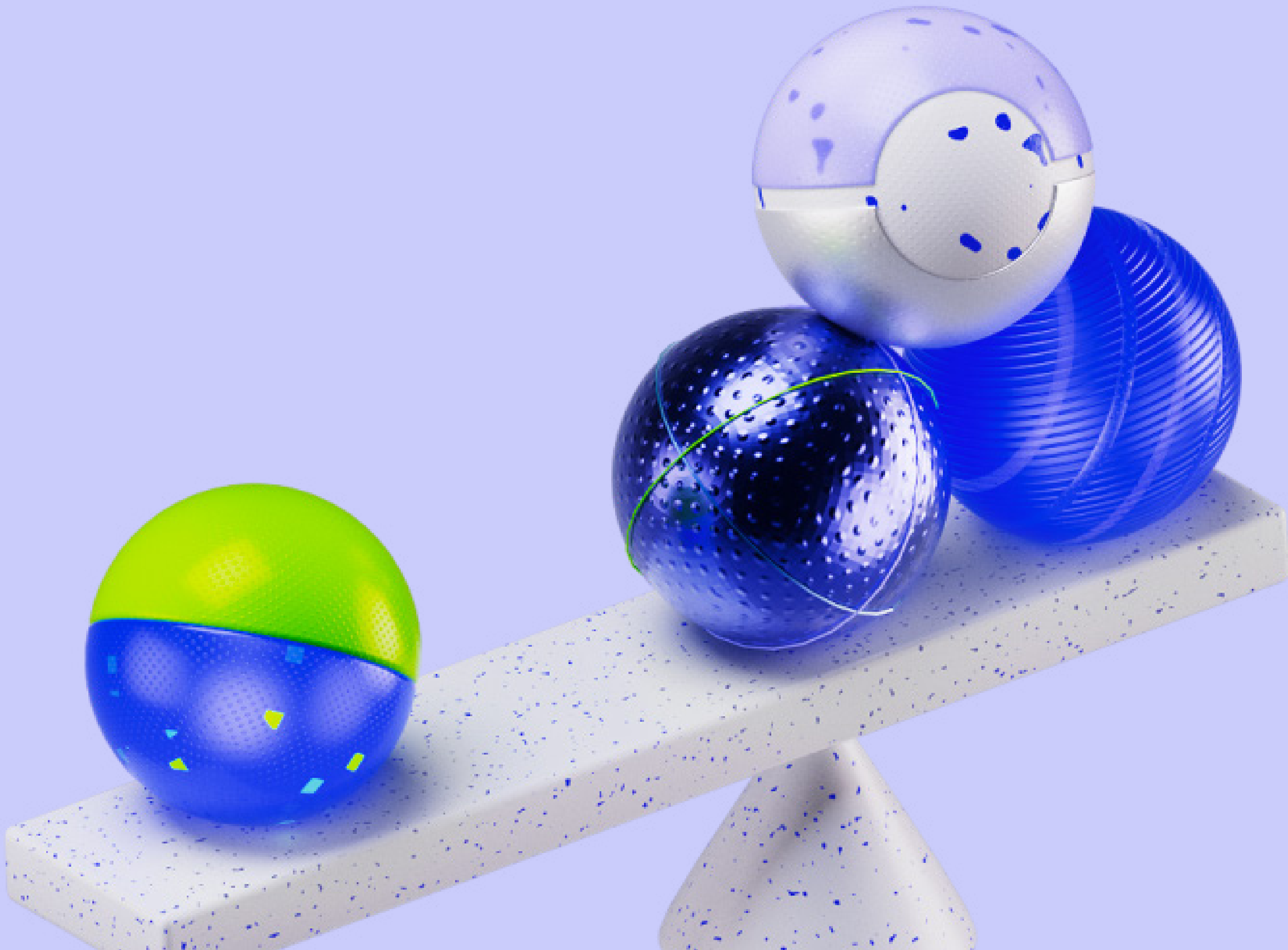
Experience: John Sievwright had a 20-year career with Merrill Lynch holding global leadership positions, latterly Chief Operating Officer - International. He earlier worked in finance and accounting roles at Bankers Trust and Bank of Tokyo International, having begun his career as an auditor at Ernst & Young where he qualified as a Chartered Accountant. While at Merrill Lynch, he was President of the Futures Industry Association. He is a former Senior Independent Director (SID) and Chairman of the Audit and Risk Committee at ICAP plc (later NEX Group) and former SID and Chairman of the Audit Committee of FirstGroup plc. He has an MA in Accountancy and Economics from the University of Aberdeen.

Current External Appointments: John has been a Director of Burford Capital Limited since May 2020 and serves on its Audit and Compensation Committees.

Experience: Dan Teodosiu has over 30 years of experience in building and managing engineering and research teams, scaling platforms, as well as developing infrastructure capable of supporting billions of users. During this time, he has held senior positions at Google, Microsoft and HP Labs. Most recently, Dan acted as CTO of Onfido and, prior to that, as CTO of Criteo, Europe's largest ad tech company.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2022.



The Board's primary responsibility is to promote the long-term success of the Revolut Group. The Group Board discharges this responsibility by overseeing Revolut's management team, to whom the Board delegate the day-to day-running of the business and who report to the Board at regular intervals.

Matters Covered in the Strategic Report

The Directors have addressed the following matters in the relevant sections of the Strategic Report:

Area	Section	Page number
Review of the business performance	Business Performance	24
Strategy and future developments	Our Business Model and Strategy	28
Engagement with suppliers Engagement with customers Engagement with employees	Engaging with Stakeholders	30
Employing people with disabilities	Our People	37
Principal risks and uncertainties	Risk Management and Compliance	43

Political Donations

The Group has not made any political donations to, nor incurred any political expenses in relation to, any registered political parties, organisations or candidates.

Corporate Governance

Corporate Governance Standards

Revolut operates in accordance with all corporate governance, legal and regulatory requirements. In addition, while not subject to the UK Corporate Governance Code 2018 (the CG Code), on the basis that this is industry best practice Revolut applies the spirit of the CG Code Principles within its Corporate Governance Framework.

In the remainder of this section, we set out how Revolut implements these requirements and best practice principles in practice.

Group Corporate Governance Framework

The Group Board is ultimately responsible for the Group's corporate governance arrangements, policies and practices. In June 2023, the Board approved an updated Revolut Corporate Governance Framework (RCGF). The RCGF details the Group's governance and internal control framework, including, but not limited to, the Group's: (i) board, committee and sub-committee structures, (ii) corporate structure (including all entities and branches); (iii) decision-making processes; (iv) Three Lines of Defence model; and (v) subsidiary governance framework. The RCGF acts as the overarching Group guide on governance.

Legal Entity Structure and Group Reorganisation

Revolut operates an efficient legal entity structure. The legal entity structure evolved during 2022, most notably with the insertion of Revolut Group Holdings Ltd as the ultimate parent entity in the Group. Revolut Group Holdings Ltd is 100% direct shareholder of Revolut Ltd, our previous Group top company.

In addition, in July 2022, we completed the successful merger of our Lithuanian e-money institution, Revolut Payments UAB, with our Lithuanian bank, Revolut Bank UAB. As a result of the merger, all of our e-money institution customers across the EEA became customers of Revolut Bank UAB, which has a full banking licence granted by the European Central Bank and is supervised by the Bank of Lithuania.

Revolut Group Board of Directors

The Board is chaired by Mr Martin Gilbert, who has acted as Revolut chair since 2020. Mr Gilbert facilitates open and constructive discussion between executive management and Board members at regularly held Board meetings. The Board exercises independence in the discharge of its duties in overseeing management, providing effective and constructive challenge to the Executive Management during Board meetings, and monitoring and overseeing the implementation by management of key initiatives.

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business, which is led by Mr Nik Storonsky as the Group CEO.

No changes were made to the Board composition during 2022. Profiles for each of the current Board members are set out in the Board of Directors section, including Dan Teodosiu (who was appointed to the Board in November 2023).

The Board performs an annual self-assessment of the individual and collective skills of the Board. The findings of these self-assessments are used to inform the Board's Succession Plan and Board Training Programme, which help to ensure that the Board is both stable and resilient in the long term and that the Board possesses an appropriate balance of skills, knowledge and experience to collectively lead the Group, both now and into the future.

Time Commitment

Independent Non-Executive Directors are required to devote to the Company such time as is necessary for them to discharge their duties in an effective manner. The minimum time commitment for Independent Non-Executive Directors is 36 days per annum. This time includes time spent preparing for and attending meetings of the Board and its Committees, as well as time for each director's ongoing professional development. Revolut's Independent Non-Executive Directors dedicate significant commitment and time to the Company, which is of tremendous value and benefit to the organisation.

Effectiveness Reviews

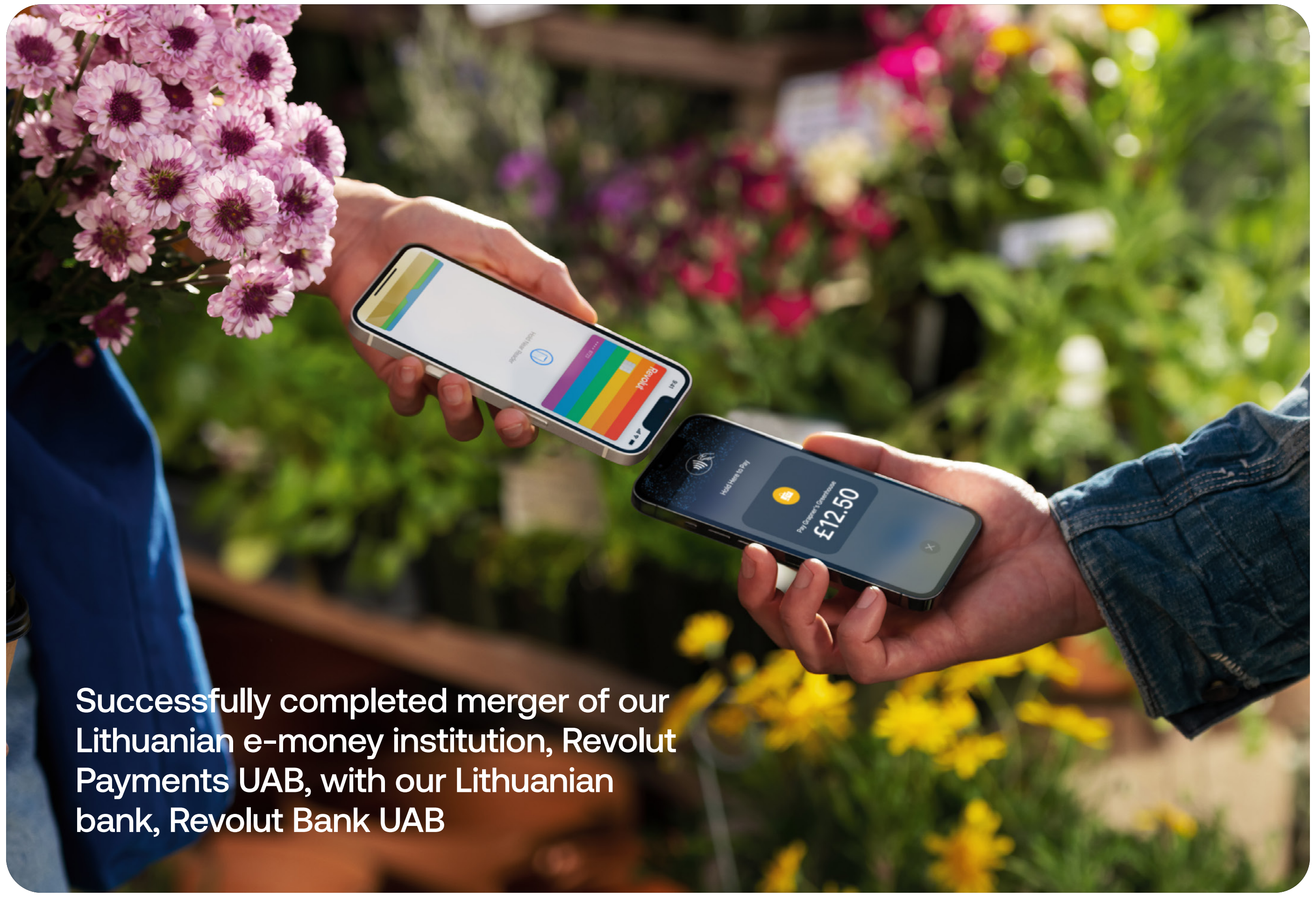
Each year, the skills, performance and effectiveness of the Board and the Board Committees are assessed, in order to identify the Board's strengths and development areas. Every three years, the Board instructs an independent firm to conduct this evaluation. An independent evaluation of the Group Board was conducted during the fourth quarter of 2022. The Chair, Mr Martin Gilbert, oversees the implementation of recommendations identified in the evaluations. The next independent evaluation is scheduled for 2025. Internal evaluations will be carried out annually in the interim.

Group Board Meeting Arrangements and Reporting

The agenda for the Group Board is driven by the Chair, with support from the Group CEO, Company Secretary and wider Governance team. Ahead of each calendar year, the forward-looking agenda for the year is set. This provides a clear roadmap for the key strategic, financial, operational and risk matters on which the Board expects to be reported to by management. This enables the Board to have oversight of the performance of the Group against expectations.

Throughout the Board and Committee meeting deliberations, the Board considers the views and interests of Revolut's stakeholders such as customers, employees, shareholders and regulators.

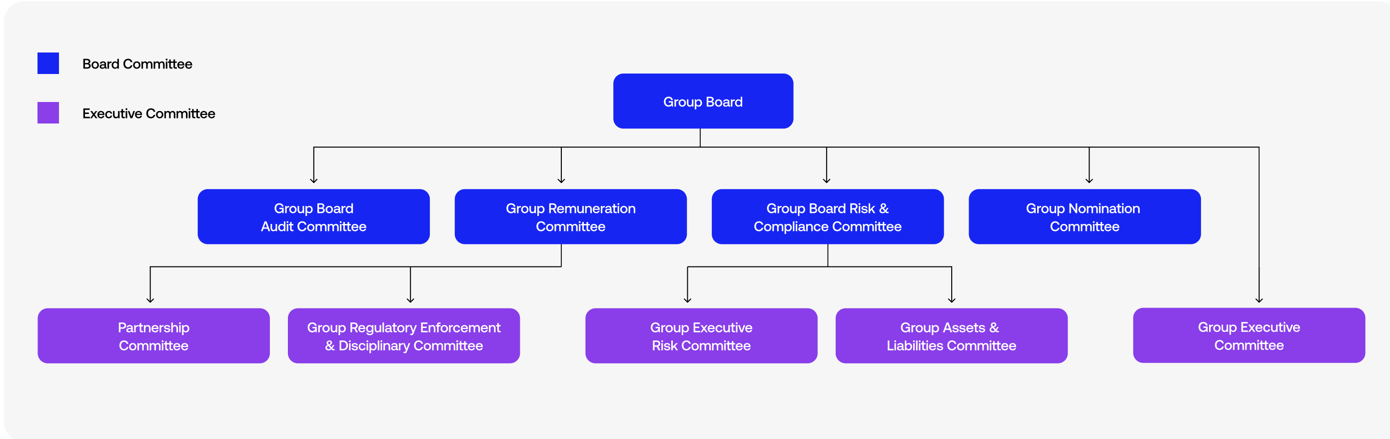
Meetings of the Group Board are held at intervals of around six weeks, or convened ad hoc as required. In 2022, there were 15 meetings of the Group Board convened, of which six were ad hoc.



Successfully completed merger of our Lithuanian e-money institution, Revolut Payments UAB, with our Lithuanian bank, Revolut Bank UAB

Board Committees

The Board maintains effective oversight of the Group through Committees, which were established to assist the Board in discharging its duties. The Board has established four Committees: (i) Board Risk & Compliance Committee; (ii) Board Audit Committee; (iii) Nomination Committee; and (iv) Remuneration Committee. The Committees operate under delegated authority from the Group Board, in each case as defined in the respective Committee's Terms of Reference. The Committee Chairs provide a high-level overview of Committee discussions at each scheduled meeting of the Board.



This diagram is not exhaustive. Additional Executive Sub-Committees exist to consider specialist topics, as required.

The table below shows the number of meetings held in 2022 by the Board of Directors and its Committees, along with the attendance of the individual Board members (this list does not include Dan Teodosiu, as he was not a Board member in 2022):

	Board	BAC	BRCC	NomCo	RomCo
Total number of meetings	15	9	9	8	14
Martin Gilbert	15	9	8	8	14
Nik Storonsky	14	—	—	8	—
Vlad Yatsenko	14	—	—	—	—
Michael Sherwood	13	8	8	8	14
Caroline Britton	15	9	9	—	13
Ian Wilson	13	9	9	—	13
John Sievwright	14	9	9	—	14

Group Board Risk & Compliance Committee

The Group Board Risk & Compliance Committee is responsible for supporting the Board in fulfilling its duties with regards to risk and compliance management, which includes, but is not limited to, the following:

- Review and recommend the Group's Enterprise Risk Management Framework (ERMF) and Risk Appetite Statement (RAS) to the Board for approval, and monitor the Group's performance against the ERMF and Risk Appetite profile.
- Approve the Board-level policies where relevant.
- Review matters pertaining to the Group's material and emerging risks, which includes a strong control environment.
- Support the promotion of a strong Risk and Compliance culture and awareness throughout the organisation.
- Review matters such as the capital and liquidity positions of the Group.
- Review and recommend to the Board the Group's Recovery plan and Wind-down Plan.
- Review matters pertaining to stress testing activity and any corrective actions stemming from regulatory engagements.
- Advise the Remuneration Committee on whether the proposed incentive and remuneration plans are consistent with risk and control objectives.
- Ensure the Group maintains an open and transparent dialogue with its regulators and governmental bodies.
- Consider external advice and/or assurance on Risk and Compliance matters where appropriate.

Group Board Audit Committee

The Group Board Audit Committee is responsible for supporting the Board in fulfilling its duties with regards to oversight of prudential, financial and audit matters which includes, but is not limited to, the following:

- Monitoring the integrity of the Group's financial statements and disclosures.
- Reviewing the effectiveness of the Group's internal system of financial controls.
- Monitoring the performance and independence of the Internal Audit function.
- Overseeing and leading the engagement with the Group's external auditor.
- Reviewing the whistleblowing arrangements by which staff may raise concerns about possible improprieties.

Directors' Report | Corporate Governance | Board Committees | Executive Sub-Committees | Culture and People | Directors' Liabilities

Group Nominations Committee

The Group Nominations Committee is responsible for supporting the Board in fulfilling its duties with regards to the assessment, selection and nomination of candidates for Board and Executive Management positions, which includes, but is not limited to, the following:

- Reviewing the structure, size, composition and independence of the Board and making recommendations with regard to any changes it considers necessary.
- Overseeing the succession planning process for the Board and Executive Management positions.
- Ensuring that a Board appointment procedure is established, which includes the completion of robust due diligence to assess candidates considered for nomination.
- Approving Director appointments to regulated subsidiaries.

Group Remuneration Committee

The Group Remuneration Committee is responsible for supporting the Board in fulfilling its duties with regards to the remuneration arrangements for the Group and for ensuring that they align with the Group's business strategy and risk strategy in terms of incentivisation. This includes, but is not limited to, the following:

- Setting the remuneration for the top 25 highest paid employees, those performing Control Functions and Material Risk Takers.
- Establishing the Group's Remuneration Policy, ensuring that it is benchmarked appropriately.
- Overseeing any major changes in employee benefits structures.
- Reviewing the design of share incentive plans for approval by the Board and shareholders.

Executive Sub-Committees

Executive Committee

The Board delegates authority for the day-to-day management of the Group to the Group CEO. The Group CEO is supported by an Executive Committee, operating under delegated authority from the Board.

The Group Executive Committee, or 'ExCo', is comprised of key members of senior management including the Group CEO, Group CTO, Group CRO, Group GC and Group CFO, as well as representatives from other areas of the Company including product and control departments.

The ExCo is responsible for developing the strategy for Board approval and overseeing its execution, monitoring the Group's financial position and performance, and overseeing the Group's progress against its goals and approved annual budget. More specifically, the ExCo's purpose is to:

- Support the CEO to make key decisions for the Group.
- Review progress on agreed priorities (goals and roadmaps) and align executives in clearing blockers for key priorities of the Group.
- Ensure consistent communication across the Group of strategy, priorities, and actions.
- Recommend matters to the Group Board for approval.

The ExCo provides advice and guidance to the CEO, who makes the key decisions regarding the firm's strategy and the execution of key priorities.

The ExCo meets weekly or more often as required.

Executive Risk Committee

The Board delegates authority for the day-to-day risk and compliance management of the Group to the Group Chief Risk Officer. The Group Chief Risk Officer is supported by the Group Executive Risk Committee (GERC), operating under delegated authority from the Board Risk & Compliance Committee. Main responsibilities involve, but are not limited to:

- Monitoring the risk profile of the Group against the Board Risk Appetite Statement (RAS), reviewing and approving mitigation plans in case of any breaches.
- Setting, allocating and periodically reviewing limits and controls that are supplementary to the Board RAS and help managing risks on a more granular level.
- Reviewing and monitoring the implementation of the ERMF across Revolut.
- Evaluating the risk and compliance awareness and maturity of each department or risk-taking unit.
- Monitoring the timely closure of risk, control and compliance issues.
- Considering and approving proposed changes to Executive management policies and reviewing policies for the Board's approval.
- Exercising oversight with regard to risk assessments and risk management of change activities that impact cross-functional areas.
- Reviewing and deciding on matters escalated from the ERC sub-committees or Revolut's subsidiaries' risk function.

Assets and Liability Committee

The Board delegates authority for the day-to-day financial asset and liability management of the Group to the Group CFO and/or Head of Treasury. The Group CFO and/or Head of Treasury are supported by an Asset and Liability Committee (ALCO), operated under delegated authority from the Group Risk & Compliance Committee who are responsible for the following:

- Management and optimisation of the balance sheet and the Group's financial asset investments in line with Board approved appetite.
- Reviewing and monitoring the controls in relation to safeguarding obligations.
- Reviewing and monitoring the capital (ICAAP) and liquidity (ILAAP) adequacy of the Group.
- Reviewing Contingency Funding Plans (CFP) and recovery and resolution plans.
- Reviewing and monitoring the Risk Appetite Statements (RAS) with respect to financial risks.
- Reviewing and monitoring the liquidity risk profile of the Group.
- Reviewing the credit risk and market risk limit utilisations.
- Reviewing and approving interest rate risk limits and utilisations.
- Reviewing and approving assets and liability management risk frameworks and policies.
- Reviewing and approving capital and assets and liability management strategies.
- Reviewing and approving liquidity transfer pricing and capital allocation frameworks and policies.
- Reviewing and approving forward-looking capitalisation and funding plans.
- Reviewing and approving future business plans with respect to capital adequacy and liquidity risk profile.

Culture and People

Revolut's success is based on our people and culture — diverse, performance-driven and deeply collaborative. With a persistent ambition balanced by a commitment to thorough analysis, we are developing best-in-class processes in regulatory compliance, internal controls, and robust risk management frameworks to continually deliver outstanding products, driving value for our customers, shareholders and the broader community.

We place a lot of importance on the hiring process, ensuring we hire and retain employees of the highest calibre and integrity, with values consistent with Revolut's. Our company values, detailed on our website at www.revolut.com/our-culture, lay the groundwork for this culture.

The Revolut Board ensures that a strong and healthy corporate culture cascades from the top down, enabling Revolut to excel in the highly regulated environment in which it operates.

Refer to the Our People section on page 37 for more details.

Directors' Liabilities

Revolut indemnifies Company directors against third party liability, subject to the conditions set out in section 234 of the Companies Act 2006. This qualifying third party indemnity provision was in force during the 2022 financial year.

Research and Development

The Group undertakes research and development activities in respect of the development and enhancement of its technology platform. Revolut incurred research and development costs during 2022 of £88.0 million and these are recognised in the statement of comprehensive income (2021: £58.7 million).

Financial Instruments

The Group enters into a series of financial instruments for the purposes of its business operation, comprising cash and cash equivalent, Financial investments hold-to-collect and Financial investments hold to collect and sell, Derivatives, Loans and advances to customers, customer liabilities, and other payables and receivables measured at amortised cost. Details of the Group's financial instruments are set out in Note 28 of the financial statements.

The Group is exposed to foreign exchange and interest rate risk. The Group undertakes fair-value hedge accounting using interest rate swaps for its non-interest-bearing core deposits. Details of the Group's Hedge Accounting are set out in Note 28.5 of the financial statements.

The Group's financial risk management objectives and policies are set out in the Risk Management section of the Strategic Report, along with the Group's exposure to credit risk, liquidity risk, market risk and cash flow risk.

Licences and Authorisations

In the UK, Revolut Ltd is an e-money institution. Revolut Ltd offers its UK customers e-money services and is authorised to do so through its e-money licence, which is issued by the FCA. Revolut's UK banking licence application to the PRA remains ongoing.

During 2022, Revolut Payments UAB and Revolut Bank UAB merged into a single combined entity, Revolut Bank UAB. Revolut's banking / payments EEA customers are now customers of Revolut Bank UAB and its branches, with the exception of crypto services, which are provided by Revolut Ltd and RT Digital Securities Cyprus Ltd; insurance services, provided by Revolut Insurance Europe UAB; and investment services, provided by Revolut Securities Europe UAB ('RSEUAB'). RSEUAB also received approval in January 2022 from the Bank of Lithuania (BoL) to extend the investment services provided to customers across the EEA on a freedom to provide services (FoS) basis.

In 2022, Revolut Bank UAB consumer credit FOS passporting was granted in France, Germany and Spain.

Revolut Bank UAB has also been granted bank branch passporting approvals, under freedom of establishment (FoE), to establish local branches in Belgium, France, Germany, Hungary, Ireland, Italy, Netherlands, Portugal, Romania and Spain. Ireland, France and Spain are currently live, while the remaining are in the process of being operationalised.

Revolut has obtained a number of other regulatory permissions across the globe so as to be able to operate in different countries and work towards achieving Revolut's long-term goal of becoming an international, multi-currency exchange and electronic payments processing bank.

In 2022, Revolut received the following licences:

Licence Type	Country
Trading	Australia
Crypto	Cyprus, Spain (Revolut Ltd), Singapore, UK
Credit	Australia
Insurance	Lithuania
Payments (Money Transmitter)	Mexico
CRD V Financial Holding Registration	Lithuania

The Group also has a number of subsidiaries which are regulated and provide similar services in non-UK and non-EEA jurisdictions. Full details are listed in the notes to the consolidated financial statements.

Post Balance Sheet Events

Licences and Authorisations

In 2023, Revolut Bank UAB credit passporting was granted in Italy and Portugal.

Revolut Bank UAB e-money passporting for its branches, under freedom of establishment (FoE), was granted in Belgium, France, Germany, Hungary, Ireland, Netherlands, Portugal, Romania and Spain.

Revolut Securities Europe UAB (RSEUAB) investment services passporting was granted to passport services across the EEA. RSEUAB became operational in March 2023 upon launching its activities in the EEA.

In 2023, Revolut received the following licences:

Licence Type	Country
Crypto	Italy, Spain (RT Digital Securities Cyprus Ltd)
Investment Advisor	US
Credit	Brazil
Payments	India (licence renewal)

Liquidity facility

In April 2023, Revolut entered into a £75.0 million liquidity facility with an external lender to provide diversification in funding as the business grows globally. Security was provided to the lender in the form of a debenture. The facility remains undrawn and there are no plans to draw upon it.

Expansion

Revolut launched its app and services in Brazil (May 2023) and New Zealand (July 2023) following successful completion of testing.

Board Member Appointment

In November 2023, Revolut announced the appointment of Dan Teodosiu to the Board as a Non-Executive Director. Please see the Board of Directors section on page 60 for Mr Teodosiu's biography.

Branches Outside the UK

The Group operates through a number of branches outside the UK, the details of which are disclosed in Note 14 of the consolidated financial statements.

Going Concern

The consolidated financial statements are prepared on a going concern basis as the Directors are satisfied that the Group and the Company have the available resources to continue in business for a period of at least twelve months from the date of approval of the financial statements.

The going concern assessment is based on the detailed forecast prepared by management. In the base case, appropriate assumptions have been made in respect to user growth, revenue growth and profitability, based on the historical performance of the business and expected changes to the business over the forecast period.

As part of the going concern review, the Directors have considered the same severe, but plausible, downside scenarios as used in the Group's detailed ICAAP and ILAAP to stress-test the viability of the business. The scenarios tested are shared below and were tested before and after actions from Group management. The table includes the principal risks being stressed as described in the Risk Management & Compliance section.

Type	Scenario	Description	Principal risks and uncertainties
Market	Interest rates decrease	• In this scenario, a global stock market crash results in a sharp rise in unemployment and fall in real GDP. • Inflationary pressures ease and central banks respond to the crisis by cutting interest rates, which fall back to levels seen prior to the Russia Ukraine war.	• Strategic risk • Credit risk • Interest rate risk in the banking book (IRRBB)
	Interest rates increase	• Inflation continues to increase globally. Central banks continue to raise interest rates (beyond current levels). • Real GDP growth stagnates for a protracted period. • This is based on the September 2022 Bank of England Annual Cyclical Scenario.	• Strategic risk • Credit risk • Market (FX) risk
Idiosyncratic	Reputational damage	• An operational event occurs, which results in severe reputational damage. • Many customers withdraw funds and stop using Revolut. • It takes considerable time before trust is restored.	• Strategic risk • Operational risk

In all of these scenarios, the Group is able to meet its regulatory capital and liquidity requirements without the need for external financing.

The Directors have considered forecasts for the Group and have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operation for a period of at least twelve months from the date of approval of the consolidated financial statements.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

The directors have chosen to prepare the Group Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK) and the Companies Act 2006 and the Company Financial Statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The law provides that the directors may only approve the financial statements if they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for the financial year to which they relate.

In preparing the financial statements, the directors are required to:

- Maintain appropriate accounting records which enable the directors to understand the Company's and Group's transactions and financial position;
- Select appropriate accounting policies and apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgments and accounting estimates that are reasonable and prudent;
- Provide additional disclosures in certain circumstances to ensure that readers of the financial statements can understand the impact of particular transactions and matters on the Group and Company's financial position and financial performance;
- Ensure that the financial statements comply with the requirements of the Companies Act 2006;
- Make an assessment of the Group and Company's ability to continue as a going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard assets of the Group and Company and to prevent and detect fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' Report | Corporate Governance | Directors' Responsibilities Statement | Disclosure of Information to the Auditor | Auditor

Disclosure of Information to the Auditor

Each of the directors as of the date of approval of this Directors' Report has confirmed that:

- So far as the directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- Each of the directors has taken all of the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditor

BDO LLP have indicated their willingness to be reappointed as auditors for another term and appropriate arrangements will be put in place for them to be deemed reappointed.

This report was approved by the Board on 19 December 2023 and signed on its behalf.

Nik Storonsky
Director

19 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUT GROUP HOLDINGS LIMITED

Qualified opinion on the financial statements

In our opinion, except for the possible effects on the prior year figures of the matter described in the basis for qualified opinion section of our report the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Revolut Group Holdings Ltd ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

Qualified opinion solely in respect of the comparability of the current year's figures for revenue and related balances and the prior year figures

For the year ending 31 December 2021 the group's IT systems were not designed in such a way that would allow for IT or business process controls to be effectively tested throughout the year and substantive procedures alone were not able to provide sufficient appropriate assurance over the completeness and occurrence of revenue within Subscription, Card Delivery and Foreign Exchange and Wealth revenue streams totalling £476,856k for the year then ended. Consequently, we were unable to determine whether any adjustments to these revenues or related amounts were necessary. Our audit opinion on the financial statements for the year ended 31 December 2021 was modified accordingly.

This matter has been resolved, and therefore we have been able to obtain sufficient appropriate audit evidence in respect of the relevant balances included in the financial statements as at and for the year ended 31 December 2022. Our opinion is only modified because of the possible effect of this matter on the comparability of the current year's figures for revenue and related balances and the prior year figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and consolidated financial statements other than the financial statements and our auditor's report thereon. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, where the other information refers to revenue or related balances the current year and prior year figures may not be comparable.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group and Parent 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 the Directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

1. The legal and regulatory framework applicable to Revolut Group Holdings Ltd and the industry in which it operates and considered the risk of acts by Revolut Group Holdings Ltd which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with relevant regulatory bodies, pension legislation and tax legislation. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements.
2. The susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by considering the nature of the industry, sector and control environment and controls established by the Group to address risks identified by the Group or that otherwise seek to prevent, deter or detect fraud.
3. Due to the acute dependency of the Group on its IT infrastructure we performed an assessment of the IT landscape, performed bidirectional data flow assessments across product cycles identified as key, and assessed the design of the IT environment and relevant activity level controls across the customer lifecycle for those products and services.

Audit response to the risks identified

As a result of assessing the above we identified the developing financial control environment as the key risk in respect of how the audit was capable of detecting irregularities including fraud.

As we were able to place reliance on relevant IT controls, we followed a combined audit approach to obtain evidence from controls and substantive procedures. Due to the nature of the entity's operations, we focused our procedures on the existence of own cash balances, the existence of cash and commodities held in client designated bank accounts, and the completeness and accuracy of client liabilities associated with those cash and commodities balances held in third party bank accounts.

Risk – Existence of own and client cash and commodities held by the entity as at the year end

Our procedures included the following:

- We obtained independent confirmation of 100% of cash balances held on behalf of customers with third parties.
- We obtained independent confirmation of 100% of commodities held with third parties.
- We obtained independent confirmation of 99.99% of own cash, other high quality liquid assets (HQLAs), and short-term financial assets held with third parties, with appropriate rationalisation and alternative procedures performed on the remaining immaterial 0.01%.

Risk – Completeness and accuracy of customer liabilities recognised as at the year end

Our procedures included the following:

- Interrogation procedures in respect of the completeness and accuracy of data integrations and reconciliations relevant to revenue recognition and client liabilities, including assessment and test of effectiveness of IT general and automated controls relating to the core operating platforms and general ledger.
- We performed a reconciliation of brought forward and year end client liabilities via recalculation of transactional e-money activity in the year.
- We used data analytics techniques to independently recalculate total e-money in issue at an individual user level by direct interrogation of the entity's IT environment for evidence of understatement of customer liabilities.
- We performed analytics over e-money transactional revenues to identify anomalies and outliers in fees levied for indications of fraudulent revenue recognition.
- We performed analytics over certain third-party internet review sites for customer sentiment.
- We performed analytics of customer account activity behaviours and tested a sample based on risk criteria for evidence of misallocation and/or misappropriation of customer liabilities.
- We reviewed available external complaints data including that recorded by the Bank of Lithuania and compared to internal data source(s) to assess potential incompleteness of customer complaints recorded by the entity.
- We reviewed and performed analytics over customer complaints and tested a sample based on a number of risk criteria for indications of systemic evidence of understatement of customer liabilities.
- We included as part of our substantive procedures in respect of the revenue and treasury cycles verification of customer existence procedures (onboarding) for indicators of fictitious customers and accounts.
- We obtained confirmations over a number of customer balances and year end transactions direct from customers based on specific risk criteria and characteristics.

In addition to the above our procedures to respond to risks included, but were not limited to:

- Review of correspondence with and reports to the regulators, including the FCA, the Bank of Lithuania, and other regulatory bodies;
- Review of management's reporting to the Board Audit and Risk Committee in respect of compliance and legal matters;
- Enquiring of management and review of internal audit reports in so far as they related to the financial statements;
- Identifying and testing journal entries to respond to the risk of management override of control;
- Reviewing dispute logs, breaches/incidents log, legal expenses and whistleblowing reports.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Hopkins
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

19 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	2022 £000	2021* £000
Revenue		**922,547**	**637,931**
Fee income	6	792,573	636,046
Interest income	7	82,689	1,726
Other income	8	47,285	159
Cost of sales		**(280,889)**	**(218,075)**
Fee expense		(228,320)	(177,590)
Interest expense	7	(16,065)	(21,026)
Credit losses on lending products	29.1	(5,180)	(1,034)
Credit losses on non-lending products	29.1	(8,458)	(9,606)
Other operating expenses		(22,866)	(8,819)
Gross profit		**641,658**	**419,856**
Administrative expenses	9	(667,076)	(380,065)
(Loss)/profit before tax		**(25,418)**	**39,791**
Tax credit/(expense)	11.1	31,220	(13,451)
Net profit for the year		**5,802**	**26,340**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	26	17,442	(9,237)
Changes in the fair value of financial assets held at FVOCI	26	(14,915)	2,602
Tax on components of other comprehensive income	11.3	3,444	—
Other comprehensive income/(loss), net of tax		**5,971**	**(6,635)**
Total comprehensive income for the year		**11,773**	**19,705**

*The Group has elected to modify the presentation of the Consolidated Statement of Comprehensive Income to enhance user understanding of the financial performance under the guidance of IFRS, as disclosed in Note 2.3.

The accompanying notes form an integral part of this consolidated financial statement.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these consolidated financial statements.
The Company's net profit for the year ended 31 December 2022 amounted to £246.5 million (2021: £nil).

Consolidated Statement of Financial Position

At 31 December 2022

	Note	31 December 2022 £000	31 December 2021 £000
Assets			
Cash and cash equivalents	12	10,581,018	7,052,609
Treasury investments	13	2,694,659	1,236,481
Investment in commodities	15	94,221	66,356
Trade and other receivables	16	341,559	206,880
Loans and advances to customers	17	203,580	17,816
Inventories	18	18,604	7,396
Derivative financial assets	28.4	7,681	9,294
Current tax assets	11	7,329	7,291
Deferred tax assets	11.4	93,684	1,783
Property, equipment, and right-of-use assets	19	21,940	25,128
Intangible assets	20	2,504	721
Total assets		**14,066,779**	**8,631,755**
Liabilities			
Customer liabilities	21	12,593,188	7,361,196
Trade and other payables	22	183,084	165,248
Derivative financial liabilities	28.4	90,017	2,454
Provisions for liabilities	23	16,314	1,812
Lease liability		9,641	14,246
Loans and borrowings	24	36	122
Current tax liabilities	11	3,166	9,374
Deferred tax liabilities	11.4	—	243
Total liabilities		**12,895,446**	**7,554,695**
Equity			
Share capital	25	—	—
Share premium		182	—
Net parent investment	2.1	—	1,287,452
Merger reserve		1,287,803	—
Accumulated deficit		(312,158)	(317,960)
Other reserves	26	195,506	107,568
Total equity		**1,171,333**	**1,077,060**
Total liabilities and equity		**14,066,779**	**8,631,755**

*The Group has elected to modify the presentation of the Consolidated Statement of Financial Position to enhance user understanding of the financial performance under the guidance of IFRS, as disclosed in Note 2.3. The accompanying notes form an integral part of this consolidated financial statement. The financial consolidated statements on pages 90 to 167 were approved and authorised for issue by the Board and were signed on its behalf on 19 December 2023.

Nik Storonsky
Director

Company Statement of Financial Position

At 31 December 2022

	Note	31 December 2022 £000	31 December 2021 £000
Assets			
Trade and other receivables	16	151	—
Investment in subsidiaries	14	1,313,688	—
Deferred tax assets		6	—
Total assets		**1,313,845**	**—**
Liabilities			
Trade and other payables	22	893	—
Total liabilities		**893**	**—**
Equity			
Share capital	25	—	—
Share premium		182	—
Merger reserve		913,212	—
Retained earnings		246,454	—
Other reserves	26	153,104	—
Total equity		**1,312,952**	**—**
Total liabilities and equity		**1,313,845**	**—**

The accompanying notes form an integral part of this individual financial statement. The consolidated financial statements on pages 90 to 167 were approved and authorised for issue by the Board and were signed on its behalf on 19 December 2023.

Nik Storonsky
Director

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Net parent investment	Merger reserve	Other reserves	Accumulated deficit	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2021	—	—	697,444	—	67,296	(344,300)	420,440
Net profit for the year	—	—	—	—	—	26,340	26,340
Other comprehensive loss for the year, net of tax	—	—	—	—	(6,635)	—	(6,635)
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**(6,635)**	**26,340**	**19,705**
Transactions with owners							
Shares issued during the year	—	—	590,008	—	—	—	590,008
Equity-settled share-based payment charge	—	—	—	—	47,352	—	47,352
Purchase of own shares within Employee Benefit Trust	—	—	—	—	(445)	—	(445)
Tax impact of equity-settled share-based payment charge	—	—	—	—	—	—	—
Total transactions with owners	**—**	**—**	**590,008**	**—**	**46,907**	**—**	**636,915**
At 31 December 2021	**—**	**—**	**1,287,452**	**—**	**107,568**	**(317,960)**	**1,077,060**
At 1 January 2022	—	—	1,287,452	—	107,568	(317,960)	1,077,060
Net profit for the year	—	—	—	—	—	5,802	5,802
Other comprehensive income for the year, net of tax	—	—	—	—	5,971	—	5,971
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**5,971**	**5,802**	**11,773**
Transactions with owners							
Shares issued during the year	—	182	86	—	—	—	268
Adjustment to accrued expenses related to issuance of shares	—	—	265	—	—	—	265
Transfer upon reorganisation	—	—	(1,287,803)	1,287,803	—	—	—
Equity-settled share-based payment charge	—	—	—	—	39,049	—	39,049
Purchase of own shares within Employee Benefit Trust	—	—	—	—	(446)	—	(446)
Tax impact of equity-settled share-based payment charge	—	—	—	—	43,364	—	43,364
Total transactions with owners	**—**	**182**	**(1,287,452)**	**1,287,803**	**81,967**	**—**	**82,500**
At 31 December 2022	**—**	**182**	**—**	**1,287,803**	**195,506**	**(312,158)**	**1,171,333**

The accompanying notes form an integral part of this consolidated financial statement.

Company Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	—	—	—	—	—	—
Net profit for the year	—	—	—	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**
Transactions with owners						
Shares issued during the year	—	—	—	—	—	—
Equity-settled share-based compensation	—	—	—	—	—	—
Purchase of own shares within Employee Benefit Trust	—	—	—	—	—	—
Tax impact of equity-settled share-based payment charge	—	—	—	—	—	—
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**—**
At 31 December 2021	**—**	**—**	**—**	**—**	**—**	**—**
At 1 January 2022	—	—	—	—	—	—
Net profit for the year	—	—	—	—	246,454	246,454
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**246,454**	**246,454**
Transactions with owners						
Shares issued during the year, including the impact of reorganisation	—	182	913,212	137,695	—	1,051,089
Transfer of reserve upon reorganisation	—	—	—	(445)	—	(445)
Equity-settled share-based payment charge	—	—	—	16,300	—	16,300
Purchase of own shares within Employee Benefit Trust	—	—	—	(446)	—	(446)
Tax impact of equity-settled share-based payment charge	—	—	—	—	—	—
Total transactions with owners	**—**	**182**	**913,212**	**153,104**	**—**	**1,066,498**
At 31 December 2022	**—**	**182**	**913,212**	**153,104**	**246,454**	**1,312,952**

The accompanying notes form an integral part of this individual financial statement.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
(Loss)/profit before tax	(25,418)	39,791
Adjustments for non-cash items		
Interest income	(14,785)	—
Interest expense	553	1,813
Amortisation of intangible assets	52	176
Impairment losses other than expected credit losses	819	7,278
Depreciation of property, equipment, and right-of-use assets	9,050	8,903
Increase/(decrease) in provisions	14,502	24
Net change in expected credit losses	8,316	7,923
Net gain on changes in the fair value on hedging derivatives and hedged items	(7,409)	(8,689)
Share-based payments	39,049	47,351
Other non-cash items in (loss)/profit before tax	8,672	—
Operating cash flows before movements in working capital and movements in customer balances and hedging arrangements	**33,401**	**104,570**
Movements in working capital		
(Increase)/decrease in inventories	(11,208)	3,886
Loans extended to directors	—	(3,200)
Loans settled by directors	—	3,216
(Increase)/decrease in trade and other receivables	(121,967)	(69,468)
Increase/(decrease) in trade and other payables	(8,158)	94,489
Operating cash flows before movements in customer balances and hedging arrangements	**(107,932)**	**133,493**
Movements in customer balances and hedging activities		
Net increase/(decrease) in customer liability in respect of deposits	6,530,072	533,970
Net increase/(decrease) in e-money in issue	(1,472,995)	2,174,430
Net (increase)/decrease in negative customer balances	(6,771)	(8,186)
Net (increase)/decrease in net settlement balances	25,079	(63,979)
Net increase/(decrease) in customer liability in respect of commodities	29,026	15,543
Net (increase)/decrease in investment in commodities	(27,865)	(15,990)
Net (increase)/decrease in loans and advances to customers	(191,053)	(16,440)
Cash generated from operations	**4,777,561**	**2,752,841**
R&D credit received	3,471	3,856
Taxes paid	(20,371)	(9,901)
Net cash from operating activities	**4,760,661**	**2,746,796**

Consolidated Statement of Cash Flows (continued)

Cash flows from investing activities		
Purchase of property and equipment	(4,381)	(1,684)
Payments to develop or acquire intangible assets	(2,041)	(5,168)
Net purchase of treasury investments	(1,382,982)	(1,242,842)
Net cash from investing activities	**(1,389,404)**	**(1,249,694)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares net of transaction costs	268	601,878
Principal payments on lease liabilities	(5,639)	(4,740)
Loans repaid	(98)	(81,690)
Net cash from financing activities	**(5,469)**	**515,448**
Net increase in cash and cash equivalents	**3,365,788**	**2,012,550**
Cash and cash equivalents at beginning of year	7,052,609	5,055,023
Effect of exchange rates on cash and cash equivalents	162,621	(14,964)
Cash and cash equivalents at end of year	**10,581,018**	**7,052,609**
Additional information on cash flows from operating activities		
Interest paid	15,512	19,213
Interest received	67,904	1,726

*The presentation of the Consolidated Statement of Cash Flows has been modified to present non-cash interest income and expense as a component of net cash from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Revolut Group Holdings Ltd (the 'Company') and its subsidiaries (together, the 'Group' and 'Revolut') provide electronic money and payment services through prepaid cards, currency exchange, peer-to-peer payments, cryptocurrency and commodity exposures, share trading, consumer loans and credit cards for retail users. They also offer a similar proposition to business customers encompassing multi-currency exchange, prepaid corporate cards, international and domestic bank transfers to freelancers, and Small and Medium Enterprises.

The Company is a private company limited by shares and incorporated in England & Wales. The registered office and the principal place of business is 7 Westferry Circus, Canary Wharf, London, England, E14 4HD.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in compliance with the International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom ('UK') and the Companies Act 2006. The individual financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

The consolidated and individual financial statements are prepared on a going concern basis (as disclosed in Note 3), under the historical cost convention, as modified by the recognition of certain assets and liabilities at fair value as disclosed in Note 4.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 to refrain from presenting its individual statement of comprehensive income.

Although these consolidated financial statements have been released in the name of the parent, Revolut Group Holdings Ltd, they represent the in-substance continuation of the previous Group headed by Revolut Ltd. The following accounting treatment has been applied to account for the restructuring of the Group set out in Note 2.1 (the 'Restructuring'):

- The consolidated assets and liabilities of the subsidiary Revolut Ltd assumed by the Company on the date of the Restructuring were recognised and measured at the pre-Restructuring carrying amounts, without restatement to fair value;
- The equity balances recognised in the Consolidated Statement of Financial Position include the accumulated impact of equity movements of Revolut Ltd from 1 January 2022 to 29 April 2022, the date of the Restructuring, as the Company was not active prior to the date of the Restructuring, and also include the accumulated impact of equity movements of Revolut Group Holdings Ltd from 30 April 2022 onwards, including the equity instruments issued to effect the Restructuring; and
- Comparative figures presented in the consolidated financial statements are those reported in the consolidated financial statements of Revolut Ltd, as at & for the year ended 31 December 2021, except for the presentation of the share capital and share premium, which have been presented as net parent investment to reflect the impact of the Restructuring as if Revolut Group Holdings Ltd had been the parent company during such period.

2.1 Restructuring of the Group

During 2022, the Revolut group of companies underwent a business combination under common control as follows.

On 29 April 2022, Revolut Group Holdings Ltd, a company incorporated and domiciled in the United Kingdom acquired the ownership interest of Revolut Ltd, a company incorporated and domiciled in the United Kingdom via a share-for-share exchange.

On 7 June 2022, Revolut Ltd transferred its direct 100% ownership interests in the following companies via a share-for-share exchange to Revolut Holdings Europe UAB, a company incorporated and domiciled in Lithuania, to establish a European Union sub-group headed by Revolut Holdings Europe UAB:

- Revolut Bank UAB, a company incorporated and domiciled in Lithuania
- Revolut Insurance Europe UAB, a company incorporated and domiciled in Lithuania
- Revolut Payments UAB, a company incorporated and domiciled in Lithuania
- Revolut Securities Europe UAB, a company incorporated and domiciled in Lithuania

On 25 July 2022, Revolut Ltd transferred its direct 100% ownership interests in the following companies via a dividend in specie to Revolut Group Holdings Ltd:

- Revolut Holdings International Ltd, a company incorporated and domiciled in the United Kingdom
- Revolut Holdings US Inc, a company incorporated and domiciled in the United States of America
- Revolut NewCo UK Ltd, a company incorporated and domiciled in the United Kingdom
- Revolut Corporate Services Ltd (formerly known as Revolut FIC Ltd) a company incorporated and domiciled in the United Kingdom

On 2 September 2022, Revolut Ltd transferred its direct 100% ownership interest in Revolut Travel Ltd, a company incorporated and domiciled in the United Kingdom, to Revolut NewCo UK Ltd via a share-for-share exchange.

On 25 October 2022, Revolut Ltd transferred its direct 100% ownership interests in the following companies via a dividend in specie to Revolut Group Holdings Ltd:

- Revolut Holdings Europe UAB
- RT Digital Securities Cyprus Ltd, a company incorporated and domiciled in Cyprus

On 25 October 2022 Revolut Ltd transferred its entire ownership interest in Revolut Payments India Private Ltd, a company incorporated and domiciled in India via a dividend in specie to Revolut Group Holdings Ltd.

2.2 Separate Financial Statement of the Company Exemption under FRS 101

The following exemptions from the requirements of IFRS have been applied in the preparation of individual financial statements of Revolut Group Holdings Ltd, in accordance with FRS 101:

- The requirements of paragraphs 45(b) of IFRS 2 Share-based Payment
- The requirements of paragraphs 79(a)(iv) and 111 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group

Notes to the Consolidated Financial Statements

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

2.3 Modifications to presentation

The operations and strategic priorities of the Group have continued to evolve over time. The Group has elected to make deliberate changes to presentation elements to enhance user understanding of the entity's financial performance under the guidance of IFRS, more fairly represent business performance and simplify comparison with peer organisations. Following significant growth in the nature of the Group's operations and a review of the Group's consolidated financial statements, management has concluded that these modifications to presentation are appropriate, having regard to the criteria for the selection and application of accounting policies. All changes are applied retrospectively, with disclosures for comparative periods modified to align with presentation standards for the current year. There is nil impact from each modification to presentation on net profit for the year for the comparative period versus those previously reported, individually and in aggregate. Additionally, there is nil impact for each modification to total assets, total liabilities, or total equity on the Consolidated Statement of Financial Position.

Consolidated Statement of Comprehensive Income

The yield receivable from the Group's cash, cash equivalents, loans and advances to customers, and treasury investment portfolio was previously presented on the Consolidated Statement of Comprehensive Income as interest income below profit or loss from operations. This income now forms a significant and material element of the core operations of the Group, which aims to generate stakeholder value by maintaining a return on assets. The return in key jurisdictions has increased commensurate with the growth in our interest-bearing asset portfolio and shifts in the interest rate climate in those jurisdictions. Accordingly, the Group now recognises material income from this core income stream. The Group has therefore elected to modify the presentation of this income to be included as a component of revenue, which reinforces designation as a primary constituent of the core operations of the Group's financial performance. Cardholder and merchant fees including interchange, fair usage, subscription, foreign exchange & trading commissions have been presented as fee income to establish an explicit distinction from revenue generated from interest-bearing assets. Similarly, the net fair value gain on derivative instruments has been presented as other income.

The cost to the Group of holding customer deposits in negative interest rate justifications was previously presented on the Consolidated Statement of Comprehensive Income as interest expense below profit or loss from operations. This expense is now an intrinsic element of the core operations of the Group. The Group has therefore elected to modify the presentation of this expense, along with other forms of interest expense, to be included as a component of cost of sales, which reinforces designation as a primary constituent of the core operations of the Group's financial performance. Costs associated with processing transactions in addition to all other direct costs of providing our customers with the core services necessary to generate fee income, have been presented as fee expense. This has been done to establish an explicit distinction from the cost of interest. All other indirect costs previously included within cost of sales have been presented as other operating expenses.

Issuing credit to customers generates an unavoidable risk of credit loss. Generating a positive net interest yield after recognition of expected credit losses is the core mandate for the Group's credit business. As such, the Group has elected to present impairment loss / (credit) as a component of cost of sales while simultaneously renaming the financial statement caption to change in expected credit losses, which clarifies that the disclosed amounts are prepared in accordance with the relevant impairment standards in IFRS 9.

The aggregate impact of these presentation changes produces a revised gross profit that fairly demonstrates the Group's return on core operating activities prior to administrative and tax-related expenses.

The Group has elected to aggregate expenses related to depreciation, amortisation, and other administrative operating expenses within a consolidated caption on the Consolidated Statement of Comprehensive Income called administrative expenses. This was done to streamline the presentation of elements that are not so individually significant to the net profitability of the Group that they warrant explicit disclosure on the face of the statements.

The Group has modified the disaggregation of its disclosure of its administrative expenses in Note 9 and trade and other receivables in Note 16 to provide users of the consolidated financial statements with an expanded understanding of the entity's financial performance. In doing so, certain staff-related costs previously allocated to other costs during the comparative period were reclassified to total staff costs to benefit the fair categorisation of the Group's expenses.

The Group has aggregated its disclosure of fee income related to card delivery and other to benefit the brevity of individually insignificant revenue streams.

	2021 (published)	Presentation adjustments	2021 (revised)
	£000	£000	£000
Revenue			**637,931**
Revenue	636,205	(636,205)	—
Fee income		636,046	636,046
Interest income		1,726	1,726
Other income		159	159
Cost of sales			**(218,075)**
Cost of sales	(196,015)	196,015	—
Fee expense		(177,590)	(177,590)
Interest expense		(21,026)	(21,026)
Credit losses on lending products		(1,034)	(1,034)
Credit losses on non-lending products		(9,606)	(9,606)
Other operating expenses		(8,819)	(8,819)
Gross profit	**440,190**	**(20,334)**	**419,856**
Administrative expenses	(367,478)	(12,587)	(380,065)
Depreciation and amortisation expense	(9,079)	9,079	—
Impairment (loss) / credit	(1,034)	1,034	—
Other operating (expense) / income	(3,508)	3,508	—
Profit from operations	**59,091**	**(19,300)**	**39,791**
Interest expense	(21,026)	21,026	—
Interest income	1,726	(1,726)	—
Profit before tax	**39,791**	—	**39,791**
Tax expense	(13,451)	—	(13,451)
Net profit for the year	**26,340**	—	**26,340**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	(9,237)	—	(9,237)
Changes in the fair value of financial assets held at FVOCI	2,602	—	2,602
Other comprehensive loss, net of tax	**(6,635)**	—	**(6,635)**
Total comprehensive income for the year	**19,705**	—	**19,705**

Consolidated Statement of Financial Position

The Group has elected to modify the presentation of the Consolidated Statement of Financial Position in a manner that is reliable and more relevant to the users of its consolidated financial statements. All assets and liabilities are presented in order of liquidity.

Financial assets measured at FVOCI have been presented as treasury investments in order to facilitate the inclusion of new financial assets measured at amortised cost for the year ended 31 December 2022, within the same financial statement caption, while maintaining accuracy with regards to the classification of financial assets. The Group has made other minor modifications to presentation of financial statement captions in order to enhance user understanding of the Group's assets and liability positions.

	2021 (published)	Presentation adjustments	2021 (revised)
	£000	£000	£000
Assets			
Current assets			
Cash and cash equivalents	7,052,609	—	7,052,609
Financial assets at FVOCI	1,236,481	(1,236,481)	—
Treasury investments	—	1,236,481	1,236,481
Investment in commodities at FVTPL	66,356	(66,356)	—
Investment in commodities	—	66,356	66,356
Trade and other receivables	206,880	—	206,880
Loans and advances to customers	4,870	12,946	17,816
Inventories	7,396	—	7,396
Derivative financial assets	9,294	—	9,294
Current tax assets	7,291	—	7,291
Total current assets	**8,591,177**	**12,946**	
Non-current assets			
Deferred tax assets	1,783	—	1,783
Property, equipment, and right-of-use assets	25,128	—	25,128
Loans and advances to customers	12,946	(12,946)	—
Intangible assets	721	—	721
Total non-current assets	**40,578**	**(12,946)**	
Total assets	**8,631,755**	—	**8,631,755**
Liabilities and equity			
Current liabilities			
Customer liabilities	7,361,196	—	7,361,196
Trade and other payables	165,248	—	165,248
Derivative financial liabilities	2,454	—	2,454
Current tax liabilities	9,374	—	9,374
Lease liability	5,161	9,085	14,246
Loans at amortised cost	122	(122)	—
Loans and borrowings	—	122	122
Total current liabilities	**7,543,555**	**9,085**	

Non-current liabilities			
Lease liability	9,085	(9,085)	—
Loans at amortised cost	—	—	—
Provisions for liabilities	1,812	—	1,812
Deferred tax liabilities	243	—	243
Total non-current liabilities	**11,140**	**(9,085)**	
Total liabilities	**7,554,695**	**—**	**7,554,695**
Equity			
Share capital	—	—	—
Share premium	1,287,452	(1,287,452)	—
Net parent investment	—	1,287,452	1,287,452
Merger reserve	—	—	—
Accumulated deficit	(317,960)	—	(317,960)
Other reserves	107,568	—	107,568
Total equity	**1,077,060**	**—**	**1,077,060**
Total liabilities and equity	**8,631,755**	**—**	**8,631,755**

3. Going Concern

The consolidated financial statements are prepared on a going concern basis as the Directors are satisfied that the Group and the Company have the available resources to continue in business for a period of at least twelve months from the date of approval of the consolidated financial statements.

The going concern assessment is based on the detailed forecast prepared by management. In the base case forecast, appropriate assumptions have been made in respect to user growth, revenue growth and profitability, based on the historical performance of the business and expected changes to the business over the forecast period.

As part of the going concern review, the Directors have considered the same severe, but plausible, downside scenarios as used in the Group's detailed ICAAP and ILAAP to stress test the viability of the business. The scenarios tested are shared below and were tested before and after actions from Group management.

Type	Scenario	Description	Principal Risks and Uncertainties
Market	Interest Rates Decrease	• In this scenario, a global stock market crash results in a sharp rise in unemployment and fall in real GDP. • Inflationary pressures ease and central banks respond to the crisis by cutting interest rates, which fall back to levels seen prior to the Russia Ukraine war.	• Strategic risk • Credit risk • Interest rate risk in the banking book (IRRBB)
	Interest Rates Increase	• Inflation continues to increase globally. Central banks continue to raise interest rates (beyond current levels). • Real GDP growth stagnates for a protracted period. • This is based on the September 2022 Bank of England Annual Cyclical Scenario.	• Strategic risk • Credit risk • Market (FX) risk
Idiosyncratic	Reputational Damage	• An operational event occurs which results in a severe reputational damage. • Many customers withdraw funds and stop using Revolut. • It takes considerable time before trust is restored.	• Strategic risk • Operational risk

In all of these scenarios, the Group is able to meet its regulatory capital and liquidity requirements without the need for external financing.

The Directors have considered forecasts for the Group and have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operation for a period of at least twelve months from the date of approval of the consolidated financial statements.

4. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and individual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Adoption of New and Revised Standards

(a) New standards, interpretations, and amendments adopted from 1 January 2022

New standards impacting the Group and Company that have been adopted in the consolidated financial statements for the year ended 31 December 2022 are:

- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020 — Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
- Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16
- Reference to the Conceptual Framework — Amendments to IFRS 3.

The adoption of the new standards listed above have not had a significant impact on the consolidated financial statements of the Group or the Company individual financial statements for the year ended 31 December 2022.

(b) New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group and Company have decided not to adopt early.

New standards or amendments	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1-Jan-23
Disclosure of Accounting Policy — Amendments to IAS 1 and IFRS Practice Statement 2	1-Jan-23
Definition of Accounting Estimate — Amendments to IAS 8	1-Jan-23
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction — Amendments to IAS 12 and IFRS 1	1-Jan-23
Classification of Liabilities as Current or Non-current — Amendments to IAS 1	1-Jan-24

Management does not expect that the adoption of the standards listed above will have a material impact on the annual consolidated financial statements of the Group or Company in future periods.

4.2 Basis of Consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2021 and 31 December 2022 on the basis described in Note 2.1.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Group accounting policies are consistently applied to all entities and transactions.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

All intragroup transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates and equity-accounted joint ventures to the extent of the Group's interest in the entity.

4.3 Foreign Currency Translation

Functional and presentation currency

The Group consolidated financial statements are presented in pound sterling. The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Transactions are recorded at the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Translation

On consolidation, the results of overseas operations are translated into sterling at the average exchange rates for the year. All assets and liabilities of overseas operations are translated at the exchange rate ruling at the Consolidated Statement of Financial Position date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

4.4 Fee Income

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

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction to the performance obligations in the contract
5. Recognise the revenue when (or as) the entity satisfies the performance obligation

The Group derives its revenue from contracts with customers by transferring the following services.

Card and interchange

Card revenue represents transaction-related fees, including interchange fees receivable from the Group's card issuing partners, merchant acquiring fees, fair usage fees for cash withdrawals outside of customer plans allowances and top-up fees.

Card and interchange fees are deemed to include a single performance obligation under IFRS 15 Revenue from Contracts with Customers; namely, the completion of a card transaction for a customer and as such, revenue is recognised at the time of the transaction.

Foreign exchange

Foreign exchange revenue represents markup fees charged on market exchange rates for weekend transactions and less frequently traded currencies, and fair usage fees where customers undertake additional exchange transaction volumes outside of their plan allowances.

Foreign exchange revenue has a single performance obligation; namely, the exchange of one currency for another between customer's currency pockets. Revenue is recognised at the point of this exchange.

Wealth

Wealth comprises revenues from the Group's cryptocurrency, commodities, trading, and savings products.

The Group acts as an agent on behalf of its customers to buy or sell cryptocurrencies and listed company shares and the revenue represents any exchange markup or commission charged, and any applicable fair usage fees. Buying or selling cryptocurrencies or listed company shares has a single performance obligation; namely, the execution of a customer's order and as a result, revenue is recognised at the time of the transaction.

When entering into commodity contracts with customers, the Group charges a markup on the market exchange rate for the exchange of e-money, and similarly when the customer settles the contract and receives e-money. Entering into or closing commodity contracts comprises two performance obligations; namely, one when the contract is entered into and one when it is settled. Each of these obligations incurs a separate fee and as such the relevant markup is recognised as revenue when the contract is entered into and when it is settled.

While open, the customer contracts are accounted for at fair value through profit or loss within revenue.

The Group hedges its exposure to customer commodity contracts through holding its own investments in commodities. The net amount representing the change in fair value of the contracts with customers and the associated hedging investments are presented net in the foreign exchange and wealth line within fee income. The policies and methodologies associated with the determination of fair value are included in Note 28.2.

Subscriptions

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

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

Other

Other fee income mainly comprises:

- Revenue earned for the delivery of cards, which is recognised on the day the card is delivered to the customer
- Commission earned on the sale of insurance products to customers and is recognised at the time of the transaction
- Fees charged to customers in respect of remittances facilitated at customers request

Remaining performance obligations

IFRS 15 allows the Group to exclude from its remaining performance obligations disclosure any performance obligations which are part of a contract with an original expected duration of one year or less. Additionally, any variable consideration, for which it is probable that a significant reversal in the amount of cumulative revenue recognised will occur when the uncertainty associated with the variable consideration is subsequently resolved, is not subject to the remaining performance obligations disclosure because such variable consideration is not included in the transaction price (e.g. investment management fees).

4.5 Fee Expense

Fee expenses primarily relate to fees incurred by the Group in the processing and settlement of transactions, the costs of providing cards to customers and the costs of any redress payments made to customers who have been the subject of fraudulent transactions.

Processing and settlement of transactions

These are costs primarily payable to the card schemes of which the Group is a member. Processing and settlement of transaction costs are presented net of rebates received from payment scheme providers for scheme fee costs.

Providing cards to customers

These are the costs incurred by the Group to purchase, personalise and distribute cards to customers. Card stock is initially recognised as inventory until the card is shipped to a customer, at which point it is expensed.

Redress payments

These are amounts that the Group incurs where customers have been subject to fraudulent transactions or where charges have caused a customer's account to have a negative balance.

4.6 Interest Income and Expense

Interest income

Interest income is recognised using the effective interest rate on: credit cards and loans arrangements entered into with customers; financial assets held at fair value through other comprehensive income; safeguarded funds and cash and cash equivalents.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for expected credit losses).

Interest income from non-credit impaired financial assets is recognised by applying the effective interest rate to the gross carrying amount of the asset; for credit impaired financial assets, the effective interest rate is applied to the net carrying amount after deducting the allowance for expected credit losses.

Interest expense

Interest expenses are charged to interest expense in the Consolidated Statement of Comprehensive Income over the term of the facility using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

Issue costs are initially recognised as a reduction in the proceeds of the associated instrument, when considered incremental and directly attributable to the instrument issued.

4.7 Staff Costs

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, defined contribution pension plans and share-based payments.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Share-based payments

The Group operates a number of share-based payment schemes. The purpose of these plans is to incentivise and remunerate the Group's 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. Revolut use 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').

Notes to the Consolidated Financial Statements
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

The fair value of the awards is recognised as an expense in the Consolidated Statement of 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 Group has to estimate the expected yearly percentage of employees that will stay within the Group 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 Consolidated Statement of Comprehensive Income.

Where the terms and conditions of share-based payment awards are modified before they vest, to the extent that there is an increase in the fair value of the share-based payment awards, measured immediately before and after the modification, this increase is also recognised as an expense in the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Share-based payments (Company)

On 29 April 2022, the date of the group wide reorganisation, the Company recognised an increase in its share-based payment reserve in equity with a corresponding reduction in its merger reserve to reflect the Company's obligation arising from the replacement of all outstanding unvested share-based payment awards previously issued by Revolut Ltd and settled in equity instruments of Revolut Ltd, which were replaced on a one-for-one basis by share-based payment awards issued by Revolut Group Holdings Ltd and settled in equity instruments of Revolut Group Holdings Ltd. All other conditions relating to share-based payment arrangements were unchanged on replacement. Further details of the group wide reorganisation are set out in Note 2.1.

Where the Company grants share-based payment awards to employees of subsidiary companies, the relevant charge is recognised as an increase in cost of investment in subsidiaries with a corresponding increase in the share-based payment reserve in equity.

4.8 Current and Deferred Taxation

The tax expense/(credit) comprises current and deferred tax. Tax is recognised in profit or loss, except when a expense or credit relates to an item that is recognised as other comprehensive income or recognised directly in equity, in which case the tax expense or credit is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the date of the Consolidated Statement of Financial Position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances may be recognised where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future. Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.9 Property, Equipment, and Right-of-Use Assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 10% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in administrative expenses in the Consolidated Statement of Comprehensive Income.

4.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease; that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 31 December 2022 and 2021 the Group is a lessee in its lease arrangements, and is not a lessor.

The Group applies a single recognition and measurement approach for all lessee leases, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset, otherwise the right-of-use asset is amortised over the duration of the lease agreement. Depreciation starts at the commencement date of the lease.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 4.12, Impairment of non-financial assets.

The right-of-use assets are presented along with property and equipment in the Consolidated Statement of Financial Position.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line administrative expense in the Consolidated Statement of Comprehensive Income (unless they are incurred to produce inventories, whereby they will be included as part of fee expense).

In calculating the present value of lease payments, the Group uses the rate implicit in the lease if it is readily determinable. However, if the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate ('IBR') at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected this practical expedient and will not separate lease and non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group recognised £2.7 million in lease expense related to short-term and low-value assets for the period (2021*: £3.1 million).

*The lease expense has been restated in order to include all lease agreements for short-term and low-value assets.

4.11 Intangible Assets

Intangible assets acquired separately - computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Computer software is amortised on a straight-line basis over its estimated useful life, which is assessed to be three years.

Intangible assets acquired in the business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible asset

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.12 Impairment of Non-Financial Assets

At each date of a Consolidated Statement of Financial Position, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

4.13 Financial Instruments

Recognition of financial assets

Financial assets are recognised when the Group enters into a contract that results in current or future economic value to the Group. Financial assets are initially measured at fair value and are accounted for on a trade date basis.

Classification and measurement of financial assets

The Group classifies its financial assets at either amortised cost, fair value through profit or loss or fair value through other comprehensive income.

In order to determine the appropriate classification of non-derivative financial assets, the Group assesses the objective of the business model in which the financial asset is held, and for those measured at amortised cost whether the contractual cash flows of the financial asset are solely payments of principal and interest ('SPPI').

The Group assesses its business models at a portfolio level based on its objective for the relevant portfolio, how performance of the portfolio is measured and reported, how management are compensated and the frequency and reasons for asset sales from the portfolio. Financial assets are reclassified when, and only when, the Group changes its business model for managing the assets.

Financial assets at amortised cost

Financial assets in portfolios where the business model is to hold the assets to collect the contractual cash flows, and where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue (with the exception of trade and other receivables with an expected term of less than one year where the Group applies the practical expedient to recognise these amounts at transaction price), and are subsequently measured at amortised cost using the effective interest rate method, less expected credit loss allowances as stipulated in IFRS 9. Financial assets at amortised cost include cash and cash equivalents, loans and advances to customers, trade and other receivables, settlement receivables and amounts recoverable under long term contracts.

Notes to the Consolidated Financial Statements

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets at fair value through other comprehensive income

Financial assets in portfolios where the business model is to hold the assets to collect the contractual cash flow or to be sold and where those cash flows represent solely payments of principal and interest.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition and are subsequently measured at fair value.

Unrealised gains or losses, other than loss allowances for expected credit losses, arising from financial investments measured at fair value through other comprehensive income are reported in equity (in the financial investment reserve) and in other comprehensive income in the Consolidated Statement of Comprehensive Income, until such investments are sold, collected or otherwise disposed of.

On maturity or disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the Consolidated Statement of Comprehensive Income for the period. Gains and losses on disposal are determined using the fair value of the investment at the date of derecognition.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income are measured at fair value, with changes in fair value recognised within other income in profit or loss in the Consolidated Statement of Comprehensive Income. These financial instruments include derivative financial instruments.

Derecognition

Financial assets are derecognised when the contractual right to receive cash flows has expired or when the Group has transferred its contractual right to receive the cash flows from the assets and either (i) substantially all of the risks and rewards of ownership have been transferred; or (ii) the Group has neither retained nor transferred substantially all of the risks and rewards but has transferred control.

Impairment of financial assets

In accordance with IFRS 9, the Group recognises impairment loss allowances for expected credit losses ('ECL') on financial assets that are measured at amortised cost or fair value through other comprehensive income. These include loans and advances to customers, trade and other receivables, settlement receivables, debt securities and amounts recoverable under long-term contracts.

Changes to the IFRS 9 model for impairment of financial assets are approved by the Group Credit Risk Committee or Group Model Risk Committee depending on the nature of the change. Material changes are escalated to the Group Asset and Liability Committee and to the Board where applicable.

There are three approaches to recognising ECL provisions under IFRS 9:

- **The simplified approach** — which applies on a mandatory basis to trade receivables and contract assets that do not contain a significant financing component. It may also be applied on an optional basis to trade receivables and contract assets that do contain a significant financing component or to lease receivables;
- **The credit-adjusted approach** — which applies to assets that are credit impaired on initial recognition (i.e. origination or acquisition); and
- **The general approach** — which applies to all loans and receivables not eligible for the above two approaches.

All of the Group's trade receivables are considered to qualify for the simplified approach (as they have terms of less than one year and therefore do not contain a significant financing component) and therefore on initial recognition an impairment provision is required for expected credit losses arising from default events expected to occur over the life of the financial asset ('lifetime ECL').

The Group currently does not have any purchased or originated credit impaired financial assets.

For loans and advances to customers, treasury investments, amounts recoverable on long-term contracts, and amounts due from other Group companies in the Company financial statements, the general approach to impairment is applied. This follows a three-stage model and requires these financial assets to be assigned to one of the following three stages:

- **Stage 1** – Financial assets which have not experienced a significant increase in credit risk ('SICR') since initial recognition, against which an expected credit loss provision is required for expected credit losses resulting from default events expected within the next twelve months (a '12-month ECL') is required on initial recognition — when a financial asset is first recognised it is assigned to Stage 1;
- **Stage 2** – Financial assets which have experienced a SICR event since initial recognition, against which a lifetime ECL provision is required; and
- **Stage 3** – Financial assets which are credit impaired, for which objective evidence of an impairment exists, and which also requires a lifetime ECL provision.

Interest income on assets in Stages 1 and 2 is recognised using the effective interest rate method on the gross carrying value of the assets. For assets in Stage 3, interest income is recognised using the effective interest rate method on the carrying value of the assets net of ECL provision.

Significant increase in credit risk

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition, but that do not have objective evidence of being credit impaired.

For retail credit risks, Stage 2 includes assets for which any of the following SICR indicators are present as at the reporting date, that were not present at initial recognition:

1. Obligors on watchlist status;
2. Obligors on forborne performing status (i.e. forbearance with material concession);
3. Obligors not eligible for forbearance measures based on their risk assessment;
4. Facilities more than 30 days past due; and
5. Facilities with a significant increase in lifetime point-in-time forward-looking probability of default ('PD') compared to initial recognition. This occurs if:

a. The PD has increased by more than 2.5 times (this would be equivalent to downgrade by approximately two or more notches according to Revolut's internal rating scale).

b. The PD has increased by more than 0.5% in absolute terms (to avoid classification as Stage 2 of obligors still being with low risk despite a relative PD change exceeding 2.5 times).

SICR indicators in points 1 to 3 above are evaluated at obligor level, while the ones in points 4 and 5 are evaluated at individual financial instrument level.

For wholesale credit risks, a low-risk exemption applies, such that all investment grade obligors will be allocated to Stage 1. Stage 2 assets will include non-investment grade exposures which have experienced a downgrade by 2 or more notches based Revolut's internal rating scale as at the reporting date compared to initial recognition and this results in a PD increase of more than 0.5% in absolute terms.

Transfers from Stage 2 back to Stage 1 will be performed when none of SICR indicators are present as of the reporting date. Any changes in the criteria used to determine SICR follow the same approval pathway described for the overall IFRS 9 model.

Definition of default and credit-impaired asset

Assets which are past due by more than 90 days, or where the Group considers it unlikely that the obligor will be able to pay its obligations, are considered to be in default for IFRS 9. Events that trigger inclusion in default include:

- The customer filing for bankruptcy or Individual Voluntary Agreement.
- The customer is deceased.
- The overdraft or loan has been renegotiated because the customer's condition has deteriorated. As an example, this includes cases where a specific repayment plan has been agreed and interest has been frozen.
- The customer has requested 'breathing space' (i.e. when the Group agrees to give the customer some time in which they won't be contacted about their arrears at all and fees or interest is frozen).

Default status will be applied at an obligor level such that where any one facility is in default, all facilities of that obligor will be considered in default.

Calculation of expected credit losses

The expected credit loss provision is calculated using the three following inputs:

- **Probability of default ('PD')** – the likelihood of default within a given time frame, either twelve months (for Stage 1 assets) or the lifetime of a financial asset (for Stages 2 and 3 assets). PD is determined with reference to internal and external scorecards based on customer characteristics at origination and are subsequently measured based on client behaviour;
- **Loss given default ('LGD')** – the net loss in the event of a default; and
- **Expected balance at default ('EAD')** – the gross value of loss in the event of a default. EAD is determined as the gross carrying amount for drawn balances and a fraction of the available credit based on the utilisation of credit lines for undrawn balances.

The expected credit loss provision on the outstanding financial assets at the date of the Consolidated Statement of Financial Position is calculated by multiplying the PD (dependent on the stage of the asset) by the LGD and EAD, taking into account the contractual period of credit risk exposure from initial recognition in the case of loans. For credit cards, where the exposure to credit risk is not limited to the contractual period, the expected life is calculated based on the estimated life of the loan and undrawn facility.

ECL models incorporate forward-looking information via macroeconomic forecasts and associated overlay factors produced in accordance with the Group ECL methodology. The process is performed separately for each country of lending. Every quarter, source macroeconomic forecasts are extracted from multiple providers including but not limited to the Bank of England, the Office for National Statistics, and the European Central Bank. Forecasts are aggregated in three scenarios:

- Baseline
- Pessimistic/Upturn
- Optimistic/Downturn

Each scenario is assigned a weight in accordance with the relative probability of future economic condition development. Weight assignments are selected by experts with reference to the relative severity of the source forecasts and are approved by the Group Credit Risk Committee prior to incorporation into the final ECL calculation.

The forward-looking macroeconomic variables considered in each scenario include:

- Real GDP
- Inflation (accounted in GDP by using real output instead of nominal)
- Unemployment
- Interest rates

The scenarios for each variable are compiled into a macroeconomic overlay model which translates initial PD estimates into scenario-specific estimates, which are used to calculate scenario-specific ECL outputs. The scenario-specific ECL outputs are aggregated using the scenario weights to produce a final ECL estimate for each financial asset.

The expected life assumption used in the computation of ECL is selected based on the maturity of the financial asset. Financial assets without maturities are assigned an expected life assumption based on the the contractual term of the asset or the maximum period over which the entity is exposed to credit risk.

Details on the ECL calculation approach are contained in jurisdiction specific methodologies for wholesale and retail credit exposures.

Modification of contractual terms

Where the contractual terms of financial assets are renegotiated or modified and the financial asset was not derecognised, its gross carrying value is adjusted to reflect the new contractual cash flows discounted at the original effective interest rate with a gain or loss recognised in the Consolidated Statement of Comprehensive Income.

Write-offs

Financial assets will be written off, either partially or in full, against the related allowance once there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recovery of amounts written off are recognised against the amount of impairment losses recognised in the Consolidated Statement of Comprehensive Income.

Recognition and measurement of financial liabilities

Financial liabilities that are not measured at fair value through profit or loss are classified as at amortised cost. Financial liabilities designated as at amortised cost are initially measured at fair value (net of issue costs in the case of loans and borrowings) and subsequently measured at their amortised cost using the effective interest rate method. They include loans and borrowings, trade and other payables, and customer liabilities for e-money in issue and customer deposits.

Non-derivative financial liabilities that are measured at fair value through profit or loss are measured at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income. These financial instruments include financial liabilities initially designated as fair value through profit or loss to avoid an accounting mismatch including customer liabilities in respect of commodities, where the associated assets are accounted for at fair value.

Derivatives, including foreign currency swaps, precious metals swaps, and foreign currency forward contracts, are measured at fair value through profit or loss. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Interest expense is charged to the Consolidated Statement of Comprehensive Income using the effective interest rate method.

Financial liabilities are derecognised when the Group has either discharged the liability through settlement, or where it has been legally released from primary responsibility for the liability by process of law or by the creditor.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of or terminates a business line.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position when, and only when, there is a legally enforceable right to offset the recognised amounts with an intention to settle on a net basis, or alternatively to realise the asset and settle the corresponding liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

Hedge accounting

The Group elected, as a policy choice permitted under IFRS 9, to continue to apply the requirement of IAS 39 *Financial Instruments: Recognition and Measurement* for the macro fair value hedges for interest rate risk.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group applies fair value hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

At inception, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It also records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

In order to qualify for hedge accounting, a hedging relationship must be expected to be highly effective on a prospective basis and it needs to be demonstrated that it was highly effective in the previous designated period (i.e. one month). A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%. It is also necessary to assess, retrospectively, whether the hedge was highly effective over the previous one-month period. The hedge accounting documentation includes the method and results of the hedge effectiveness assessments.

Fair value hedges

The Group currently only applies fair value hedging for interest rate risk. For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised immediately in the Consolidated Statement of Comprehensive Income as the net gain on changes in the fair value on hedging derivatives and hedged items, within other income. In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the same line item, and for hedged items that would otherwise be measured at cost or amortised cost, the carrying amount of the hedged item is adjusted accordingly.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the fair value of the hedged item attributable to the change in interest rates;
- differences in the magnitude or timing of future expected cash flows in the hedged item and hedging instrument; and
- the ongoing amortisation of any existing balance sheet mismatch between the fair value of the hedged item and the hedging instrument.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to profit or loss over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in profit or loss.

Hedges of net investment in foreign operation

The Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using derivatives.

The effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in profit or loss. The cumulative gain or loss recognised in other comprehensive income is recognised in profit or loss on the disposal or partial disposal of the foreign operation, or other reductions in the Group's investment in the operation.

4.14 Investments in Subsidiaries

Parent company investments in subsidiary undertakings are initially recognised at cost. Subsequently, investments in subsidiary undertakings are stated at cost less provision for impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the consolidated financial statements. All impairments are recognised in the Consolidated Statement of Comprehensive Income as they occur. The carrying cost is reviewed at each Consolidated Statement of Financial Position date by reference to the income that is projected to arise there from.

When the Company acquires a Revolut investee entity transferred from another Revolut group company, the Company recognises as the cost of investment in the investee entity at the transferring entity's book value ('carry-over basis') as the investee entity has only moved within the Revolut group. Any difference between the consideration paid and the capital of the acquiree is reflected in a merger reserve within equity.

Where the Company transfers ownership of a Revolut investee entity to another Revolut group company, the disposal is treated as an in-substance demerger rather than a loss of control in the scope of IFRS 10 as the investee entity has only moved within the Revolut group. Any difference between the book value derecognised, and the consideration received is reflected in equity by the Company as a distribution made or contribution received.

4.15 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with central banks and financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the US, e-money services are provided through partnerships with authorised credit institutions to provide the consumer protection, and the client funds and the associated customer liability are held on the statement of financial position of the relevant financial institution, and therefore are not recognised on the Group's Consolidated Statement of Financial Position.

4.16 Investment in Commodities

These investments represent holdings in precious metals that are held to hedge the Group's exposure to movements in commodity prices on its customer contracts. As these investments are not held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, they are not considered to meet the definition of inventory.

Accordingly, they are classified as other current asset investments in the Consolidated Statement of Financial Position, and as they are highly liquid assets, which are frequently traded in an active market, with an observable market price, the Group's accounting policy is to account for these investments at fair value through profit or loss. The fair value gains and losses on investments in commodities are recognised in revenue along with the corresponding fair value gains and losses on the associated customer liability (see Note 4.20).

4.17 Trade and Other Receivables and Payables

Collateral

Where cash collateral is given, to mitigate the risk inherent in amounts due from the Group, it is included as an asset in trade and other receivables. Cash collateral includes amounts held with our partners on a long-term basis to support customers' transaction volumes.

Card schemes

Card schemes include rebates due to the Group arising from credit card scheme and processing fees.

Settlement receivables and payables

Settlement receivables and payables include balances arising from timing differences in the Group's settlement process between the cash settlement of a transaction and the recognition of the associated liability (for example, customer liabilities e-money in issue). When customers fund their e-money account using their bank account, or a credit or debit card, or sell stocks or cryptocurrencies via our trading and cryptocurrency exchange partners, there is a clearing period before the cash is received or settled. This period is usually within five business days.

As the Group acts as an agent on behalf of its customers on a custodian basis to buy or sell cryptocurrencies and listed company shares, the Group does not recognise positions in cryptocurrencies or shares on the Consolidated Statement of Financial Position.

Trade receivables and payables

Trade receivables are amounts owed to the Group from business partners following the provision of services on credit.

Trade payables are any unsettled expenses billed to the Group from vendors, suppliers or other third parties for services provided.

Negative customer balances

Negative customer balances represent customers with overdrawn electronic money balances net of impairment loss allowances for expected credit losses.

4.18 Inventories

Inventories are stocks of cards for new and existing users as well as card readers which are held at the Group's fulfilment partner warehouses. Inventories are stated at the lower of cost (adjusted for loss of service potential if applicable) and net realisable value ('NRV' or replacement cost). Inventories are recognised as an expense when the card or card reader is shipped to a customer.

Cost is determined using the weighted average cost to produce, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At each Consolidated Statement of Financial Position date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognised immediately in profit or loss. Where a reversal of the impairment charge is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in profit or loss.

4.19 Provisions and Contingencies

Provisions

Provisions are made where an event has taken place that gives rise for the Group to a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense in the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation and are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

When payments are eventually made, they are recognised as a reduction in the provision carried in the Consolidated Statement of Financial Position.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured reliably at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control.

Contingent liabilities are disclosed in the consolidated financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Where an inflow of economic benefits from a contingent asset is probable, it is disclosed in the notes to the consolidated financial statements.

4.20 Customer Liabilities

E-money in issue

The Group recognises a liability upon the issue of electronic money to its customers equal to the amount of electronic money that has been issued.

Customer deposits

The Group recognises a liability to customers when a customer makes a deposit. This liability is initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Commodities

Customer liabilities in respect of contracts relating to the commodities offering are financial liabilities with an embedded derivative. The Group's accounting policy is not to separate the embedded derivative and to measure the entire instrument at fair value through profit or loss.

4.21 Share Capital

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

Shares held by trusts

Shares in the Company that are held by the Employee Benefit Trust ('EBT') are treated as 'own shares' or treasury shares. Shares are held and purchased by the EBT for delivery to employees under the employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid for them.

4.22 Reserves

The Group and Company reserves are as follows:

- Merger reserve arising from the reorganisation of the Group
- Other reserves represent the revaluation of foreign currency at the Consolidated Statement of Financial Position date, cumulative share-based payments charges, gains and losses recognised upon corporate hedging activities, unrealised gains and losses on financial instruments at fair value through OCI, the cost of shares held for awards granted to employees, and the impact of taxes for any of the above items
- Retained earnings or accumulated deficit, as applicable, represent cumulative profits or losses, net of dividends paid to shareholders, and any other adjustments

5. Judgments in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the Group's accounting policies

Recognition of deferred tax asset

The Group has substantial carried forward tax losses. Where carried forward tax losses can be utilised against future taxable profits, a deferred tax asset should only be recognised to the extent that it is probable that there will be sufficient taxable profits against which it can be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Management regularly evaluates whether deferred tax assets can be realised. In evaluating whether deferred tax assets can be realised, management considers projected future taxable income and the scheduled reversal of deferred tax liabilities. This evaluation requires significant management judgment, primarily with respect to projected taxable income. The future taxable income can never be predicted with certainty. It is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control. Substantial adverse variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits, could lead to changes in deferred tax assets being realisable, or considered realisable, and would require a corresponding adjustment to the amount of the deferred tax asset that is recognised.

Deferred tax assets of £93.7 million were recognised as at 31 December 2022 in the UK tax group (2021: £1.8 million).

The Group has considered their carrying value as at 31 December 2022 and concluded that, based on management's estimates, sufficient taxable profits will be generated in future years to recover recognised deferred tax assets. These estimates are based on forecast performance and take into account the continued profitability of the existing business as well as its continued growth in 2023 and beyond. Management expects to utilise all deferred tax assets in respect of accumulated trading tax losses before the end of 2023.

Deferred tax assets of £13.9 million (2021: £87.1 million) have not been recognised in respect of tax losses and other temporary differences where the availability of future taxable profits, for some entities within the group, is uncertain. Further details about the Group's deferred tax assets are given in Note 11.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Share-based payments

The estimate of share-based payments costs requires management to select an appropriate valuation model and make appropriate estimations of share forfeiture rates. Further explanation is contained in Note 27.

Investment in subsidiaries (Company only)

The carrying value of investments in subsidiaries requires management to select an appropriate discount rate and terminal growth rate for the valuation of future cash flows in assessing each investment for impairment. The key assumptions used in making this assessment and the sensitivity analysis of the impact of varying these assumptions are disclosed in Note 14.

Hedge accounting

The Group's hedge accounting policies include an element of judgment and estimation, in particular, in respect of the projected portfolio repricing time bucket of the underlying non-maturing core customer deposits in the macro fair value hedges.

Core deposits within the identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The repricing dates are estimated at the inception of the hedge and throughout the term of the hedge, based on historical experience and other available information, including information and expectations regarding interest rates, withdrawal rates, and the interaction between them.

The estimates are reviewed periodically and updated in the light of experience, and it will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships.

Additionally, for the portfolio fair value hedges of the Group's core deposits portfolio, the Group follows a dynamic hedging strategy, and the period for which the Group designates these hedges is only one month. At the end of every month, the Group voluntarily de-designates the hedge relationships and re-designates them as new hedges. The one-month repricing time period duration is deemed to be most appropriate in order to minimise the ineffectiveness and accommodate new exposures.

6. Fee Income

Group	2022	2021
	£000	£000
Nature of fee income		
Cards and interchange	306,311	149,354
Foreign exchange and wealth	269,967	348,574
Subscriptions	158,701	107,268
Other	57,594	30,850
Total fee income	**792,573**	**636,046**
Type of fee income		
Transferred at a point in time	622,651	528,082
Transferred over time	169,922	107,964
Total fee income	**792,573**	**636,046**

Remaining performance obligations

Due to the nature of its commercial arrangements, the Group does not have any material remaining performance obligations related to contracts with duration over one year.

The Group determines the disaggregation of total fee income by major geographical area based on customer address.

Geographical markets	2022	2021
	£000	£000
United Kingdom	237,328	195,885
Europe (excluding United Kingdom)	536,574	432,706
Rest of the world	18,671	7,455
Total fee income	**792,573**	**636,046**

7. Interest Income and Expense

Group	2022	2021
	£000	£000
Interest income		
Cash and bank balances	24,372	14
Interest accretion on financial investments	35,972	692
Interest on loans and advances to customers	7,728	564
Interest income on customer funds	14,019	329
Total interest income using EIR method	**82,091**	**1,599**
Other interest income	598	127
Total interest income	**82,689**	**1,726**
Interest expense		
Negative interest on customer funds	(15,505)	(16,984)
Other borrowed funds	—	(3,190)
Interest expense on lease liabilities	(550)	(859)
Total interest expense using EIR method	**(16,055)**	**(21,033)**
Other interest expense	(10)	7
Total interest expense	**(16,065)**	**(21,026)**
Net interest income / (expense)	**66,624**	**(19,300)**

The incremental borrowing rate of the Group is used to calculate the initial measurement of lease liabilities at the inception of the lease.

8. Other Income

Group	2022	2021
	£000	£000
Net yield on foreign exchange derivatives	39,877	159
Net gain on changes in the fair value of hedging derivatives and hedged items	7,408	—
Total other income	**47,285**	**159**

9. Administrative Expenses

Group	Note	2022	2021*
		£000	£000
Total staff costs	10	361,872	218,957
Advertising and marketing		129,295	51,599
Outsourced support		38,026	16,063
IT and communications		30,281	17,143
Legal and professional costs		28,903	15,978
Premises-related costs		9,752	9,457
Depreciation and amortisation expense	19 , 20	9,102	9,079
Impairment losses other than expected credit losses		819	7,278
Other costs		59,026	34,511
Total administrative expenses		**667,076**	**380,065**

*The presentation of staff costs has been modified, as disclosed in Note 2.3.

The (loss)/profit before tax of the Group are stated after charging the following individual expenses, which are to be disclosed separately.

Group	2022	2021**
	£000	£000
Research and development charged as an expense	87,954	58,720
Amortisation of intangible assets	52	176
Depreciation of property, equipment, and right-of-use assets	9,050	8,903
Inventory recognised as expense	22,294	16,156
Operating lease costs	2,711	3,062
Impairment of acquired intangible assets* and other non-financial assets	819	7,278

*During 2021, Revolut Ltd acquired all the issued share capital of Global Retail Technology Limited ('Nobly') a developer of the electronic point of sale (ePOS) system for the total consideration of £7.4 million, including £2.6 million as a non-cash element. The Group has not treated this as a business combination; instead, it recognised acquired software and subsequently impaired the related cost to nil due to the delays with integration of the acquired technology into the existing Group's infrastructure.

**Operating lease costs has been restated in order to exclude the expense associated with provisions for dilapidation.

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors.

Group	2022	2021
	£000	£000
Fees payable for the audit of the Company and Group's financial statements	3,950	3,351
Fees payable for the audit of the Company's subsidiaries	291	776
Fees payable to the Company's auditors with respect of the prior year	—	225
Fees payable to the Company's auditor for other assurance services	49	111

10. Staff Costs

Group	2022	2021*
	£000	£000
Wages, salaries, and bonuses	249,581	138,775
Share-based payments	39,049	47,352
Social security costs	32,711	16,494
Professional employer organisation costs	10,580	2,973
Cost of defined contribution scheme	5,687	3,733
Staff recruitment costs	5,152	2,540
Other staff costs	19,112	7,090
Total staff costs	**361,872**	**218,957**

*Wages, salaries, and bonuses (previously reported as £136.7M), professional employer organisation costs (previously reported as £nil), staff recruitment costs (previously reported as £nil), and other staff costs (previously reported as £nil) have been restated to more accurately reflect the personnel related costs incurred throughout the year ended 31 December 2021.

The Company had £nil staff costs in the year ended 31 December 2022 (2021: £nil).

The number of employees for the Group as at 31 December 2022 is 5,913 (2021: 2,795). The average monthly number of employees, including the Executive Directors, during the year was as follows.

Group	2022	2021*
	No.	No.
Customer operations	1,440	648
Corporate functions	1,334	825
Products	1,170	672
Sales	495	134
Regions	216	84
Executive Directors	2	2
Total average number of employees	**4,657**	**2,365**

*The average monthly number of employees (previously reported as 4,655) has been restated to more accurately reflect the quantity and timing of employment status changes throughout the year ended 31 December 2021.

The increase in headcount reflects the continued investment in growth and capability throughout the business, including enhancing the Group's Risk, Compliance, and Control functions.

10.1. Directors' remuneration

Group	2022	2021*
	£000	£000
Director emoluments	1,108	652
Share-based payments	18,621	10,361
Social security costs and other benefits	215	34
Contributions to defined contribution pension schemes	2	3
Total Directors' remuneration	**19,946**	**11,050**

*The amount of share-based payments expense incurred in respect of Directors (previously reported as £3.1 million) and social security costs made to Directors (previously reported as £nil) have been restated to include additional compensation and other payroll benefits remitted to investment vehicles controlled by Directors, which more accurately represents the aggregate value of compensation fairly received or receivable by Directors.

From April 2020 until May 2021, the Non-Executive Directors agreed to forego their cash remuneration in exchange for compensation in the form of shares in the Company. In 2022, no Directors (2021: five Directors) received compensation in the form of shares in the Company.

During the year, one Director (2021: none) exercised share options during the year for a gain of £1.2 million (2021: £nil). See Note 27 for further details.

Group	2022	2021*
	£000	£000
Highest paid Director		
Director emoluments	100	100
Share-based payments	17,693	10,146
Social security costs and other benefits	13	9
Total compensation for highest paid Director	**17,806**	**10,255**

*The amount of share-based payments expense incurred in respect of the highest paid Director (previously reported as £nil) has been restated to include additional compensation remitted to investment vehicles controlled by Directors, which more accurately represents the aggregate value of compensation fairly received or receivable by this Director. This resulted in a change to the individual Director who is considered to be highest paid in aggregate; all comparative information was restated accordingly.

11. Taxation

11.1. Income tax expense

Group	2022	2021
	£000	£000
UK corporation tax		
Current tax at 19% (2021:19%) on the profit/ loss for the year	2,904	3,833
Overseas tax for the year	11,499	10,702
Adjustment in respect of previous years	971	138
Total current tax charge	**15,374**	**14,673**
Deferred tax		
Current year credit recognised	(4,251)	(924)
Previously unrecognised deferred tax	(42,268)	—
Adjustments in respect of previous periods	(75)	—
Impact of change in tax rates	—	(298)
Total deferred tax/(credit)	**(46,594)**	**(1,222)**
Total tax (credit)/expense	**(31,220)**	**13,451**

11.2. Reconciliation of effective tax rate

The tax assessed in each year differs from the standard rate of corporation tax in the UK for the relevant year. The differences are explained below:

Group	2022	2021
	£000	£000
(Loss)/profit before tax	(25,418)	39,791
Tax calculated at UK tax rates applicable of 19% (2021: 19%)	(4,829)	7,560
Effects of:		
Expenses not deductible for tax purposes	7,139	6,322
Recognition of previously unrecognised deferred tax	(42,268)	—
Foreign exchange	661	—
Impact of changes in tax rates	—	(299)
Adjustments in respect of previous periods	896	138
Differences in overseas tax rates and overseas tax credits	(2,459)	(3,190)
Tax provisions	451	—
Losses and other temporary difference	—	(4,031)
Deferred tax not recognised	9,189	6,951
Total tax (credit)/expense	**(31,220)**	**13,451**

11.3. Tax on items not recognised in profit or loss statement

Group	2022	2021
	£000	£000
Current tax (credit)/charge on:		
Share-based payments	(1,249)	—
Total current tax not recognised in consolidated statement of comprehensive income	**(1,249)**	**—**
Deferred tax (credit)/charge on:		
Share-based payments	(37,550)	—
Losses and other deductions	(4,565)	—
(Gains)/losses on financial assets at fair value through OCI	(3,444)	—
Total deferred tax not recognised in consolidated statement of comprehensive income	**(45,559)**	**—**

11.4 Deferred tax

The following tables show deferred tax recorded in the Consolidated Statement of Financial Position and changes recorded in tax (credit)/expense.

The amounts are different from those disclosed on the Consolidated Statement of Financial Position as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

31 December 2022

Group	Deferred tax assets	Deferred tax liabilities	Income statement	OCI	Equity
	£000	£000	£000	£000	£000
Financial assets at fair value through OCI	3,444	—	—	3,444	—
Share-based payments	47,408	—	9,858	—	37,550
Deferred compensation	611	—	611	—	—
Fixed asset differences	—	(396)	(157)	—	—
Other temporary differences	4,853	—	4,384	—	—
Losses and other deductions	37,764	—	31,898	—	4,565
Total	**94,080**	**(396)**	**46,594**	**3,444**	**42,115**

31 December 2021

Group	Deferred tax assets	Deferred tax liabilities	Income statement	OCI	Equity
	£000	£000	£000	£000	£000
Financial assets at fair value through OCI	—	—	—	—	—
Share-based payments	—	—	—	—	—
Deferred compensation	—	—	—	—	—
Fixed asset differences	—	(243)	(113)	—	—
Other temporary differences	482	—	190	—	—
Losses and other deductions	1,301	—	1,145	—	—
Total	**1,783**	**(243)**	**1,222**	**—**	**—**

Reconciliation of deferred tax asset

Group	2022	2021
	£000	£000
Net deferred tax asset/(liability) as at 1 January 2022	1,540	326
Adjustments in respect of previous periods	(9)	—
Deferred tax (expense)/credit recognised in profit or loss	46,594	1,214
Deferred tax (charge)/credit recognised in OCI	3,444	—
Deferred tax (charge)/credit recognised directly in equity	42,115	—
Net deferred tax asset/(liability) at 31 December 2022	**93,684**	**1,540**

Unrecognised deferred tax asset

Group	2022	2021
	£000	£000
Revaluations of financial assets at fair value through OCI	—	64
Share-based payments	321	43,400
Social security and other employment costs	44	260
Accelerated depreciation for tax purposes	7	842
Other temporary differences	71	2,182
Losses available for offsetting against future taxable income	13,481	40,362
Unrecognised deferred tax asset/(liability) at 31 December 2022	**13,924**	**87,110**

The Company recognised a deferred tax asset as at 31 December 2022 of less than £0.1 million (2021: £nil).

Factors that may affect future tax changes

The main rate of corporation tax in the UK has been 19% since 1 April 2017. Neither the Company nor the Group is subject to the UK banking surcharge.

On 24 May 2021, the date of substantive enactment, an increase in the UK corporation tax rate from 19% to 25% will be applicable from 1 April 2023. On 14 October 2022, and again on 17 November 2022 in the Chancellor's Autumn Statement, the UK Government reiterated this.

Recognition of deferred tax asset and tax losses carried forward

UK

The Group has recognised UK deferred tax assets of £88.7 million, including on carried forward losses and share based payments in the period for the first time, based on their value at 31 December 2022. In assessing the probability of recovery, the Group has relied upon a recent history of UK taxable profits, together with the Group's three-year plan that has been used for the Going Concern assessment, and which demonstates positive profit forecasts throughout the remainder of the forecast period.

Those UK deferred tax assets and liabilities, which are expected to unwind after 1 April 2023, have been measured in the current reporting period based on the increased UK corporation tax rate (25%, time apportioned where required) and reflected accordingly in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity, as this is the rate that has been substantively enacted as at 31 December 2022.

The UK tax losses do not have a time period by which they will expire.

Lithuania

The Group continues to recognise Lithuanian deferred tax assets of £4.9 million, including on carried forward losses, fair value movements on securities and derivative financial instruments, based on their value at 31 December 2022. These are measured at the statutory Lithuanian corporate tax rate of 20%.

The Lithuanian tax losses do not have a time period by which they will expire.

12. Cash and Cash Equivalents

Group	31 December 2022	31 December 2021
	£000	£000
Own cash and cash equivalents	6,844,860	1,372,727
Restricted cash held at central banks and other banks in respect of customers	3,593,408	5,479,883
Restricted term deposits held in respect of customers classified as cash equivalents	142,151	—
Term deposits classified as cash equivalents	599	199,999
Total cash and cash equivalents	**10,581,018**	**7,052,609**

The Company does not have any cash and cash equivalents as at 31 December 2022 (2021: £nil).

Own cash and cash equivalents represent the Group's own funds held for liquidity requirements, including cash from customer deposits, and its own operating cash balances for general corporate purposes.

Restricted cash held at central banks and other banks and term deposits held in respect of customers includes safeguarded funds related to the Group's regulated e-money services. In the UK, client funds with respect to e-money services are held in segregated accounts with authorised credit institutions as part of the Group's safeguarding policy. In other jurisdictions the funds are held separately from the Group's own cash resources and are safeguarded through the provision of a bank guarantee from a third-party authorised credit institution.

The Group has decided to safeguard a portion of the funds in respect of customers in the form of bonds which are disclosed in Note 13.

Not included in restricted cash held at central banks and other banks in respect of customers are balances related to the provision of e-money services in the US. These services are provided through partnerships with authorised credit institutions to provide consumer protection. In this arrangement, the client funds and the associated customer liability are not recognised on the Group's Consolidated Statement of Financial Position and rather are held on the statement of financial position of the relevant partnership credit institution. There is no material impairment recognised on the carrying value of cash and cash equivalents as amounts placed are with institutions rated BB+ or above and have immaterial probability of default.

13. Treasury Investments

Group		Note	31 December 2022	31 December 2021
			£000	£000
Financial assets measured at FVOCI	**Source of funds**			
Government bonds - held to collect and sell	Restricted cash held at central banks and other banks in respect of customers	28.2	1,712,292	1,236,481
Financial assets measured at amortised cost				
Bonds with government and financial institutions – held to collect	Own funds	28.3	982,367	—
Total treasury investments			**2,694,659**	**1,236,481**

The Company does not have any treasury investments as at 31 December 2022 (2021: £nil).

Government bonds — held to collect and sell — represent holdings in investment in High Quality Liquid Assets ('HQLA'). These investments are accounted for at fair value through other comprehensive income ('FVOCI'). Restricted bonds held in respect of customers represent safeguarded funds related to the Group's regulated e-money services.

During 2022, a portfolio of held to maturity debt securities were purchased using own funds. These debt securities are held at amortised cost, owing to the way that the portfolio is managed, and in particular management's intention to not trade these bonds but hold these bonds until maturity.

14. Investments in Subsidiaries

Company	£000
Cost or valuation	
At 1 January 2021	**—**
Additions	—
At 31 December 2021	**—**
Additions	14,165
Reorganisation	1,299,523
At 31 December 2022	**1,313,688**
Net book value	
At 31 December 2022	**1,313,688**
At 31 December 2021	**—**

The increase in investments in subsidiaries was due to a group reorganisation which took place during the year, as set out in Note 2.1, following which Revolut Group Holdings Ltd became the new ultimate parent of the Group. When the Company's investments in subsidiary companies are not supported by their net assets, the Company assesses the net present value of the future cash flows of the subsidiary. Where this occurs, management forecasts of the subsidiaries' financial performance are extrapolated to produce a terminal value. Financial performance over the first five years are consistent with the forecasts prepared by management. Terminal values are calculated from the year five cash flows with a 3% terminal growth rate applied.

The Directors consider the carrying value of the Company's investments to be supported by either the net assets or net present value of future cash flows and therefore there was no impairment within the Company for the year ended 31 December 2022 (2021: £0.54 million).

The list of subsidiary undertakings of the Group as at 31 December 2022 is set out below. All trading subsidiary undertakings are included in the consolidation.

Company	Class of share	Principal activity	Registered address	Effective interest held
Revolut NewCo UK Ltd	Ordinary	Dormant at reporting date	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Ltd	Ordinary	Technology services, financial Services	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Holdings International Ltd	Ordinary	Holding company	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Holdings US Inc.	Ordinary	Holding company	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware	100%
Revolut FIC Ltd (formerly Revolut Digital Assets Ltd)	Ordinary	Dormant at reporting date	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Technologies Inc*	Ordinary	Payment services	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware	100%
Revolut Securities Inc.*	Ordinary	Broker-dealer for trading services	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware	100%
Revolut Technologies Russia LLC*	Ordinary	Dormant at reporting date	125047, Moscow, Butyrskiy Val street, bld. 10, office 05-155 Total	100%
Revolut Technologies Poland Sp z o.o*	Ordinary	Currently in liquidation	Konfederacka 23/1 30-306 Kraków-Podgórze	100%
Revolut Technologies Limited*	Ordinary	Dormant at reporting date	13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong	100%
Revolut Technologies Ukraine LLC*	Ordinary	Software development	Ukraine, 03038, Kyiv city, Mykola Hrinchenko str., Building 4	100%
RT Digital Securities Cyprus Ltd*	Ordinary	Non-operational	Pikioni, 10 Flat/Office 5, 3075, Limassol, Cyprus	100%
Revolut Trading Ltd*	Ordinary	Security dealing activities	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Trading Nominees Ltd*	Ordinary	Dormant at reporting date	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Global Retail Technology LLC*	Ordinary	Software development	The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801	100%
Global Retail Technology Limited*	Ordinary	Software development	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Technologies S.A.*	Ordinary	Dormant at reporting date	19 rue du Bitbourg 1273 Luxembourg	100%
Revolut Operations India Private Limited*	Ordinary	Business Development	912, Sureshwari Techno IT Park, Village Eskar, Link Road, Borivali West, Mumbai, Mumbai City, Maharashtra, India, 400092	100%
Ultimately Limited*	Ordinary	Dormant at reporting date	Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands	100%
Revolut Holdings Europe UAB*	Ordinary	Holding company	Konstitucijos ave. 21B, Vilnius, LT-08130	100%

Revolut Securities UAB*	Ordinary	Security dealing activities	Konstitucijos ave. 21B, Vilnius, LT-08130	100%
Revolut Insurance Europe UAB*	Ordinary	Insurance Intermediary	Konstitucijos ave. 21B, Vilnius, LT-08130	100%
Revolut Bank UAB* (formerly Revolut Technologies UAB and merged with Revolut Payments UAB)	Ordinary	Deposits acceptance and consumer lending	Konstitucijos ave. 21B, Vilnius, LT-08130	100%
Revolut Travel Ltd	Ordinary	Insurance Intermediary	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100%
Revolut Australia NOHC Pty Ltd*	Ordinary	Holding company	Level 8, 222 Exhibition Street, Melbourne VIC 3000	100%
Revolut Payments Australia Pty Ltd*	Ordinary	Financial services	Level 8, 222 Exhibition Street, Melbourne VIC 3000	100%
Revolut Payments New Zealand Pty Ltd*	Ordinary	Dormant at reporting date	Level 8, 222 Exhibition Street, Melbourne VIC 3000	100%
Revolut Technologies Singapore Pte. Ltd*	Ordinary	Payments services, e-money issuance and insurance brokerage	30 Cecil Street, #19-08, Prudential Tower, S049712	100%
Revolut Securities Singapore Pte. Ltd.*	Ordinary	Trading services	30 Cecil Street, #19-08, Prudential Tower, 049712	100%
Revolut Technologies Ltd*	Ordinary	Dormant at reporting date	Suite 2300, Bentall 5, 550 Burrard Street Vancouver, British Columbia V6C 2B5	100%
Revolut Payments India Private Limited*	Ordinary	Business Development	1B - 1003, Parinee Crescenzo G Block BKC, Bandra Kurla Comple, Bandra East Mubai, Maharashtra MH400051	100%
Arvog Forex Private Limited*	Ordinary	Foreign exchange trading	A/7 BHARAT NAGARGRANT ROAD MUMBAI MH 400007 IN	99.99%
Revolut Technologies Japan, Inc.*	Ordinary	Payments services, e-money issuance and insurance brokerage	Room number ("3F, 310"), 106-0032 ARK Hills South Tower, 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032	100%
Revolut Securities Japan, Inc*	Ordinary	Licence application in progress for trading services	Room number ("3F, 310"), 106-0032 ARK Hills South Tower, 1-4-5 Roppongi, Minato-ku, Tokyo 106-0032	100%
Revolut Holdings Mx SA de CV*	Ordinary	Holding company	Avenida Paseo de las Palmas 405, Int. 1702 Miguel Hidalgo, Lomas de Chapultepec, 11000, Ciudad de Mexico	100%
Revolut de Mexico SA de CV*	Ordinary	Business Development	Avenida Paseo de las Palmas 405, Int. 1702, Miguel Hidalgo, Lomas de Chapultepec, 11000, Ciudad de Mexico	100%
Revolut Servicios a la Tecnologia Mexico SA de CV	Ordinary	Technology services	Avenida Paseo de las Palmas 405, Int. 1702, Miguel Hidalgo, Lomas de Chapultepec, 11000, Ciudad de Mexico	100%
Revolut Tecnologia Brasil LTDA*	Ordinary	Business Development	Rua Manoel da Nóbrega, 1280, 10th floor, Paraíso, São Paulo – SP, CEP 04001-902	100%

Notes to the Consolidated Financial Statements
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16

* Held indirectly

The following entities were struck off during 2022:

- Revolut Holdings Europe Limited — non-operating holding company. Registered address: Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland
- Revolut Securities Europe Limited — non-operating. Registered address: Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland
- Revolut Payments Ireland Limited — non-operating. Registered address: Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland

Global Retail Technologies Limited, which is 100% owned by the Group, is not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies.

Branches

Revolut Ltd conducts business through branches in Ireland, Germany, Lithuania, Poland, Portugal, Romania and France. The following branches were in existence as at 31 December 2022:

- Revolut Ltd (Sp z o.o.) Oddzial w Polsce. Registered address: Podium Park, Jana Pawła, 43a, Krakow, 31-864, Polska
- Revolut Ltd - Sucursal em Portugal. Registered address: Avenida Menéres 612, 4450-189 Matosinho, Portugal
- Revolut Ltd filialas. Registered address: Konstitucijos ave. 21B, Vilnius, LT-08130
- Revolut Ltd Zweigniederlassung Deutschland. Registered address: Friedrichstrasse 76, c/o WeWork, 10117 Berlin, Germany
- Revolut Ltd Londra Sucursala Bucuresti. Registered address: Bucuresti Sectorul 2, Bulevardul Dimitrie Pompeiu, Nr. 5-7, Corp B, Birou 229A, Cladirea Hermes Business Campus, Etaj 2
- Revolut Ltd succursale de France. Registered address: Patchwork SAS, 3 rue de Stockholm, 75008 Paris
- Revolut Ltd (Irish Branch). Registered address: Dublin landings, North dock, Dublin 1, Ireland

Revolut Bank UAB conducts business through branches in France, Ireland, Hungary, Poland, Italy, Portugal, Belgium, Germany, Spain and the Netherlands. The following branches were in existence as at 31 December 2022:

- Revolut France succursale de Revolut Bank UAB (French Branch). Registered address: 3 Rue de Stockholm (Patchwork) Saint Lazare, 75008, Paris France
- Revolut Bank UAB (Netherlands Branch). Registered address: Barbara Strozzilaan 201, 1083HN Amsterdam, Netherlands
- Revolut Bank UAB (Sp z o.o.) Oddział w Polsce (Polish Branch). Registered address: Podium Park, Jana Pawła, 43a, Kraków, 31-864, Polska
- Revolut Bank UAB - Sucursal em Portugal (Portugal Branch). Registered address: Sitio, Rua do Campo Alegre, 774 Distrito: Porto Concelho: Porto Freguesia: Lordelo do Ouro e Massarelos 4150 171 Porto
- Revolut Bank UAB Magyarországi Fióktelepe (Hungarian Branch). Registered address - 1137 Budapest, Radnóti Miklós utca 2., Hungary
- Revolut Bank UAB (Irish Branch). Registered address: 2 Dublin landings, North dock, Dublin 1, Ireland
- Revolut Bank UAB (Belgian Branch). Registered address: Avenue Louise 65, 1050 Ixelles, Louise Centre, Stephanie Square Centre
- Revolut Bank UAB (Italian Branch). Registered address: Via Arcivescovo Calabiana 6, 20139 Milan, Italy

RT Digital Securities Cyprus Ltd conducts business through an Italian branch; registered address: Piazza Santa Maria delle Grazie 1, 20122, Milan (MI), Italy.

Additional branches were incorporated as from 1 January 2023:

- Revolut Bank UAB, Zweigniederlassung Deutschland (German Branch). Registered address: Gontardstraße 11, 10178 Berlin, Germany
- Revolut Bank UAB Sucursal En España (Spanish Branch). Registered address: C/ Serrano 20 - Cloudworks Madrid, 28001 Madrid, Spain
- Revolut Bank UAB Vilnius Sucursala Bucuresti (Romanian Branch). Registered address: Bucureşti Sectorul 1, Bulevardul ION MIHALACHE, Nr. 15-17, Mindspace Victoriei, biroul 111, cladirea Tower Center International, Etaj 1, Romania

One branch was deregistered as of as of 29 June 2023:

- Revolut Bank UAB (Sp z o.o.) Oddział w Polsce (Polish Branch). Registered address: Podium Park, al. Jana Pawła II, 43a, Kraków, 31-864, Poland

15. Investment in Commodities

Group	31 December 2022	31 December 2021
	£000	£000
Commodities	94,221	66,356
Total investment in commodities	**94,221**	**66,356**

The Company does not have any investment in commodities as at 31 December 2022 (2021: £nil).

Investment in commodities represent holdings in precious metals that are held to hedge the Group's exposure to commodity price risk on its customer liabilities related to precious metals. These investments are accounted for at fair value through profit or loss.

16. Trade and Other Receivables

Group	31 December 2022	31 December 2021*
	£000	£000
Amounts falling due within one year		
Financial assets:		
Cash collateral	93,120	6,550
Amounts due from card schemes	47,166	76,098
Amounts recoverable on card scheme contracts**	21,714	21,488
Settlement receivables	59,534	64,741
Trade receivables	24,849	5,409
Negative customer balances	7,120	3,105
Other deposits with government institutions	5,658	—
Other receivables	28,007	21,359
Total financial assets	**287,168**	**198,750**
Non-financial assets:		
Prepayments and accrued income	20,141	4,794
Other non-financial assets***	34,250	3,336
Total non-financial assets	**54,391**	**8,130**
Total trade and other receivables	**341,559**	**206,880**

*The presentation of trade and other receivables has been modified, as disclosed in Note 2.3.
** Amounts recoverable on card scheme contracts represents collateral held with our partners for the settlement process.
*** Other non-financial assets primarily represent payroll prefunding and capitalised costs incurred to obtain customer contracts.

The Company recognises amounts owed by group undertakings of £0.2 million as at 31 December 2022 (2021: £nil).

Capitalised costs

During the year, the Group capitalised £27.6 million (2021: £19.1 million) as costs to obtain customer contracts, determined based on referral campaign rewards paid for new customer sign-ups less rebates received from vendors. Of the total capitalised cost, £9.2 million was released in 2022 (2021: £2.4 million). The capitalised cost is amortised over three years which reflects management's estimate of the average life of a customer contract based on historical customer retention data. There were £0.8 million impairment losses recognised on the capitalised costs in 2022 (2021: £nil).

The Group does not recognise any contract assets as at 31 December 2022 (2021: £nil).

Management assesses that the carrying amounts of debtors approximate their fair values.

17. Loans and Advances to Customers

Group	31 December 2022	31 December 2021
	£000	£000
Consumer loans	194,663	14,865
Credit card	14,589	3,322
Less: loss allowance	(5,672)	(371)
Net loans and advance to customers	**203,580**	**17,816**
Analysed into:		
Non-current assets	134,567	12,946
Current assets	69,013	4,870
Net loans and advance to customers	**203,580**	**17,816**

The Company does not have any loans and advances to customers as at 31 December 2022 (2021: £nil).

18. Inventories

Group	31 December 2022	31 December 2021
	£000	£000
Inventory — cards, packaging & other	17,838	7,396
Inventory — card readers	766	—
Total inventories	**18,604**	**7,396**

Inventories comprise cards (including prepaid, credit and debit cards), packaging and card readers not yet distributed to customers. The difference between purchase price of inventories and their replacement cost is not material. The use of inventory recognised in fee expense during the year was £22.3 million (2021: £16.3 million).

There were £0.2 million of losses recognised in cost of sales during the year in respect of obsolete inventory (2021: £nil).

The Company does not have any inventories as at 31 December 2022 (2021: £nil).

19. Property, Equipment and Right-of-use Assets

Group	Fixtures & fittings	Office equipment	Computer equipment	Right-of-use assets	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2021	11,871	1,695	6,558	28,542	48,666
Additions	108	79	1,497	302	1,986
Disposals and derecognition	—	—	—	(6,677)	(6,677)
Foreign exchange movements	(136)	(272)	(145)	(246)	(799)
At 31 December 2021	**11,843**	**1,502**	**7,910**	**21,921**	**43,176**
At 1 January 2022	11,843	1,502	7,910	21,921	43,176
Additions	78	—	4,303	747	5,128
Disposals and derecognition	—	(69)	—	(1,574)	(1,643)
Foreign exchange movements	195	11	461	132	799
At 31 December 2022	**12,116**	**1,444**	**12,674**	**21,226**	**47,460**
Accumulated depreciation and impairment losses					
At 1 January 2021	(1,702)	(440)	(2,977)	(6,049)	(11,168)
Charge for the year	(1,188)	(351)	(2,196)	(5,168)	(8,903)
Disposals and derecognition	—	—	—	1,733	1,733
Foreign exchange movements	8	80	90	112	290
At 31 December 2021	**(2,882)**	**(711)**	**(5,083)**	**(9,372)**	**(18,048)**
At 1 January 2022	(2,882)	(711)	(5,083)	(9,372)	(18,048)
Charge for the year	(1,196)	(369)	(2,368)	(5,117)	(9,050)
Disposals and derecognition	—	—	—	1,574	1,574
Foreign exchange movements	(80)	29	20	35	4
At 31 December 2022	**(4,158)**	**(1,051)**	**(7,431)**	**(12,880)**	**(25,520)**
Carrying value					
At 31 December 2022	**7,958**	**393**	**5,243**	**8,346**	**21,940**
At 31 December 2021	8,961	791	2,827	12,549	25,128
At 1 January 2021	10,169	1,255	3,581	22,493	37,498

The Company does not have any property, equipment, or right-of-use assets as at 31 December 2022 (2021: £nil).

Right-of-use assets primarily represent leases for office locations.

20. Intangible Assets

Group	Purchased software	Goodwill	Total
	£000	£000	£000
Cost			
At 1 January 2021	601	—	601
Additions	7,736	—	7,736
At 31 December 2021	**8,337**	—	**8,337**
At 1 January 2022	8,337	—	8,337
Additions	38	2,003	2,041
Disposals	(510)	—	(510)
At 31 December 2022	**7,865**	2,003	**9,868**
Accumulated amortisation and impairment losses			
At 1 January 2021	(190)	—	(190)
Charge for the year	(7,426)	—	(7,426)
At 31 December 2021	**(7,616)**	—	**(7,616)**
At 1 January 2022	(7,616)	—	(7,616)
Charge for the year	(52)	—	(52)
Disposals	305	—	305
Foreign exchange movements	(1)	—	(1)
At 31 December 2022	**(7,364)**	—	**(7,364)**
Carrying amount			
At 31 December 2022	**501**	**2,003**	**2,504**
At 31 December 2021	721	—	721
At 1 January 2021	411	—	411

The Company does not have any intangible assets as at 31 December 2022 (2021: £nil).

21. Customer Liabilities

Group	31 December 2022	31 December 2021
	£000	£000
Customer liabilities in respect of deposits	7,144,858	583,845
E-money in issue	5,411,555	6,711,889
Customer liabilities in respect of commodities	94,484	65,462
Customer liabilities before changes in fair value	**12,650,897**	**7,361,196**
Changes in the fair value of hedged liabilities in portfolio hedges of interest rate risk	(57,709)	—
Total customer liabilities	**12,593,188**	**7,361,196**

The Company does not have any customer liabilities as at 31 December 2022 (2021: £nil).

22. Trade and Other Payables

Group	31 December 2022	31 December 2021
	£000	£000
Accruals	64,256	71,633
Contract liabilities	33,243	22,449
Settlement payables	59,628	30,312
Trade payables	7,263	6,441
Other taxation and social security	10,691	12,002
Other creditors	8,003	22,411
Total trade and other payables	**183,084**	**165,248**

The contract liabilities balance recognised at the beginning of each period is fully released into fee revenue during the year, as these liabilities have a duration of less than one year.

The Company recognises an obligation to the Employee Benefit Trust of £0.9 million as at 31 December 2022 (2021: £nil).

23. Provisions for Liabilities

Group	£000
At 1 January 2021	1,788
Provided during the year	24
At 31 December 2021	**1,812**
At 1 January 2022	1,812
Provided during the year	14,502
Other movements	—
At 31 December 2022	**16,314**

Provisions recognised by the Group includes the provision for settlement of the VAT liability with HMRC as well as the property dilapidation provision for leased office locations. The property dilapidation provision is based on management's best estimate for the leases to which the Group is party. Uncertainty associated with these factors may result in the ultimate liability being different from the reported provision. Dilapidation provisions are expected to be utilised within one to five years.

The Company does not have any provision for liabilities as at 31 December 2022 (2021: £nil).

24. Loans and Borrowings

Group	31 December 2022	31 December 2021
	£000	£000
Secured	—	—
Unsecured	36	122
Total loans and borrowings	**36**	**122**
Analysed into:		
Non-current liabilities	—	—
Current liabilities	36	122
Total loans and borrowings	**36**	**122**

The Company does not have any loans and borrowings as at 31 December 2022 (2021: £nil).

25. Share Capital

Group and Company	31 December 2022	31 December 2021
	£	£
Allotted, called up and fully paid		
32,342,358 (2021: 32,330,225) ordinary shares	3.23	3.23
6,044,294 (2021: 6,044,294) ordinary shares D	0.60	0.60
4,828,923 (2021: 4,828,923) ordinary shares E	0.48	0.48
1,695,374 (2021: 1,695,374) ordinary shares F	0.17	0.17
1,770,754 (2021: 1,770,754) ordinary shares G	0.18	0.18
12,508,401 (2021: 12,508,401) ordinary shares H	1.25	1.25
Total share capital	**5.91**	**5.91**

	1 Jan 2021	Shares issued	Shares converted	Share options exercised	31 Dec 2021	Shares issued	Shares converted	Share options exercised	31 Dec 2022
	000s	000s	000s	000s	000s	000s	000s	000s	000s
ordinary shares	13,828	—	18,150	283	32,261	—	—	81	32,342
ordinary shares A	18,052	—	(18,052)	—	—	—	—	—	—
ordinary shares D	6,085	—	(41)	—	6,044	—	—	—	6,044
ordinary shares E	4,834	—	(5)	—	4,829	—	—	—	4,829
ordinary shares F	—	1,312	384	—	1,696	—	—	—	1,696
ordinary shares G	—	1,783	(12)	—	1,771	—	—	—	1,771
ordinary shares H	—	12,934	(426)	—	12,508	—	—	—	12,508
Total	42,799	16,029	(2)	283	59,109	—	—	81	59,190

All shares have a nominal value of £0.0000001 each. The G Shares and H Shares were issued to fulfil the Group's growth shares scheme.

On 31 January 2023, the share capital of the Company was reduced by reducing the nominal value of each share of each class of the Company's shares from £0.0000001 to £0.00000001.

Rights attaching to the shares – Income

All Eligible Shares (all shares in the capital of the Company except for G Shares and H Shares) shall rank pari passu in respect of dividends and dividends shall be paid to the Eligible Shareholders pro rata according to the number of Eligible Shares held by each Eligible Shareholder respectively. The G Shares and H Shares shall not confer any rights to participate in dividends.

Rights attaching to the shares - Capital

On a return of capital, on a liquidation, reduction of capital or otherwise (including following an Asset Sale), the surplus assets of the Company remaining after payment of its liabilities:

First, (i) £1 in aggregate to the holders of G Shares (as a class), (ii) £1 in aggregate to the holders of H Shares (as a class) and (iii) £1 in aggregate to the holders of Deferred Shares (as a class), in each case on a pro rata basis; and

Secondly, pro rata to the holders of Ordinary Shares and Ordinary Series Shares according to the number of Shares held by each Shareholder respectively (in the case of the Ordinary Series Shares (the Ordinary D, Ordinary E and Ordinary F Shares), as though they had been fully converted into Ordinary Shares, which shall apply, mutatis mutandis).

In the event of a Sale, the proceeds of such Sale (net of any costs associated with such Sale) ('Net Sale Proceeds') shall, save in respect of any Shares not sold in connection with that Sale, be distributed between the Shareholders as follows:

First, to each Ordinary F Shareholder, in priority to all other Shareholders, an amount equal to the Subscription Price for each Ordinary F Share held (as if the Ordinary F Shares constituted the same class of Shares) plus any arrears or accruals of dividend (if any) on the Ordinary F Shares (as the case may be) due or declared but unpaid down to the date of the proceeds of such Sale being returned, provided that if there are insufficient Net Sale Proceeds to pay such amounts to all Ordinary F Shareholders, in full, the available Net Sale Proceeds shall be distributed to the Ordinary F Shareholders in proportion to the Subscription Price of the Ordinary F Shares held by them and arrears or accruals of dividend due to them respectively;

Second, to each Ordinary D/E Shareholder, in priority to all other Shareholders other than Ordinary F Shareholders, an amount equal to:

1. the Subscription Price for each Ordinary D/E Share held (as if the Ordinary D/E Shares constituted the same class of Shares) plus
2. any arrears or accruals of dividend (if any) on the Ordinary D/E Shares (as the case may be) due or declared but unpaid down to the date of the proceeds of such Sale being returned, provided that
3. if there are insufficient Net Sale Proceeds to pay such amounts to all Ordinary D/E Shareholders, in full, the available Net Sale Proceeds shall be distributed to the Ordinary D/E Shareholders in proportion to the Subscription Price of the Ordinary D/E Shares held by them and arrears or accruals of dividend due to them respectively ((i) and (ii), or (iii), as the case may be, being the 'Price Protection Proceeds');

Third, to each Ordinary Shareholder including any Ordinary Shares arising from conversion of the Ordinary Series Shares, and Vested In-The-Money H Shareholder in proportion to the number of Ordinary Shares and Vested In-The-Money H Shares held by them, respectively, as if such Ordinary Shares, and Vested In-The-Money H Shares constituted the same class of Shares up to such amount of the remaining Net Sale Proceeds as is less than or equal to the First Hurdle Amount;

Fourth, any amount of the Net Sale Proceeds which exceeds the First Hurdle Amount and is less than or equal to the Second Hurdle Amount (for the avoidance of doubt, if there is no Second Hurdle Amount, this paragraph shall not apply, and instead paragraph immediately below shall apply) shall be distributed among the Ordinary Shareholders (including any Ordinary Shares arising from conversion of the Ordinary Series Shares), the Vested G First Hurdle Shareholders and the Vested In-The-Money H Shareholders in the proportion that the aggregate number of Ordinary Shares, Vested G First Hurdle Shares and Vested In-The-Money H Shares held by each holder bears to all of the Ordinary Shares, Vested G First Hurdle Shares and Vested In-The-Money H Shares then in issue;

Then, the following step to be applied for each Nth Hurdle Amount which has been set in respect of the tranche of G Shares, starting with the Second Hurdle Amount (if any): any amount of the Net Sale Proceeds which exceeds the Nth Hurdle Amount and is less than or equal to the N+1th Hurdle Amount shall be distributed among the Ordinary Shareholders (including any Ordinary Shares arising from conversion of the Ordinary Series Shares), Vested G First Hurdle Shareholders to Vested G Nth Hurdle Shareholders (inclusive), and Vested In-The-Money H Shareholders in the proportion that the aggregate number of Ordinary Shares, Vested G First Hurdle Shares to Vested G Nth Hurdle Shares, and Vested In-The-Money H Shares held by each holder bears to all of the Ordinary Shares, Vested G First Hurdle Shares to Vested G Nth Hurdle Shares, and Vested In-The-Money H Shares then in issue;

Next, any amount of the Net Sale Proceeds which exceeds the Maximum Hurdle Amount (which, for the avoidance of doubt, shall be the First Hurdle Amount if no other Hurdle Amounts have been set) shall be distributed among the Ordinary Shareholders (including any Ordinary Shares arising from conversion of the Ordinary Series Shares), Vested G Shareholders and Vested In-The-Money H Shareholders in the proportion that the aggregate number of Ordinary Shares, Vested G Shares, and Vested In-The-Money H Shares held by each holder bears to all of the Ordinary Shares, Vested G Shares, and Vested In-The-Money H Shares then in issue; and finally, nothing, unless the holders of each Ordinary Share (including any Ordinary Shares arising from conversion of the Ordinary Series Shares), Vested G Share, and Vested In-The-Money H Share receive proceeds of £1,000,000 or more per share, in which case the holders of the Deferred Shares (as a class) shall be entitled to receive £1 in aggregate, on a pro rata basis.

Rights attaching to the shares - Conversion of Ordinary Series Shares

Immediately on the request in writing, at any time, by an Ordinary Series Shareholder, such number of his Ordinary Series Shares as such Ordinary Series Shareholder shall specify on the date of such request shall automatically be converted into and re-designated as Ordinary Shares at the rate of one Ordinary Share for every Ordinary Series Share (as adjusted from time to time as provided herein, the 'Conversion Rate').

Rights attaching to the shares - Conversion of Ordinary D Shares

All of the fully paid Ordinary D Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares at the Conversion Rate immediately upon the request in writing of the relevant majority or the occurrence of a Listing.

Rights attaching to the shares - Conversion of Ordinary E Shares

All of the fully paid Ordinary E Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares at the Conversion Rate immediately upon the request in writing of the relevant majority or the occurrence of a Listing.

Rights attaching to the shares - Conversion of Ordinary F Shares

All of the fully paid Ordinary F Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares at the Conversion Rate immediately upon the request in writing of the relevant majority or the occurrence of a Listing.

Rights attaching to the shares - Conversion of G Shares

Unless otherwise determined by the Board at any time prior thereto, all of the fully paid G Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares immediately upon the occurrence of a Listing.

Rights attaching to the shares - Conversion of H Shares

Unless otherwise determined by the Board at any time prior thereto, all of the fully paid H Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares immediately upon the occurrence of a Listing.

The Board shall, in such circumstances as are stated in any particular Award Letter pursuant to which H Shares have been awarded (and subsequently subscribed for or the beneficial interest therein acquired), have the right to determine that the H Shares (or relevant number thereof) held by an H Shareholder (and/or his Permitted Transferees, if applicable) shall convert into Deferred Shares (on the basis of one Deferred Share for each applicable H Share). Upon such conversion into Deferred Shares, which shall take place on the date of the Board's determination (the 'H Share Conversion Date'), the Company shall be entitled to enter the H Shareholder (and/or his Permitted Transferees, if applicable) on the register of members of the Company as the holder of the appropriate number of Deferred Shares as from the H Share Conversion Date. Upon the H Share Conversion Date, the H Shareholder (and/or his Permitted Transferees, if applicable) shall deliver to the Company at its registered office the shares certificate(s) (to the extent not already in the possession of the Company) or an indemnity for lost certificate in a form acceptable to the Board for the H Shares so converting, and upon such delivery the Company shall be entitled to either (a) effect a transfer from the relevant H Shareholder to the Employee Trustee of all such Deferred Shares in consideration for an aggregate sum of one penny and, upon such transfer becoming effective the relevant Deferred Shares shall be automatically re-designated as H Shares shall apply mutatis mutandis to such transfer); or (b) issue to such H Shareholders (and/or their Permitted Transferees, if applicable) share certificate(s) for the number of Deferred Shares resulting from the relevant conversion and any remaining H Shares.

Rights attaching to the shares - Conversion of Deferred Shares

Unless otherwise determined by the Board at any time prior thereto, all of the Deferred Shares then in issue shall automatically be converted into and re-designated as Ordinary Shares immediately upon the occurrence of a Listing.

Rights attaching to the shares - Votes in general meeting and written resolutions

The Ordinary Series Shares shall confer on each holder of Ordinary Series Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

The Ordinary Shares shall confer on each holder of Ordinary Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

The G Shares and H Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.

The Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.

Share history

On 5 October 2020, 1 ordinary share of £0.01 was subdivided into 100,000 ordinary shares of £0.0000001 each.

On 28 April 2022, the following shares were allotted: 32,196,878 ordinary shares of £0.0000001 each; 6,044,294 Ordinary D shares of £0.0000001 each; 4,828,923 Ordinary E shares of £0.0000001 each; 1,695,374 Ordinary F shares of £0.0000001 each; 1,770,754 Ordinary G shares of £0.0000001 each; 12,508,401 Ordinary H shares of £0.0000001 each, in connection with the insertion of the Company as the ultimate parent company in the Group.

26. Other Reserves

Group	Foreign exchange reserve	Share-based payment reserve	Net investment in foreign operation reserve	Financial investment reserve	Own shares held in Employee Benefit Trust*	Total
	£000	£000	£000	£000	£000	£000
At 1 January 2021	(255)	67,551	—	—	—	67,296
Equity-settled share-based payment charge	—	47,352	—	—	—	47,352
Foreign currency translation adjustment	(9,237)	—	—	—	—	(9,237)
Revaluation loss on financial investment	—	—	—	(763)	—	(763)
Cumulative hedge effectiveness reserve movement	—	—	3,365	—	—	3,365
Purchase of own shares within Employee Benefit Trust	—	—	—	—	(445)	(445)
Tax impact of changes to other reserves	—	—	—	—	—	—
At 31 December 2021	**(9,492)**	**114,903**	**3,365**	**(763)**	**(445)**	**107,568**
At 1 January 2022	(9,492)	114,903	3,365	(763)	(445)	107,568
Equity-settled share-based payment charge	—	39,049	—	—	—	39,049
Foreign currency translation adjustment	17,442	—	—	—	—	17,442
Revaluation loss on financial investment	—	—	—	(12,825)	—	(12,825)
Cumulative hedge effectiveness reserve movement	—	—	(2,090)	—	—	(2,090)
Purchase of own shares within Employee Benefit Trust	—	—	—	—	(446)	(446)
Tax impact of changes to other reserves	—	43,364	—	3,444	—	46,808
At 31 December 2022	**7,950**	**197,316**	**1,275**	**(10,144)**	**(891)**	**195,506**

Company	Share-based payment reserve	Own shares held in Employee Benefit Trusts*	Total
	£000	£000	£000
At 1 January 2021	—	—	—
Equity-settled share-based payment charge	—	—	—
Purchase of own shares within Employee Benefit Trust	—	—	—
Tax impact of changes to other reserves	—	—	—
At 31 December 2021	—	—	—
At 1 January 2022	—	—	—
Transfer of reserve on reorganisation	137,695	(445)	137,250
Equity-settled share-based payment charge	16,300	—	16,300
Purchase of own shares within Employee Benefit Trust	—	(446)	(446)
Tax impact of changes to other reserves	—	—	—
At 31 December 2022	**153,995**	**(891)**	**153,104**

* The Group and Company consolidate one share trust. The share reserve represents the cost of shares in the Revolut Group Employee Benefit Trust (Fiduchi), which are held for the purposes of fulfilling obligations in respect of the Group's future share awards.

The following describes the nature and purpose of the reserves within equity.

Foreign exchange reserve	The foreign exchange reserves represents the cumulative foreign currency translation movement on the assets and liabilities of the Group's international operations at year-end exchange rates.
Share-based payment reserve	The share-based payment reserve records the cumulative charge to equity in respect of equity-settled share-based payments.
Net investment in foreign operation reserve	The net investment in foreign operation reserve represents the effective portion of the gains or losses on the retranslation of investments into foreign operations due to exchange rate risks.
Financial investment reserve	The financial investment reserve includes unrealised gains or losses in respect of financial instruments measured at FVOCI.
Own shares held in Employee Benefit Trust	This reserve represents the value of shares issued by the Company that are held by the Employee Benefit Trust (Fiduchi) which are deducted from equity.

27. Share-Based Payments

The Group issues equity-settled share-based payment awards to certain employees. 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 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.

2022 scheme and parent company modification

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

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

The fair value of the options granted to employees in the year ended 31 December 2022 has been determined utilizing an options pricing model, which encompasses the Black-Scholes methodology. It's important to note that the strike price of the options given to employees in 2022 was almost zero, making their fair value similar to that of ordinary shares.

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

2021 scheme and modification

In 2021, the Group introduced growth shares scheme to replace the CSOP and UOP prospectively. Employees having stock options under CSOP and UOP were eligible to voluntarily exchange their existing holdings in growth shares.

Unlike options, growth shares entitle the shareholder to a capital return once the value of the Company exceeds a pre-set value per share (the 'Hurdle Price') set by independent valuers. Shares granted will be held in the company-held trust until exercised.

Growth shares granted as a performance bonus vest according to a schedule with 50% vesting on the grant date and 25% vesting annually on the anniversary of the grant date for the next two years. Growth shares granted as a sign-on bonus or promotion will vest on an annual basis over four years (i.e. 25% at each year-end).

CSOP and unapproved share option schemes

In 2019, the Group operated two share options schemes. The first is an HMRC-approved Company Share Option Scheme ('CSOP') plan, for UK employees, and the second is an Unapproved Options Plan ('UOP'), for the non-UK employees.

In 2020, the Group issued share options under the UOP for both UK and non-UK employees of the Group and issued no share options under the CSOP.

The options are granted with a fixed exercise price, are exercisable after they have vested, and expire after ten years.

Salary Sacrifice

In addition to awards described above, a number of employees were granted share options in exchange for a temporary reduction in salary for a twelve-month period under the UOP. These options vest monthly over a twelve-month vesting period, during which time the employees must remain in employment with the Group. The options have a fixed exercise price and a maximum term of ten years after which they expire.

In accordance with IFRS 2, equity-settled awards should be valued by measuring the fair value of services received directly where possible. In this case it was possible to measure the fair value of the employee services directly by reference to the value of the salary foregone.

Shares awarded to non-executive directors

Until May 2021, the non-executive directors of the Company agreed to forego a proportion of their cash salaries in exchange for payment in shares. In May 2021, all of the Company's non-executive directors' salaries returned to being paid in cash. As at 31 December 2021, the non-executive directors held shares previously granted under the salary sacrifice agreement. During 2022, non-executive directors were not granted shares.

Notes to the Consolidated Financial Statements 16 17 18 19 20 21 22 23 24 25 26 27 28 29

Valuation Assumptions

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

	2022	2021
Model	Option Pricing Model	Option Pricing Model
Expected volatility	30 - 40%	0 - 45%
Expected term (years)	1 - 1.5 years	0 - 4 years
Risk-free rate	1.9% - 4.3%	(0.6)% - 0.6%
Expected dividend yields	—	—

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

Reconciliation of outstanding share-based payment awards

A reconciliation of share option movements over the years ended 31 December 2022 and 2021 is shown below.

	Weighted average exercise price 2022	Number 2022	Weighted average exercise price 2021*	Number 2021*
Outstanding at the beginning of the year	0.75	1,493,693	0.45	2,478,457
Granted during the year	—	210,873	0.48	906,735
Exercised during the year	2.47	(79,716)	0.41	(717,852)
Sold/forfeited during the year	1.46	(134,605)	0.02	(1,173,647)
Outstanding at the end of the year	0.49	1,490,245	0.75	1,493,693
Exercisable at the end of the year	0.53	1,203,191	0.66	1,000,503

*The weighted average exercise price and number of shares have been restated to correctly reflect the net impact of award class conversions and the contractual timing impact of temporary and permanent changes to employment status on forfeited options.

Fair values have been calculated by independent accounting advisors at the date of grant of each share award. The estimated weighted average fair value at the date of exercise for share options exercised in 2022 was £161.99 (2021: £157.23).

A reconciliation of growth share movements over the years ended 31 December 2022 and 2021 is shown below.

	Number 2022	Number 2021*
Outstanding at the beginning of the year	**12,767,670**	**51,223**
Granted during the year	—	12,773,469
Exercised during the year	—	—
Sold/forfeited during the year	(95,572)	(57,022)
Outstanding at the end of the year	**12,672,098**	**12,767,670**

*Growth share movements have been restated to correctly reflect the growth share grants and forfeitures that took place during the year ended 31 December 2021.

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

Pool	Exercise price	Weighted average remaining contractual life
	£	years
1	0.00	8.03
2	0.03	5.23
3	0.10	5.87
4	0.50	6.51
5	0.75	6.89
6	13.93	6.75
7	22.34	7.66
8	29.00	4.12
9	32.00	5.27
10	32.37	8.86

Impact on Consolidated Statement of Comprehensive Income

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

Group	2022	2021
	£000	£000
Equity-settled share-based payment charge	39,049	47,352

28. Financial Instruments

28.1. Financial instrument by category

The following table shows the carrying amount of each of the categories of financial instruments as at the end of the reporting period.

Group	31 December 2022	31 December 2021
	£000	£000
Financial assets measured at fair value		
Government bonds – held to collect and sell	1,712,292	1,236,481
Derivative financial assets	7,681	9,294
Total financial assets measured at fair value	**1,719,973**	**1,245,775**
Financial assets measured at amortised cost		
Cash and cash equivalents	10,581,018	7,052,609
Bonds with government and financial institutions – held to collect	982,367	—
Trade and other receivables	287,168	198,750
Loans and advances to customers	203,580	17,816
Total financial assets measured at amortised cost	**12,054,133**	**7,269,175**
Financial liabilities measured at fair value		
Customer liabilities in respect of commodities	(94,484)	(65,462)
Derivative financial liabilities	(90,017)	(2,454)
Total financial liabilities measured at fair value	**(184,501)**	**(67,916)**
Financial liabilities measured at amortised cost		
Customer liabilities	(12,498,704)	(7,295,734)
Trade and other payables	(139,150)	(130,797)
Lease liability	(9,641)	(14,246)
Loans and borrowings	(36)	(122)
Total financial liabilities measured at amortised cost	**(12,647,531)**	**(7,440,899)**

*These comparative figures have been restated to include all financial assets and liabilities in the correct measurement categories (trade and other receivables, customer liabilities in respect of commodities, trade and other payables, and loans and borrowings).

The Company does not have any financial instruments as at 31 December 2022 (2021: £nil).

Customer liabilities measured at fair value through profit or loss consist of Group-only customer liabilities in respect of contracts relating to the commodities offering.

Customer liabilities at amortised cost consists of Group-only customer liabilities in respect of customer deposits (EEA) and e-money.

28.2. Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Consolidated Statement of Financial Position.

Group	Total	Level 1	Level 2	Level 3
At 31 December 2022	**£000**	**£000**	**£000**	**£000**
Financial assets measured at fair value				
Government bonds – held to collect and sell	1,712,292	1,712,292	—	—
Derivative financial assets	7,681	—	7,681	—
Total financial assets measured at fair value	**1,719,973**	**1,712,292**	**7,681**	**—**
Financial liabilities measured at fair value				
Customer liabilities in respect of commodities	(94,484)	(94,484)	—	—
Derivative financial liabilities	(90,017)	—	(90,017)	—
Total financial liabilities measured at fair value	**(184,501)**	**(94,484)**	**(90,017)**	**—**
Total financial instruments measured at fair value	**1,535,472**	**1,617,808**	**(82,336)**	**—**
At 31 December 2021*				
Financial assets measured at fair value				
Government bonds – held to collect and sell	1,236,481	1,236,481	—	—
Derivative financial assets	9,294	—	9,294	—
Total financial assets measured at fair value	**1,245,775**	**1,236,481**	**9,294**	**—**
Financial liabilities measured at fair value				
Customer liabilities in respect of commodities	(65,462)	(65,462)	—	—
Derivative financial liabilities	(2,454)	—	(2,454)	—
Total financial liabilities measured at fair value	**(67,916)**	**(65,462)**	**(2,454)**	**—**
Total financial instruments measured at fair value	**1,177,859**	**1,171,019**	**6,840**	**—**

*These comparative figures have been restated to include the Group's customer liabilities in respect of commodities within financial liabilities measured at fair value.

The Company does not have any financial instruments measured at fair value as at 31 December 2022 (2021: £nil).

Government bonds — held to collect and sell — represent holdings in investment in High Quality Liquid Assets ('HQLA'). These investments are accounted for at fair value through other comprehensive income ('FVOCI'). Restricted bonds held in respect of customers represent safeguarded funds related to the Group's regulated e-money services.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between the different levels during the current or prior reporting period.

Notes to the Consolidated Financial Statements

16 17 18 19 20 21 22 23 24 25 26 27 28 29

Valuation techniques

Derivative financial instruments are valued using valuation techniques that utilise observable inputs.

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts. These instruments are valued by either observable foreign exchange rates and observable or calculated forward points. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Bank classifies foreign exchange contracts as Level 2 financial instruments.

Interest rate derivatives

Interest rate derivatives include interest rate swaps. The valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2.

All derivative financial instruments between Group entities represent foreign currency swap contracts valued using direct and indirect observable inputs.

There were no changes to the valuation techniques during the period.

Financial instruments not measured at fair value

The carrying values of financial instruments not measured at fair value are a reasonable approximation of their fair value. The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

Group	Total	Level 1	Level 2	Level 3
At 31 December 2022	£000	£000	£000	£000
Financial assets measured at amortised cost				
Cash and cash equivalents	10,581,018	—	10,581,018	—
Bonds with government and financial institutions – held to collect	982,367	982,367	—	—
Trade and other receivables	287,168	—	287,168	—
Loans and advances to customers	203,580	—	—	203,580
Total financial assets measured at amortised cost	**12,054,133**	**982,367**	**10,868,186**	**203,580**
Financial liabilities measured at amortised cost				
Customer liabilities	(12,498,704)	—	(12,498,704)	—
Trade and other payables	(139,150)	—	(139,150)	—
Lease liability	(9,641)	—	—	(9,641)
Loans and borrowings	(36)	—	—	(36)
Total financial liabilities measured at amortised cost	**(12,647,531)**	**—**	**(12,637,854)**	**(9,677)**
At 31 December 2021*				
Financial assets measured at amortised cost				
Cash and cash equivalents	7,052,609	—	7,052,609	—
Trade and other receivables	198,750	—	198,750	—
Loans and advances to customers	17,816	—	—	17,816
Total financial assets measured at amortised cost	**7,269,175**	**—**	**7,251,359**	**17,816**
Financial liabilities measured at amortised cost				
Customer liabilities	(7,295,734)	—	(7,295,734)	—
Trade and other payables	(130,797)	—	(130,797)	—
Lease liability	(14,246)	—	—	(14,246)
Loans and borrowings	(122)	—	—	(122)
Total financial liabilities measured at amortised cost	**(7,440,899)**	**—**	**(7,426,531)**	**(14,368)**

*These comparative figures have been restated to exclude certain receivables and the Group's customer liabilities in respect of commodities from financial instruments measured at amortised cost. The figures have also been restated to include accrued liabilities and loans and borrowings within financial instruments measured at amortised cost.

The Company does not have any financial instruments not measured at fair value as at 31 December 2022 (2021: £nil).

28.3. Treasury investments measured at amortised cost

Group	31 December 2022	31 December 2021
	£000	£000
Bonds with financial institutions		
Switzerland	17,668	—
Germany	26,275	—
Spain	70,265	—
Finland	25,073	—
France	99,750	—
United Kingdom	88,883	—
Sweden	20,154	—
United States	83,644	—
Total bonds with financial institutions	**431,712**	**—**
Bonds and deposits with government institutions		—
Belgium	87,876	—
France	616	—
Germany	139,661	—
Luxembourg	62,261	—
Netherlands	499	—
Spain	91,923	—
Sweden	3,314	—
United States	164,586	—
Total bonds and deposits with government institutions	**550,736**	**—**
Total gross carrying amount of treasury investments measured at amortised cost	**982,448**	**—**
Loss allowance	(81)	—
Total treasury investments measured at amortised cost	**982,367**	**—**

Impairment allowance for treasury investments measured at amortised cost

A reconciliation of changes in the carrying amount and corresponding allowance for expected credit losses by stage for debt instruments measured at amortised cost is shown below:

Stage 1	Gross carrying amount	Loss allowance
At 1 January 2022	**£000**	**£000**
Increases due to origination and acquisition	982,448	(81)
Decreases due to bond maturity	—	—
At 31 December 2022	**982,448**	**(81)**

Stage 1	Gross carrying amount	Loss allowance
At 1 January 2021	£000	£000
Increases due to origination and acquisition	—	—
Decreases due to bond maturity	—	—
At 31 December 2021	—	—

The table below shows the fair value of the debt instruments measured at amortised cost by credit risk, based on the Revolut Banks' internal credit rating system, twelve-month Basel PD range and year-end stage classification. The amounts presented are gross of allowance for expected credit losses.

31 December 2022

Stage 1	12-month Basel PD range	Gross carrying amount	Loss allowance
Internal rating grade	£000	£000	£000
Performing			
High grade	0.00% - 0.50%	982,448	(81)
Total		982,448	(81)
Coverage ratio		0.01%	

The Company does not have any financial instruments measured at amortised cost as at 31 December 2022 (2021: £nil).

28.4. Derivative financial instruments

Group	At 31 December 2022			At 31 December 2021		
	Carrying amount assets	Carrying amount liabilities	Notional amount	Carrying amount assets	Carrying amount liabilities	Notional amount
	£000	£000	£000	£000	£000	£000
Derivatives in hedge accounting relationships						
Interest rate swaps	5,357	50,598	2,443,608	—	—	—
Foreign currency swaps	—	—	—	2,171	—	172,257
Total derivatives in hedge accounting relationships	5,357	50,598	2,443,608	2,171	—	172,257
Derivatives not in hedge accounting relationships						
Interest rate swaps	—	383	909,729	—	—	—
Foreign currency swaps	2,284	39,026	3,600,053	6,394	2,143	783,771
Foreign exchange forward contracts	40	10	1,789	729	311	107,130
Total derivatives not in hedge accounting relationships	2,324	39,419	4,511,571	7,123	2,454	890,901
Total derivative financial instruments	7,681	90,017	6,955,179	9,294	2,454	1,063,158

The Company does not have any derivative financial instruments as at 31 December 2022 (2021: £nil).

28.5. Hedge accounting

During 2022, a new macro fair value hedging strategy was adopted that uses interest rate swaps to hedge non-interest-bearing core deposits.

In the Group's core deposits macro fair value hedge, macro hedge accounting is used to recognise fair value changes related to changes in interest rate risk in non-interest-bearing core deposit accounts and therefore reduce the profit or loss volatility that would otherwise arise from changes in the fair value of the interest rate swaps alone.

The table below sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships.

	At 31 December 2022		At 31 December 2021		
	Carrying amount of hedged items	Accumulated amount of fair value adjustments on the hedged items	Carrying amount of hedged items	Accumulated amount of fair value adjustments on the hedged items	Line item in the Consolidated Statement of Financial Position
	£000	£000	£000	£000	
Customer liabilities in respect of deposits	(2,321,605)	57,709	—	—	Customer liabilities

The following table provides information about the hedging instruments included in the derivative financial assets and liabilities line items of the Group's Consolidated Statement of Financial Position:

	At 31 December 2022		At 31 December 2021		
	Notional amount	Carrying amount	Notional amount	Carrying amount	Line item in the Consolidated Statement of Financial Position
	£000	£000	£000	£000	
Interest rate swap – hedge of core deposits	2,443,608	(50,598)	—	—	Derivatives assets/ derivative liabilities

The below table sets out the outcome of the Group's hedging strategy to changes in the fair value of the hedged items and hedging instruments, used as the basis for recognising ineffectiveness.

31 December 2022

Macro fair value hedge		Gains/(losses) attributable to the hedged risk: Hedged items	Gains/(losses) attributable to the hedged risk: Hedging instruments	Net fair value gain/(loss)	Line item in the Consolidated Statement of Comprehensive Income
Hedged items	Hedging Instruments	£000	£000	£000	
Customer liabilities in respect of deposits	Interest rate swaps	57,709	(50,598)	7,111	Net gain on changes in the fair value on hedging derivatives and hedged items

31 December 2021

Macro fair value hedge		Gains/(losses) attributable to the hedged risk: Hedged items	Hedging instruments	Net fair value gain/(loss)	Line item in the Consolidated Statement of Comprehensive Income
Hedged items	Hedging Instruments	£000	£000	£000	
Customer liabilities in respect of deposits	Interest rate swaps	—	—	—	Net gain on changes in the fair value on hedging derivatives and hedged items

The net gain on changes in the fair value on hedging derivatives and hedged items. as disclosed in Note 8, of £7.4 million also includes the clean fair value movement on interest rate swaps not designated in hedge accounting of £0.3 million.

The maturity profile of the Group's hedging instruments used in macro fair value hedge relationships is as follows.

31 December 2022

	Less than one month	One to three months	Three to twelve months	One to five years	Over five years	Total
Interest rate swaps in hedge accounting relationships	£000	£000	£000	£000	£000	£000
Notional Amount	—	—	1,372,405	1,071,203	—	2,443,608
Average strike rate	2.32%					

31 December 2021

	Less than one month	One to three months	Three to twelve months	One to five years	Over five years	Total
Interest rate swaps in hedge accounting relationships	£000	£000	£000	£000	£000	£000
Notional Amount	—	—	—	—	—	—
Average strike rate	—%					

29. Financial Risk Management

The Group is exposed to financial risks in the ordinary course of business. The Group divides these risks into the following categories: credit risk, liquidity risk and funding management, market risk and capital risk management.

29.1. Credit risk

Credit risk is the risk of financial loss should the Group's borrowers or counterparties fail to fulfil their contractual obligations in full and on time. The Group is exposed to various credit risks in the course of its operations. The credit risk portfolio is mainly driven by placements of corporate and client safeguarded funds with financial institutions, and to a lesser extent from a diversified portfolio of highly rated fixed income instruments and retail lending. Revolut's operational exposures are predominantly with investment grade rated institutions. The Group also has short-dated credit exposure for receivables due from card schemes and merchant acquirers used to process user card top-ups, as well as credit exposures to Crypto counterparties used to facilitate trading. The Group has retail credit risk relating to its consumer credit products. As at 31 December 2022, these products comprised of loans, credit cards and buy now pay later across Lithuania, Poland, Ireland, Romania, and the USA.

To manage credit risk appetite, the Group's credit risk management policies and procedures require all counterparties giving rise to credit risk to be assessed at least annually and assigned a credit risk limit commensurate with their risk profile, subject to approved materiality thresholds. The Group's Credit Risk function monitors adherence to limits and appropriate management of credit risks where deterioration is identified. Key decisions are subject to review and approval by the Assets and Liabilities Committee ('ALCO').

The Group's exposure to financial institutions is expected to evolve over time alongside the Group's expansion, with expectations that a high-quality liquid assets portfolio will be established to support meeting regulatory large exposure thresholds alongside potential licence approvals. The Group also expects substantial growth within the retail credit portfolio over the coming year.

Group	31 December 2022	31 December 2021
Net carrying amount	**£000**	**£000**
Cash and cash equivalents	10,581,018	7,052,609
Government bonds – held to collect and sell	1,712,292	1,236,481
Bonds with government and financial institutions – held to collect	982,367	—
Loans and advances to customers	203,580	17,816
Derivative financial assets	7,681	9,294
Other assets	287,168	214,276
Undrawn commitment	31,500	7,963
Total credit risk exposure	**13,805,606**	**8,538,439**

The Company has £0.2 million of trade and other receivables as at 31 December 2022 (2021: £nil). Undrawn commitment relates to credit card and buy now pay later unused limits. The loss allowances for this item are included in the tables for the respective products in the next section.

Credit quality analysis

The following tables set out information about the credit quality of financial investments (financial investments at FVOCI and financial assets at amortised cost combined), and loans and advances to customers (split by retail consumer credit product) without taking into account collateral or other credit enhancement. The amounts of the financial assets in the tables are expressed in thousands of British pounds. There was no exposure for the buy now pay later product at the end of 2021.

An explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4.13.

31 December 2022

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Treasury investments		**£000**	**£000**	**£000**	**£000**
Grades 1-4	0% - 0.5%	2,694,740	—	—	2,694,740
Grades 5-6	0.5% - 1.3%	—	—	—	—
Grade 7-8	1.3% - 3%	—	—	—	—
Grade 9	3% - 5%	—	—	—	—
Grade 10	5% - 8%	—	—	—	—
Grade 11+	8% - 100%	—	—	—	—
Gross carrying amount		2,694,740	—	—	2,694,740
Loss allowance		(81)	—	—	(81)
Carrying amount		2,694,659	—	—	2,694,659
ECL coverage %		0.003%	—	—	0.003%

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Loans		£000	£000	£000	£000
Grades 1-4	0% - 0.5%	60,033	240	155	60,428
Grades 5-6	0.5% - 1.3%	22,861	893	158	23,912
Grade 7-8	1.3% - 3%	72,212	5,593	662	78,467
Grade 9	3% - 5%	5,373	2,579	118	8,070
Grade 10	5% - 8%	10,110	3,100	490	13,700
Grade 11+	8% - 100%	5,891	3,653	685	10,229
Gross carrying amount		176,480	16,058	2,268	194,806
Loss allowance		(1,917)	(1,174)	(1,655)	(4,746)
Carrying amount		174,563	14,884	613	190,060
ECL coverage %		1.09%	7.31%	72.97%	2.44%

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Credit cards		£000	£000	£000	£000
Grades 1-4	0% - 0.5%	2,837	12	24	2,873
Grades 5-6	0.5% - 1.3%	2,578	104	18	2,700
Grade 7-8	1.3% - 3%	2,703	244	51	2,998
Grade 9	3% - 5%	1,463	418	80	1,961
Grade 10	5% - 8%	968	357	37	1,362
Grade 11+	8% - 100%	1,585	718	249	2,552
Gross carrying amount		12,134	1,853	459	14,446
Loss allowance		(366)	(266)	(294)	(926)
Carrying amount		11,768	1,587	165	13,520
ECL coverage %		3.02%	14.36%	64.05%	6.41%

Group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Negative customer balances		£000	£000	£000
0-30 days past due	40%	6,520	(2,608)	3,912
30-60 days past due	60%	1,394	(836)	558
60-90 days past due	75%	1,177	(883)	294
90-365 days past due	81%	12,298	(9,942)	2,356
> 365 days past due	100%	9,026	(9,026)	—
Gross carrying amount	30,415			
Loss allowance	(23,295)			
Carrying amount	7,120			
ECL coverage %	76.59%			

31 December 2021

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Treasury investments		£000	£000	£000	£000
Grades 1-4	0% - 0.5%	1,236,748	—	—	1,236,748
Grades 5-6	0.5% - 1.3%	—	—	—	—
Grade 7-8	1.3% - 3%	—	—	—	—
Grade 9	3% - 5%	—	—	—	—
Grade 10	5% - 8%	—	—	—	—
Grade 11+	8% - 100%	—	—	—	—
Gross carrying amount		1,236,748	—	—	1,236,748
Loss allowance		(267)	—	—	(267)
Carrying amount		1,236,481	—	—	1,236,481
ECL coverage %		0.02%	—	—	0.02%

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Loans		£000	£000	£000	£000
Grades 1-4	0% - 0.5%	5,356	33	10	5,399
Grades 5-6	0.5% - 1.3%	3,941	61	4	4,006
Grade 7-8	1.3% - 3%	2,741	198	16	2,955
Grade 9	3% - 5%	1,232	137	5	1,374
Grade 10	5% - 8%	384	49	1	434
Grade 11+	8% - 100%	493	186	17	696
Gross carrying amount		14,147	664	53	14,864
Loss allowance		(131)	(43)	(34)	(208)
Carrying amount		14,016	621	19	14,656
ECL coverage %		0.93%	6.48%	64.15%	1.40%

Group	12 months PD	Stage 1	Stage 2	Stage 3	Total
Credit cards		£000	£000	£000	£000
Grades 1-4	0% - 0.5%	689	3	2	694
Grades 5-6	0.5% - 1.3%	875	16	3	894
Grade 7-8	1.3% - 3%	812	14	11	837
Grade 9	3% - 5%	452	44	7	503
Grade 10	5% - 8%	120	44	—	164
Grade 11+	8% - 100%	68	149	15	232
Gross carrying amount		3,016	270	38	3,324
Loss allowance		(79)	(63)	(22)	(164)
Carrying amount		2,937	207	16	3,160
ECL coverage %		2.62%	23.33%	57.89%	4.93%

Group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Negative customer balances		£000	£000	£000
0-30 days past due	—%	1,602	—	1,602
30-60 days past due	25%	1,315	(329)	987
60-90 days past due	50%	1,032	(516)	516
90-365 days past due	100%	8,176	(8,176)	—
> 365 days past due	100%	11,138	(11,138)	—
Gross carrying amount	23,263			
Loss allowance	(20,159)			
Carrying amount	3,105			
ECL coverage %	86.66%			

Credit risk concentration

An analysis of the Group's credit risk concentrations for financial investments and loans and advances to customers is provided in the following table. The amounts in the table represent net carrying amounts.

Group		At 31 December 2022		At 31 December 2021	
		Wholesale	Customers (Retail and Business)	Wholesale	Customers (Retail and Business)
		£000	£000	£000	£000
Treasury investments	Europe (excluding UK)	613,903	—	852,811	—
	UK	1,111,954	—	383,670	—
	Other	968,802	—	—	
Loans and advances to customers	Europe (excluding UK)	—	200,814	—	17,816
	UK	—	—	—	—
	Other	—	2,766	—	—
Total		**2,694,659**	**203,580**	**1,236,481**	**17,816**

Notes to the Consolidated Financial Statements
16 17 18 19 20 21 22 23 24 25 26 27 28 29

Loss allowance

The following tables illustrate the migration of expected credit loss ('ECL') allowances across Stages 1, 2, and 3 for credit products, net of various adjustments, reconciling all changes of loss allowances from the initial balance to the closing balance of the year.

Loans	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
At 1 January 2021	**4**	**—**	**—**	**4**
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(1)	1	—	—
Transfer to Stage 3	—	—	—	—
Net remeasurement of loss allowance	(1)	1	11	11
New financial assets originated or purchased	134	43	24	201
Financial assets that have been derecognised	(1)	—	—	(1)
Write-offs	—	—	—	—
Other movements	(5)	(2)	(1)	(8)
At 31 December 2021	**130**	**43**	**34**	**207**
At 1 January 2022	130	43	34	207
Transfer to Stage 1	17	(16)	(1)	—
Transfer to Stage 2	(14)	14	—	—
Transfer to Stage 3	(12)	(7)	19	—
Net remeasurement of loss allowance	(48)	44	316	312
New financial assets originated or purchased	1,862	1,100	1,289	4,251
Financial assets that have been derecognised	(19)	(4)	—	(23)
Write-offs	—	—	(2)	(2)
Other movements	1	—	—	1
At 31 December 2022	**1,917**	**1,174**	**1,655**	**4,746**

Credit cards	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
At 1 January 2021	5	—	—	5
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(1)	1	—	—
Transfer to Stage 3	—	—	—	—
Net remeasurement of loss allowance	(3)	7	10	14
New financial assets originated or purchased	79	59	14	152
Financial assets that have been derecognised	(1)	—	—	(1)
Write-offs	—	—	—	—
Other movements	—	(3)	(1)	(4)
At 31 December 2021	79	64	23	166
At 1 January 2022	79	64	23	166
Transfer to Stage 1	14	(14)	—	—
Transfer to Stage 2	(9)	10	(1)	—
Transfer to Stage 3	(2)	(9)	11	—
Net remeasurement of loss allowance	(16)	94	95	173
New financial assets originated or purchased	295	116	164	575
Financial assets that have been derecognised	(7)	(4)	—	(11)
Write-offs	—	—	—	—
Other movements	12	9	2	23
At 31 December 2022	366	266	294	926

The loss allowances for existing assets remained stable while the overall year-on-year increase of loss allowances was predominantly driven by the recognition of provisions for new financial assets originated or purchased during the financial year, due to the organic growth of the portfolio.

Debtors are stated after provision for impairment. The following tables show movement in the ECL provision for trade receivables and negative customer balances. The provision for impairment recorded for other debtor balances is £nil (2021: £nil).

	Trade Receivables	Negative Customer Balances
	£000	£000
At 1 January 2021	—	13,270
Charged	—	9,296
Written-off	—	(2,407)
At 31 December 2021	—	20,159
Charged	210	38,316
Written-off	—	(35,180)
At 31 December 2022	210	23,295

The loss allowances for existing assets remained stable while the overall year-on-year increase of loss allowances was predominantly driven by the recognition of provisions for new financial assets originated or purchased during the financial year, due to the organic growth of the portfolio.

29.2. Liquidity risk and funding management

Liquidity risk is the risk that the Group cannot meet its financial obligations when they fall due or is only able to do so at excessive cost. Funding risk is the risk that Revolut 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 increase in assets or a decrease in liabilities can also create liquidity risk. The Group is, or may in the future be, exposed to a number of liquidity and funding risks, including retail funding run-off, wholesale funding reduction, pre-funding, marketable and non-marketable assets, contingent off-balance sheet exposures and commitment drawdowns, intraday requirements, collateral requirements, funding concentration, and foreign exchange. These risks are managed by the Treasury function, with control and oversight provided by the Risk Management function, the Assets and Liabilities Management Committee and the Management Board. The Group's key liquidity policy is to maintain a portfolio of unencumbered, high-quality cash instruments and securities that are readily convertible to cash to ensure that it can meet all of its financial obligations in business-as-usual circumstances and in stress conditions. The Group complies with this policy by holding surplus cash in the form of overnight deposits with banks and a portfolio of high quality liquid assets.

Maturity analysis for financial assets and financial liabilities

The table below summarises the maturity profile of the Group’s financial assets and liabilities. Whilst customer liabilities are presented as on demand, the observed behavioural characteristics are more closely aligned to the durations of the asset portfolio.

31 December 2022

Group	Carrying amount	Total	On demand	Up to three months	Three to twelve months	One to five years	Over five years
	£000	£000	£000	£000	£000	£000	£000
Financial assets							
Cash and cash equivalents	10,581,018	**10,581,018**	10,438,866	142,152	—	—	—
Government bonds – held to collect and sell	1,712,292	**1,712,292**	—	200,305	1,113,395	—	398,592
Bonds with government and financial institutions – held to collect	982,367	**982,367**	—	—	8,400	973,967	—
Trade and other receivables	287,168	**287,168**	20,358	259,183	5,943	1,684	—
Loans and advances to customers	203,580	**203,580**	—	30,382	38,631	118,666	15,901
Derivative financial assets	7,681	**7,681**	—	2,312	5,369	—	—
Total financial assets	**13,774,106**	**13,774,106**	**10,459,224**	**634,334**	**1,171,738**	**1,094,317**	**414,493**
Financial liabilities							
Customer liabilities	12,593,188	**12,593,188**	12,593,188	—	—	—	—
Trade and other payables	139,150	**139,150**	—	131,853	7,297	—	—
Derivative financial liabilities	90,017	**92,710**	—	39,031	22,961	30,718	—
Lease liability	9,641	**9,943**	—	1,335	3,894	4,714	—
Loans and borrowings	36	**36**	—	36	—	—	—
Total financial liabilities	**12,832,032**	**12,835,027**	**12,593,188**	**172,255**	**34,152**	**35,432**	**—**
Net liquidity gap			**(2,133,964)**	**462,079**	**1,137,586**	**1,058,885**	**414,493**
Cumulative liquidity gap			**(2,133,964)**	**(1,671,885)**	**(534,299)**	**524,586**	**939,079**

31 December 2021*

Group	Carrying amount	Total	On demand	Up to three months	Three to twelve months	One to five years	Over five years
	£000	£000	£000	£000	£000	£000	£000
Financial assets							
Cash and cash equivalents	7,052,609	7,052,609	7,052,609	—	—	—	—
Government bonds – held to collect and sell	1,236,481	1,236,481	—	—	1,236,481	—	—
Trade and other receivables	198,750	198,750	3,105	195,645	—	—	—
Loans and advances to customers	17,816	17,816	—	3,200	449	7,767	6,400
Derivative financial assets	9,294	9,294	—	9,294	—	—	—
Total financial assets	8,514,950	8,514,950	7,055,714	208,139	1,236,930	7,767	6,400
Financial liabilities							
Customer liabilities	7,361,196	7,361,196	7,361,196	—	—	—	—
Trade and other payables	130,797	130,797	—	130,797	—	—	—
Derivative financial liabilities	2,454	2,454	2,454	—	—	—	—
Lease liability	14,246	15,196	—	1,261	4,391	9,403	141
Loans and borrowings	122	122	—	—	122	—	—
Total financial liabilities	7,508,815	7,509,765	7,363,650	132,058	4,513	9,403	141
Net liquidity gap			(307,936)	76,081	1,232,417	(1,636)	6,259
Cumulative liquidity gap			(307,936)	(231,855)	1,000,562	998,926	1,005,185

*These comparative figures have been restated to include all financial assets and liabilities (trade and other receivables, trade and other payables, current tax liability, and loans and borrowings).

The Company does not have any financial instruments as at 31 December 2022 (2021: £nil).

29.3. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as in interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

The Group's market risk management policies and procedures provide effective and robust mitigation. The Group monitors its exposures continually, using automated Key Risk Indicators ('KRIs') and associated processes reviewing metrics such as Value at Risk, FX stress tests for crypto currencies, FX profit and losses and interest rate risk. The Group makes hedging transactions as appropriate. Key decisions are subject to review and approval by the Asset and Liability Committee ('ALCO').

The market risks for the Group have remained stable and well contained. While the Group has grown significantly, the processes have remained robust, accurate and reliable. The Group expects the processes and market risk exposures to remain broadly consistent over the next year, although the Group anticipates that market risk will grow over time as the Group further rolls out its credit offering, increasing its exposure to interest rate risk, and as its investment portfolio grows and includes more types of liquid assets. The Group is exposed to the market risks below.

Foreign exchange risk, including commodities

The Group provides foreign exchange to its customers via multi-currency wallets that allow spending in different currencies. It is thus exposed to currency exchange rate fluctuations. The Group is exposed to foreign exchange risk arising from various corporate activities and stemming from revaluation of contractual cash-flows or assets and liabilities denominated in foreign currencies. The foreign exchange exposure is monitored on a daily basis to ensure the effective management of this risk.
The foreign exchange exposure of the banking book arises from the Treasury function activities. This includes profit on the banking products, interest earned on nostro balances and various costs (all in non-functional currency).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Group	Monetary assets	Monetary liabilities	Net position
At 31 December 2022	£000	£000	£000
GBP	1,296,224	(3,364,041)	(2,067,817)
EUR	8,954,383	(6,017,588)	2,936,795
USD	1,516,886	(1,844,962)	(328,076)
Other currencies	2,093,370	(1,576,130)	517,240
Total	13,860,863	(12,802,721)	1,058,142
At 31 December 2021	£000	£000	£000
GBP	2,340,409	(1,918,135)	422,274
EUR	4,484,902	(3,537,844)	947,058
USD	970,028	(1,060,768)	(90,740)
Other currencies	737,748	(965,712)	(227,964)
Total	8,533,087	(7,482,459)	1,050,628

The Group uses currency derivatives to manage currency risk. Please refer to Note 28.4 for details about Group's derivative positions.

The Group also provides customers the ability to acquire commodities and cryptocurrencies. As the Group acts in a broker capacity, it is only exposed to price fluctuations for these instruments during the course of trade settlement.

The Company does not have any monetary assets or liabilities as at 31 December 2022 (2021: £nil).

Foreign currency sensitivity analysis

The Group's foreign currency risk is managed centrally by the Group's Treasury team and the Market Making execution desk. FX risk is monitored on an ongoing basis by using a stress testing approach broadly equivalent to Value at Risk but focused on risk drivers specific to Revolut's business model:

- FX risk arising from open non-GBP currency positions that include both fiat and crypto currencies, and,
- Interest rate risk arising from instruments that are accounted for at fair value.

Under the severe stress test, a loss of £67.7 million (2021: £19.4 million) would arise if the EUR depreciated by 9.7%, USD depreciated by 10.3% and JPY depreciated by 8.9% against GBP.

Hedge on net investment in foreign operations

The Group hedges the currency risk of its net investment in its euro-denominated foreign operation in Lithuania using GBP:EUR foreign currency swaps entered into with a third party.

The hedge of net investment in foreign operation was discontinued in May 2022 when the hedging instruments matured. The cumulative gains or losses recorded in equity remain in the net investment in foreign operation reserve until the foreign operation is disposed of.

Derivatives designated in net investment hedging relationships:

	Carrying Amount		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness		
FX Swaps	Carrying amount	Outstanding notional	Effective portion recognised in OCI	Hedge ineffectiveness recognised in profit or loss into other income	Reclassified into profit or loss into other Revenue
	£000	£000	£000	£000	£000
At 31 December 2022	—	—	(1,275)	—	—
At 31 December 2021	2,404	174,680	(3,365)	—	—

The following table shows the maturity of the hedging instruments:

FX Swaps	Carrying amount	On demand	Up to three months	Three to twelve months	One to five years	Over five years
	£000	£000	£000	£000	£000	£000
At 31 December 2022	—	—	—	—	—	—
At 31 December 2021	2,404	—	2,404	—	—	—

Notes to the Consolidated Financial Statements

16 17 18 19 20 21 22 23 24 25 26 27 28 29

Interest rate risk

Interest rate risk in the banking book ('IRRBB') is the risk that the Group's Consolidated Statement of Financial Position and profitability is structurally exposed to unexpected movements in interest rates. This risk stems from maturity and repricing mismatches between assets and liabilities, which would materialise with changes in the shape of the yield curve ('gap risk'), or from interest rate related options embedded in those that might affect future cash flows ('option risk'), or with changes in the relationship between various yield curves ('basis risk').

To quantify the IRRBB, the Group uses two metrics: net interest income ('NII') sensitivity and economic value of equity ('EVE') sensitivity. NII is computed as the impact of parallel shock in interest rates on the net interest income generated by the banking book items based on their repricing profiles. EVE is assessed through a measurement of changes in the net present value of the interest rate sensitive instruments (excluding Common Equity Tier 1 ('CET1') instruments and other perpetual own funds) over their remaining life resulting from interest rate movements assuming six different shock scenarios.

In line with regulatory guidelines and internal judgment, a floor is prescribed for downward shocks to stop the simulated interest rates from being unrealistically negative.

Both metrics are managed against a control framework, which is defined with set limits in place. The Treasury function is responsible for IRRBB management on an on-going basis using mitigation approaches such as the use of hedging and dynamic adjustment of in-app rate offerings to influence uptake behaviour. Interest rate characteristics of funding are matched as far as possible to lending and investments into securities. The Risk Management function closely monitors IRRBB exposures, proposes limits and calculation assumptions, and performs stress testing. Any breach of the limit is escalated to the senior management with mitigating actions taken.

The following table shows the sensitivities under NII and EVE approach at the Group consolidated position.

Group	2022	2021
Net interest income based approach	£000	£000
200 bps parallel increase	225,480	42,900
200 bps parallel decrease	(135,290)	(14,700)
Economic value of equity based approach		
200 bps parallel increase	2,110	22,600
200 bps parallel decrease	(17,540)	(10,100)

29.4. Capital risk management

Capital risk is the risk that the Group and its individual entities do not hold adequate financial resources to support their business activities based on its regulatory requirements and risk profile.

At the Group level, Revolut is not regulated as a banking group as at 31 December 2022, but has been following the banking regulations to ensure the sufficiency of the quality and quantity of capital surplus. Revolut Bank UAB ('RBUAB'), Revolut's banking subsidiary, is an EEA regulated bank with regulatory capital requirements in accordance with the EU Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD'). Both Revolut Group and RBUAB have the following controls in place to ascertain capital risk is effectively managed.

- The Internal Capital Adequacy Assessment Process ('ICAAP') is an annual exercise that aims to identify the adequate level of capital required to execute the firms business plan over a specified planning period. This covers the stress tests on a few stress scenarios, both externally prescribed and internally designed, to ensure enough capital buffers are in place to survive through these scenarios.

- The use of Key Risk Indicators ('KRIs') to provide early-warning indications on upcoming stresses. These KRIs cover a wide range of factors that could increase capital risk, including but not limited to capital ratios, leverage ratios, and movements on those ratios. Different levels of risk appetite are set to KRIs, and prescribed actions are linked to the breach of each level to provide immediate resolution to various events.
- The list of available and feasible management actions is continuously reviewed to ascertain that should the stress happens, Revolut is able to restore its capital position.
- Revolut continuously review its investment portfolios to ensure the changes in the market conditions are understood and the portfolios are adjusted to align with the risk appetite.
- The investments in subsidiaries are reviewed quarterly to make sure all the subsidiaries are and will continue to be adequately capitalised.

As of 31 December 2022, the total capital requirement of RBUAB (in accordance with the regulatory requirements) is equal to 10.9% for CET1 capital ratio and 14.4% for total capital ratio.

	2022	2022	2021	2021
	Actual	Required	Actual	Required
Actual common equity Tier 1 (CET1) capital	325,918	160,467	76,715	2,268
Other capital instruments	—	51,510	—	—
Total capital	325,918	211,977	76,715	2,268
Risk-weighted assets	1,472,060		20,580	
CET1 capital ratio	22.1%		372.8%	
Total capital ratio	22.1%		372.8%	

The RBUAB has complied in full with all of its regulatory capital requirements during 2022 and 2021.
Revolut Ltd, Revolut's biggest non-banking subsidiary, is an FCA regulated e-money institution, and its capital is subject to the Payment Services Directives 2017 (PSD2), and regular Financial Resources Review by the FCA.

To manage its capital risk, the controls are as follows:

- Perform quarterly bottom up forecast on e-money balance and manage capital position to meet the associated requirements plus internal management buffer.
- Sensitivity analysis and scenarios on e-money balance and associated capital requirements are performed monthly to understand the potential capital needs in the entity. The capital resources and management actions are then reviewed to ensure that under each scenario, the capital surplus remains positive.
- The use of KRIs to provide early-warning indications to monitor the timely movement in e-money balances and capital position.

30. Notes to the Cash Flow Statement

Significant non-cash transactions from investing and financing activities are as follows:

Group	2022	2021
	£000	£000
Acquisition of right-of-use assets	747	302

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Loans and borrowings	Lease liability	Total
	£000	£000	£000
At 1 January 2022	122	14,246	14,368
New leases entered into during the year	—	747	747
Lease payments made in the year	—	(5,639)	(5,639)
Unwinding of discount	3	550	553
Impact of movement of foreign exchange rates	9	58	67
Other	—	(321)	(321)
Loans repaid	(98)	—	(98)
At 31 December 2022	36	9,641	9,677
At 1 January 2021	81,812	24,927	106,739
Changes to existing lease agreements	—	(206)	(206)
New leases entered into during the year	—	232	232
Existing leases derecognised	—	(5,520)	(5,520)
Lease payments made in the year	—	(5,640)	(5,640)
Unwinding of discount	—	900	900
Impact of movement of foreign exchange rates	(2,402)	(447)	(2,849)
Loans repaid	(79,410)	—	(79,410)
Loans included in acquisitions	122	—	122
At 31 December 2021	122	14,246	14,368

31. Capital and Other Commitments

As at 31 December 2022, the total committed but undrawn facilities in respect of consumer credit cards and loans were £31.5 million (2021: £7.7 million).

The Group and the Company does not have any other material commitments, capital commitments, or contingencies at 31 December 2022 and 31 December 2021.

32. Transactions with Related Parties

Related parties of the Group and the Company include subsidiaries and key management personnel. Key management personnel include all persons across the group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Information for key management personnel compensation and particulars of transactions with related parties are tabulated below, in accordance with the requirements of IAS 24 Related Party Disclosures.

	2022	2021*
	£000	£000
Wages and salaries	3,082	2,060
Share-based payments	19,803	12,818
Social security costs and other benefits	519	275
Contributions to defined contribution pension schemes	64	9
Total compensation to key management personnel	**23,468**	**15,163**

*The total compensation paid to key management personnel has been restated to include additional compensation remitted to investment vehicles controlled by Director KMP members and paid to certain non-Director KMP members, which more accurately represents the aggregate value of compensation fairly received or receivable by KMP members. This restatement resulted in changes to wages and salaries (previously reported as £0.7 million), share-based payments (previously reported as £3.1 million), social security cost and other benefits (previously reported as £nil) and contributions to defined contribution pension schemes (previously reported as less than £0.1 million).

During the year ended 31 December 2022, the aggregate value of related party transactions other than key management personnel compensation was £nil (2021: £nil).

33. Events after the Balance Sheet Date

US investment advisor licence

In February 2023, Revolut was granted an investment advisor licence by the Security & Exchange Commission which will support the growth of Revolut's US Wealth and Trading business.

Liquidity facility

In April 2023, Revolut entered into a £75.0 million liquidity facility with an external lender to provide diversification in funding as the business grows globally. The share capital of Revolut NewCo UK Ltd has been provided as a security for the Agreement. As a result, should an event of default occur the share capital of the Revolut NewCo UK Ltd would transfer to the lender. The facility remains undrawn and there are no plans to draw upon it.

Brazil expansion

In May 2023, Revolut was granted authorization by the Central Bank of Brazil to operate as a Direct Credit Society (SCD) in the country. The strategic licence will allow Revolut to expand its portfolio of products and services in the Brazilian market.

New Zealand expansion

In July 2023, Revolut launched its app and services in New Zealand following successful completion of testing.

Board member appointment

In November 2023, Revolut announced the appointment of Dan Teodosiu to the Board as a Non-Executive Director. Please see the Board of Directors section on page 60 for Mr Teodosiu's biography.

34. Controlling Party

The Company is owned by a number of private shareholders and companies, none of whom own more than 25% of the issued share capital of the Company. Accordingly, there is no parent entity nor ultimate controlling party by virtue of shareholding. Nik Storonsky is considered a person with significant control ('PSC').

35. Capital (unaudited)

Per Capital Requirements Regulation ('CRR'), Revolut Group Holdings ('RGH') is not subject to prudential consolidation requirements as at 31 December 2022. The capital requirements only apply on an individual basis, mainly from Revolut Bank UAB and Revolut Ltd, as well as other smaller regulated entities.

As at 31 December 2022, Revolut Group Holdings Ltd had total available capital to invest into entities, all of which qualifies as Common Equity Tier 1 ('CET1'), of £1.2 billion (2021: £1.1 billion).

Glossary

Adjusted EBITDA	EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortisation. Adjusted EBITDA also excludes Share-based Payments. It is a widely used measure of core profitability.
Administrative Expenses	The ongoing costs incurred from the day-to-day running of the business
APP	Authorised Push Payments, electronic payments where a customer initiates and authorises the transfer of funds from their account to another party. It is often used for online banking and mobile payments.
Auditor	An organisation or individual responsible for reviewing a company's financial records and expressing an opinion regarding whether those records are free from material misstatement
Balance Sheet	A statement of financial position that provides a picture of a company's assets, liabilities and owners' equity. It gives an indication of a company's financial health.
Bank Deposits	The sum of balances in customer accounts on Revolut Bank UAB (our European entity) — excludes investments such as Stocks, Crypto, Commodities and Savings.
BNPL	Buy Now Pay Later, a way to buy goods on credit and pay for them at a future date, often in instalments
Control Function	A function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business it controls and that is responsible for providing an objective assessment of a company's risks, and for reviewing and reporting on those risks.
Debenture	A type of long-term debt instrument representing a long-term borrowing by a company. It acknowledges a debt and provides specific terms for interest and principal payments. Debenture holders are essentially creditors of the issuing entity.
Deposits	The sum of balances in customer accounts, excluding savings and investments (e.g. Crypto, Trading, Commodities). There are two types of Deposits: 1. E-money Deposits and 2. Bank Deposits.
Direct-to-card Transfers	Direct-to-card transfers enable the direct and immediate deposit of funds onto a debit or credit card, allowing users instant access to the transferred funds.
DTA	Deferred Tax Assets ('DTAs') and liabilities arise where there are temporary differences between the carrying amount of an asset or liability and its value for tax purposes. Revolut has recognised net deferred tax assets in the FY22 period, mainly consisting of tax losses and future deductions for equity-based compensation. DTAs may only be recognised to the extent that it is probable that there are sufficient future taxable profits; Revolut is therefore able to recognise DTAs in the group entities for which this criteria applies.
Earnings	Earnings is another word for profit or net income. It is traditionally the bottom line of the income statement (also known as profit or loss statement).
E-money Deposits	The sum of balances in customer accounts on Revolut Ltd (primarily UK and Swiss customers) — excludes investments such as Stocks, Crypto, Commodities and Savings
E-money Institution	E-money Institutions ('EMIs') are regulated by the Financial Conduct Authority (FCA) and must safeguard customer funds

FCA	Financial Conduct Authority, the regulator of financial conduct in the UK
IBAN	International Bank Account Number, an internationally agreed system of identifying bank accounts that allows cross-border transactions.
ICAAP	Internal Capital Adequacy Assessment Process, the process to determine that the firm has adequate levels of capital to mitigate risks in order to execute its forward-looking business plan.
ILAAP	Internal Liquidity Adequacy Assessment Process, the process to determine that the firm has adequate levels of liquidity to mitigate risks in order to execute its forward-looking business plan.
KPI	Key Performance Indicator, a quantifiable measure of performance relating to a specific objective.
KRI	Key Risk Indicator, a measure of exposure to a specific risk at a given time.
KYC	Know Your Customer, a regulatory requirement in the financial industry. It involves verifying the identity of customers to prevent fraud, money laundering and other illegal activities by collecting and verifying personal information.
Liquidity	The ease with which an asset or security can be converted to ready cash
Material Risk Taker	A staff member's professional activities are deemed to have a material impact on a company's risk profile or the assets of a company in accordance with applicable regulations.
Merchant Acquiring	Merchant acquiring is the process of enabling businesses to accept payments from customers, such as debit and credit card transactions, at the point of sale.
Management Information	Management Information ('MI'), the reporting that conveys data points to leadership for effective management.
Peer-to-Peer Payments	Also known as P2P, a mechanism by which a customer can transfer funds from their bank account to another via the internet
POS	Point of Sale, often used to describe the terminal in retailers where payment is taken
Revolut Bank UAB	Our legal entity in Lithuania that operates our Bank for customers in the EEA
Revolut Ltd	Our legal entity in the UK, primarily for UK and Swiss customers
Risk Appetite Statement	The Board Risk Appetite Statement ('RAS') is the expression of the level of risk that Revolut is prepared to accept in order to deliver on its vision and strategy.
ROI	Return on Investment, a measurement of an investment's gains against its costs. It is a performance measure used to calculate the efficiency of an investment.
Safeguard	Safeguard or Safeguarding means customers' funds are segregated from the the EMI's own funds to ensure that any financial turbulence at the EMI will not put customer money at risk. Customer funds are deposited into a client money bank account held on behalf of customers. The Group maintains client accounts with a range of global tier 1 banks.
Unsecured Personal Loans	Loans that don't require the customer to offer any form of security to the lender as collateral. They are granted based on a customer's creditworthiness.

Company Information

Company Name

Revolut Group Holdings Ltd

Directors

Martin Gilbert (Chair)

Nikolay Storonsky (Nik) (CEO & Co-founder)

Vladyslav Yatsenko (Vlad) (CTO & Co-founder)

Michael Sherwood (Independent Non-Executive Director and Chair Remuneration Committee)

Caroline Britton (Independent Non-Executive Director and Chair Audit Committee)

Ian Wilson (Independent Non-Executive Director)

John Sievwright (Independent Non-Executive Director and Chair Risk & Compliance Committee)

Dan Teodosiu (Independent Non-Executive Director)

Company Secretary

Thomas Hambrett

Registered Number

12743269

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Independent Auditors

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