Revolut

Revolut Ltd

Annual Report and Financial Statements
For the year ended 31 December 2023

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Company Information

Company Name	**Revolut Ltd**
Directors	**Martin Gilbert** *(Chair of Board, Chair of Nominations Committee, member of Audit Committee and Remuneration Committee)* **Nikolay Storonsky** (Nik) *(CEO & Co-Founder, member of Nominations Committee)* **Vladyslav Yatsenko** (Vlad) *(CTO & Co-Founder)* **Michael Sherwood** *(Independent Non-Executive Director, Chair of Remuneration Committee, member of Nominations Committee and Risk & Compliance Committee)* **Caroline Britton** *(Independent Non-Executive Director, Chair of Audit Committee, member of Risk & Compliance Committee)* **Ian Wilson** (Independent Non-Executive Director, *member of Risk & Compliance Committee, Audit Committee and Remuneration Committee*) **John Sievwright** (*Independent Non-Executive Director, Chair of Risk & Compliance Committee and member of Audit Committee*) **Dan Teodosiu** (Independent Non-Executive Director, *member of Risk & Compliance Committee and Remuneration Committee) (appointed on 27 November 2023)*
Company Secretary	**Thomas Hambrett**
Registered Number	**08804411**
Registered Office	**7 Westferry Circus** **Canary Wharf** **London** **England** **E14 4HD**
Independent Auditors	**BDO LLP** **55 Baker Street** **London** **England** **W1U 7EU**

Strategic Report

The Directors present their strategic report for the year ended 31 December 2023 for Revolut Ltd (the 'Company' or 'Revolut').

Business Review

Principal Activities

Revolut exists to make money cheaper, simpler, and more transparent. Our mission is to simplify all things money. People and businesses want greater control over their finances and we provide a tailored experience to our customers through data-driven insights, empowering them to make smarter decisions about how they spend, save, and grow their money. We deeply care about the trust that customers place in us by ensuring that our platform is secure and reliable.

Revolut began in the UK in 2015 with transfer and foreign exchange services that were faster and cheaper than those of legacy banks. Since then, we have remained committed to addressing customers' needs, continuously expanding our product offering, and delivering the best possible experience.

Our Business Model and Strategy

To achieve our mission of simplifying all things money, we focus on four key areas as part of our business strategy:

1. Becoming the primary financial services provider for our customers
2. Designing best-in-class products and expanding our offerings to meet the global financial needs of our customers
3. Strengthening the trust that customers place in Revolut by improving the security and reliability of our platform
4. Continuing to grow our customer base profitably

Primary Financial Services Platform

In the Retail segment, we focus on enabling more customers to use Revolut as their primary account (i.e. deposit their salary), by tailoring our products to customer needs. We are also strengthening our proposition as a spending account, through rewards, financial planning tools, and a 'global account' proposition underpinned by travel benefits and currency exchange. Lastly, we are driving adoption of our wealth products with money health tools for spending analytics and budgeting.

For Business customers, we continue to build key localised capabilities, local rails for tax payments, and local accounting tools. To help larger businesses, we are building spend management products, from accounts payable to expense management. Our Treasury products will enable more businesses to put their money to work and de-risk their business. We are also developing the suite of products for businesses to accept payments both online and in-store.

Best-in-Class Products

Customers enjoy using our products, rating us 4.9 on Apple App Store and 4.7 on Google Play Store[1]. We will continue to offer customers superior banking products with a compelling user experience and competitive pricing.

We strive to make the banking experience as simplified and frictionless as possible, from onboarding to everyday transactions. Intuitive app UI will continue to allow customers to see their finances all in one place, while enabling

[1] As of June 2024

personalisation based on their needs. Further, we are strengthening our product and services quality through resolution of user issues, minimising outages, and improving quality control of our teams.

Customer Security & Trust

We continue to invest heavily in strengthening our financial crime prevention teams and technology to protect customers from falling victim to fraud and scams. We have robust protections in place for our customers – our security capabilities include a machine learning based fraud detection system, in addition to teams formed of over 150 fraud specialists, data scientists and former law enforcement personnel. We want customers to have greater control on their account's security and are working on providing one central hub to control all the security features and more customisable limits on their account.

Reliable customer support is a key pillar of trust for customers. We are focused on substantially reducing the overall resolution time for the customer while improving the chat experience. We continue to strengthen our customer support through improved processes, training, and tools.

Profitable Growth

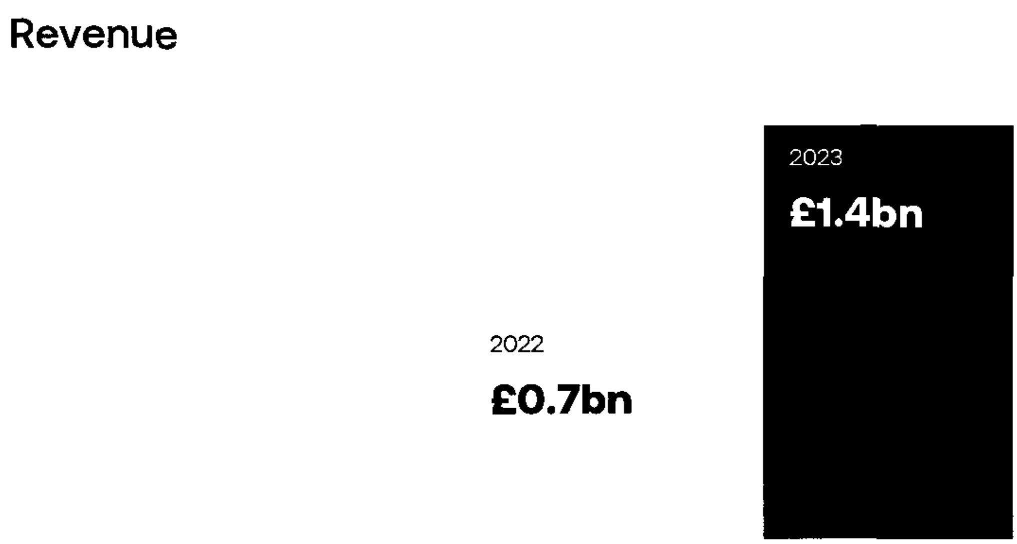
Further deepening our market penetration remains a significant area of strategic focus. We will continue to invest in our advertising and marketing activities to increase our brand awareness and attract new customers. To continue the momentum in our business segment, we plan to continue to invest in our direct sales channel with a focus on serving larger businesses.

Financial Performance

Revenue increased to £1,366 million in 2023 from £744 million in 2022 as the business continued to grow, with revenue from recharges to other group companies and interest income representing the most significant increases. This, along with disciplined financial management of the cost base, resulted in an increased net profit of £235 million (2022: £15.9 million) and once credited to retained earnings increased equity to £904 million (2022: £730 million). During 2023 the Company distributed dividends of £104 million (2022: £246 million) to Revolut Group Holdings Ltd (the 'Parent') in support of its capital allocation strategy.

Outlook

Looking ahead, to the next year and beyond, we are continuing to focus on increasing our customer reach, delivering the functionality our customers expect as they turn to Revolut for their primary account relationship, as well as bringing innovative financial products to market and expanding to new geographies. Based on an encouraging start to 2024, we are positive and optimistic about the growth and profitability prospects as we continue on our mission to simplify all things money.



Principal Risks and Uncertainties

The Company's risk management strategy is to identify potential events that may impact the business and to manage these within the risk appetite set by the Board. The risk appetite of the Company is aligned with that of Revolut Group Holdings Ltd (the 'Parent') and subsidiaries (the 'Group') to the extent that it follows a consistent risk taxonomy and appetite/tolerance levels are set so that the Company does not exceed that of the Group. The principal risks facing the Company can be categorised into financial risk, operational risk, financial crime risk, legal and regulatory compliance risk and conduct and culture risk, as summarised below:

Financial Risk

The Company is exposed to various financial risks in the ordinary course of business. The Company divides these risks into the following categories: Credit Risk, Liquidity and Funding Risk, Market Risk and Capital Risk.

- Credit Risk is the risk of financial loss should the Company's counterparties fail to fulfil their contractual obligations in full and on time. The Company is exposed to various credit risks in the course of its operations, the majority of which arise from the placements of corporate and client safeguarded funds with financial institutions. These are typically investment-grade-rated institutions.
- Liquidity Risk is the risk that the Company 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 the Company does not have sufficient stable sources of funding to meet its financial obligations when they fall due or can do so only at excessive cost. To manage these risks, the Company maintains 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.
- Market Risk is the risk that the Company's earnings, capital or ability to meet business objectives will be adversely affected by changes in the level of volatility of market rates or prices, including foreign exchange rates, commodities, cryptocurrencies, and interest rates. The Company undertakes hedging transactions for these risks where appropriate.
- Capital Risk is the risk that the Company does not hold adequate capital to support its regulatory requirements or risk profile. The Company is an FCA regulated e-money institution.

Operational Risk

Operational risk is defined as the risk of loss as a result of inadequate or failed internal processes, people and systems or from external events. The Company manages operational risk under its Enterprise Risk Management Framework which is supported and underpinned by the Operational Risk Management Policy. Tools and minimum standards for operational risk management are defined and applied in the Company. Important elements include operational risk and control identification and assessment, control testing and assurance, incident and issue management and monitoring and alerting through an extensive suite of risk and control metrics and indicators.

Financial services firms face a broad range of operational risks, depending on the size and complexity of their operations. Examples of key operational risks that Revolut actively manages include:

- Operational Resilience, for which the Company operates an extensive framework to ensure stability of our services to our customer base. 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 occur.
- Cyber and Data Security threats are managed through a series of technical and organisational controls. Revolut continues to invest in its digital platforms and security posture and builds resilient, secure technologies and processes to minimise the risk of data security breaches.
- Third Party Risks, where the Company relies on the provision of products and services from third parties for the delivery of its business activities. We manage these through a framework that includes third party risk assessment, due diligence, contracting standards, contingency arrangements and ongoing monitoring of third party performance.

Specialist and dedicated operational risk management capability is deployed across the Three Lines of Defence Model and governed under our Compliance, Operational and Conduct Risk Committee.

Financial Crime Risk

Financial Crime Risk is the risk of failing to effectively mitigate the use of Revolut's products and services to perpetrate financial crimes, including by third parties and employees. This includes money laundering, violations of sanctions , and terrorist and proliferation financing. Examples of key financial crime risks that Revolut manages include:

- Money laundering and terrorist financing, the risk that the Company's products and services will be used to conceal, transfer and make use of the proceeds of crime, such as drug trafficking and terrorist financing;
- Sanctions risk, the risk that the Company facilitates the movement and use of sanctioned assets, by sanctioned entities, without identification, freezing or reporting;
- Fraud risk, the risk that the Company is used by fraudsters to perpetrate fraud, or our customers fall victim to fraud, such as Authorised Push Payment ("APP") fraud or Account Takeover ("ATO") fraud.

The Company has implemented a Three Lines of Defence Model and robust financial crime control framework to ensure that it complies with all financial crime regulations and effectively manages these financial crime risks. This includes the implementation of comprehensive onboarding, transaction monitoring, screening and reporting controls.

Legal and Regulatory Compliance Risk

Legal and Regulatory Compliance Risk is the risk that the Company may fail to adhere to legal or regulatory requirements under pre-existing authorisations and permissions. Examples of key Legal and Regulatory Compliance risks that the Company actively manages include:

- Regulatory Permissions Risk, the risk that the Company unintentionally operates outside the scope of its regulatory permissions. This can encompass the offering of products or services to customers in a jurisdiction for which Revolut is not yet authorised to do so; and
- Industry / Scheme Requirements Risk, the risk that the Company may fail to adhere to non-regulatory body industry/scheme requirements to which it is exposed as a result of its business activities, such as card schemes or voluntary codes.

The Company 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 regulators, authorities and stakeholders.

Conduct and Culture Risk

The Company has Conduct Risks associated with customer outcomes, market stability and effective competition; and Culture Risks associated with business practices and incentives. The Company is committed to putting consumers at the heart of the business and delivering to them good outcomes. Examples of key risks across the stages of the consumer journey include:

- Product Design, Price and Fair Value Risk, the risk that our products and services are not suitable for or fail to meet the target market needs and expectations;
- Consumer Understanding and Sales, Distribution and Marketing Risk, the risk that sales, distribution and marketing activity is unfair, unclear or misleading;
- Customer Support and Post-Sales Conduct Risk, the risk that our post sales client and product activity leads to poor or unfair customer outcomes; and

Culture and Incentives Risk, the risk that business practices or incentive structures encourage excessive or imprudent risk taking, poor employee conduct or create the risk of poor outcomes for customers or other stakeholders.

Emerging Risk

Whilst the Company monitors 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)

Climate Risk

The Company's exposure to the financial risks arising from climate change is immaterial. While we remain vigilant and committed to monitoring climate risks, our software-based business minimises our exposure to climate-related scenarios as our operations rely less on physical infrastructure and more on digital platforms. Our corporate physical footprint (e.g. office space) continues to be limited and we do not provide direct funding that generates financed emissions and are not collateralised by physical assets exposed to climate change.

Given the longer-term nature of the risk and the Company's desire to set and achieve appropriate climate goals, we currently manage climate risk as an emerging risk, recognising this may become more material as our exposure begins to grow.

Considering that the risk is insignificant, we limit further disclosures.

Evolving Regulatory Environment

As a regulated business, the Company keeps abreast of the emerging regulatory and legislative changes which could impact the way we operate and therefore our ability to comply with applicable regulations and legislations. To achieve this, the Company, partnering with a number of third parties, has developed its own Horizon Scanning process to capture and assess the potential impact of upcoming regulatory change while jointly maintaining an active and open dialogue with all regulators and government bodies in our operating territories.

In particular, we are closely monitoring the changes in regulatory landscape and industry developments relating to Cryptoasset products following the continued evolution of regulatory enforcement in this arena. In addition, we continue to closely monitor the potential impact of the UK's Payment Systems Regulator developments on frauds refund including the mandatory reimbursement model.

Evolving Technologies

We believes that evolving technologies create significant opportunity for innovation of our Products and Services, but also recognises challenges associated with their use. Regulations around the use of new technologies (e.g. Artificial Intelligence) are also evolving and the Company applies significant governance over potential use cases to ensure that key risks (e.g. Model, Data Privacy, Legal, Compliance) are identified and managed.

Emerging technologies also feature in rapidly evolving external threats, for example through External Fraud or Cyber Attack. Our controls therefore require continuous enhancement to ensure they remain effective. As referenced in the principle risks section, a regular and ongoing programme of penetration testing is in place to identify weak points against changing attack vectors. Fraud detection models continue to be enhanced, leveraging new technologies (e.g. Large Language Models) to become increasingly effective.

Non-Financial and Sustainability Information Statement

The Company has elected not to prepare a separate Non-Financial and Sustainability Information Statement (the "NFSI Statement") since its disclosures for the reporting period are included within the NFSI Statement of Revolut Group Holdings Ltd in line with the provisions of s. 414CA(7) and (8) of the Companies Act 2006.

Corporate Governance Standards

The Company operates in accordance with all corporate governance, legal and regulatory requirements. While not subject to the UK Corporate Governance Code 2018 (the CG Code), the Company largely complies with the CG Code within its Corporate Governance Framework on the basis that this is industry best practice and in order to achieve positive governance outcomes for us and our stakeholders.

Group Corporate Governance Framework

Our governance structure is made up of the Board, Board Committees and Executive Committees.

The Board

The Board is responsible for setting the overall strategy and culture, and for overseeing management in its day-to-day running of the business.

The Board is also responsible for ensuring there is in-place governance arrangements, policies and practices appropriate for the size and nature of the Company's business.

In June 2023, the Board approved an updated Revolut Corporate Governance Framework (**RCGF**) which details the governance and internal control framework, including, but not limited to, the (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) the governance framework for the Company's subsidiaries. The RCGF acts as the overarching guide in order to ensure a consistent, centralised approach to governance.

The Board Committees

The Board maintains effective oversight through Board Committees, which were established to assist the Board in discharging its duties.

The Board has established four Committees: (i) Board Risk & Compliance Committee (**BRCC**); (ii) Board Audit Committee (**BAC**); (iii) Nomination Committee (**NomCo**); and (iv) Remuneration Committee (**RemCo**).

The Committees operate under delegated authority from the 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. Further information about each Board Committee can be found below.

Executive Leadership and Executive Committees

The Board delegates authority for the day-to-day management of the Company to the CEO. The CEO is supported by the executive leadership team (**Executive Leadership**) and an Executive Committee, operating under delegated authority from the Board.

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Section 172 Statement

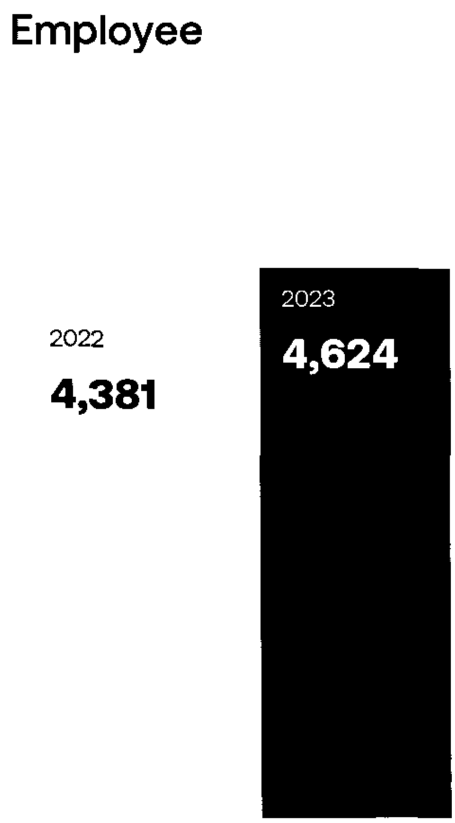
The Board has a responsibility under section 172 of the Companies Act 2006 ("Section 172"), when making decisions, to consider the interests of the Company's stakeholders. This is part of the Board's wider responsibility to promote the long-term success of the Company. We have outlined below some of the key actions the Board have taken to engage with our stakeholders and to discharge their duties under Section 172.

Interests of Our Employees

Employees are the key to the success of the Company and to our ability to build and provide to our customers world class products and services. The Board is focused on ensuring the Company's culture is and remains one that attracts and retains the best and brightest employees, whilst providing them with an inclusive and nurturing environment in which to work and to develop.

Employees are surveyed regularly about topics that will impact them, including through our quarterly engagement survey, RevVoices. The feedback from these surveys is reviewed in detail by the Board and actioned upon as appropriate. For example, following feedback during 2023 from our employees, the Company introduced a new framework to move to a quarterly progression and promotions process.

In 2023, the Board reviewed and approved Revolut's Diversity and Inclusion Framework to ensure this upholds the Company's inclusive culture and the interests of every employee. Our Independent Non-Executive Director, Michael Sherwood, acting as the Board's D&I sponsor, works closely with the wider People team on the Company's initiatives to continue to enhance the employee experience at Revolut



Interests of Our Customers

The Company applies a customer-centric approach to developing its products and services, with "Deliver Wow" being one of our core company values. The Board engaged directly with the Company's executive leadership (the "Executives") during 2023 regarding the Company's long-term product strategy, to ensure the quality and relevance of proposed products for our customers. Notably, the Board approved the 2026 Strategy and Company Goals, which included a focus on delivering a zero-issue experience through a fully reliable and responsive app.

The Board has oversight of the product and initiative approvals processes to ensure that products are fully scoped, designed and launched in full compliance with all legal and regulatory requirements and that they otherwise adhere to the Board determined risk parameters. The Board takes an active role in overseeing that all customers are treated fairly and that vulnerable customers are protected.

During 2023, the Board implemented Revolut's new Consumer Outcomes Framework, in line with requirements from the Financial Conduct Authority (the "FCA"). The Board built on existing customer processes and created additional consumer duty controls into our core product development process. The Board continues to work closely with our Executives to oversee its implementation.

Interests of Our Suppliers

Our partnerships with third party suppliers are vital to enhancing the services that we provide to customers. The Board takes an active role in approving significant third party engagements and in making the decision to terminate such engagements, including due to risk considerations. Our Executives have regular meetings with key suppliers to get their feedback on their experience of partnering with Revolut.

Interests of Our Regulators

The Company has ongoing engagement with regulators in the United Kingdom, including the FCA, and the Board prides itself on maintaining an open and transparent dialogue with them. The Board is provided with weekly updates on key regulatory engagement and developments and is directly involved in overseeing the Company's interactions with our regulators, where appropriate.

Interests of Our Investors

The Company is a wholly-owned subsidiary undertaking of Revolut Group Holdings Ltd (the "Ultimate Parent"). The activities of the Company are carried out in furtherance of the objectives of the Ultimate Parent, having regard to policies adopted by the Ultimate Parent to protect its interests. The Company's financial results are included in the consolidated annual report and accounts for the financial year ending 31 December 2023 of the Ultimate Parent, which allows the Ultimate Parent's investors to evaluate the value-enhancing activities of the Company within the context of the group of companies in which it operates.

Interests of Our Environment and Community

The Company is committed to making a positive impact in the world. The Company continues to expand the causes that we support through our in-app 'Donations' feature. In 2023, the Company also committed to the launch of an incubator programme, targeted at low carbon impact businesses. The Board approved our ESG policy in 2023, which was designed to champion sustainable initiatives, meet customer and regulatory needs and promote positive change.

Energy Usage and Greenhouse Gas Emissions

The Company has elected not to prepare a separate Energy Usage and Greenhouse Gas Emissions (EU&GGE) Report since its disclosures for the reporting period are included within the EU&GGE Report of Revolut Group Holdings Ltd in line with the provisions of Part 7A of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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Nikolay Storonsky

Director

25 July 2024

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2023 for Revolut Ltd.

Directors' Responsibilities Statement

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

The Directors have chosen to prepare 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 Company and of the profit or loss of the 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 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 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 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 is 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 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

The Directors who served during the period and to the date of this Annual Report were:

- Nik Storonsky
- Vlad Yatsenko
- Martin Gilbert
- Michael Sherwood
- Caroline Britton
- Ian Wilson
- John Sievwright
- Dan Teodosiu (appointed to the Board in November 2023)

Research and Development

The Company undertakes research and development activities in respect of the development and enhancement of its technology platform. Revolut incurred research and development costs during 2023 of £122.3 million and these are recognised in the Consolidated Statement of Comprehensive Income (2022: £88.0 million).

Political Donations

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

Employment, Training & Advancement of Disabled Persons

Hiring and Recruitment Processes: We factor in additional time for candidates requiring adjustments, ensuring clear and upfront processes are available for prospective employees throughout the recruitment process.

HR Policies and Processes: We have HR policies and processes globally to support relevant workplace adjustments, ensuring that all employees have the necessary accommodations to thrive in their roles.

Count Me In Initiative: We consistently engage employees to update their diversity information, achieving a 90% completion rate for disability data. This initiative ensures we have up-to-date information to better support our disabled employees.

Director+ Population: 8% of our Director+ colleagues versus 3% of our overall population identify as having a disability or neurodiversity. This reflects our commitment to career advancement for these employees, demonstrating our dedication to diversity at all levels of the organisation.

Neurodiversity Group: Our growing neurodiversity group, which includes many who identify as having a disability, will become a fully-supported guild this quarter. This enhancement will provide additional support and resources for our neurodivergent employees.

Directors' Liabilities

Revolut indemnifies each of the Company's 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 2023 financial year.

Financial Instruments

The Company enters into a series of financial instruments for the purposes of its business operations, comprising cash and cash equivalents, financial investments held to collect and sell, derivatives, customer liabilities, intercompany and other payables, and receivables measured at amortised cost. Details of the Company's financial instruments are set out in Note 26 of the financial statements.

The Company is exposed to foreign exchange and interest rate risk. The Company undertakes fair-value hedge accounting using interest rate swaps for its non-interest-bearing core deposits. Details of the Company's hedge accounting are set out in Note 26.4 of the financial statements.

Capital Management

As at 31 December 2023, Revolut Ltd had total capital resources, all of which is Common Equity Tier 1 ('CET1'), of £877 million (2022: £703 million).

Going Concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has 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 upon the latest financial forecast prepared by management. Appropriate assumptions have been made in the base case forecast in respect to user, revenue growth and profitability based on the historical performance of the business and expected changes to the business over the forecast period.

The Directors have also considered as part of the going concern review the severe, but plausible, downside scenarios used in the Group's detailed Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (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. This assessment also stresses the underlying entities in the Group, including Revolut Ltd, and the entities from which Revolut Ltd generates transfer pricing income. The table includes the principal risks being stressed as described in the Principal Risks and Uncertainties section.

Type	Scenario	Description
Market	Interest Rates Decrease	• Property prices drop materially triggering widespread defaults leading to reduced credit availability and a sharp drop in global GDP. • Inflationary pressures ease and central banks respond by cutting rates sharply to historical lows for an extended time period.
	Interest Rates Increase	• Inflation increases globally. Central banks raise interest rates (beyond current levels) resulting in a global recession. • Unemployment increases and GDP growth stagnates for a protracted period. • This is based on the September 2022 Bank of England Annual Cyclical Scenario.
Idiosyncratic	Reputational Damage	• An operational event occurs resulting in severe reputational damage. • Loss of confidence leads many customers to withdraw funds and stop using Revolut. • It takes considerable time before trust is restored.

In all of these scenarios, the Company's capital and liquidity remain above regulatory requirements. This sufficiency does not require any external financing.

Moreover, Revolut has performed three stress scenarios to test the robustness of its diversified business model. The three stress tests feature no change in Revolut's current regulatory environment, a cost of living crisis across the EEA and the UK, and an idiosyncratic downside scenario. Under all three stress scenarios the Company remains profitable with sufficient capital and liquidity, requiring no external financing throughout the assessment period and hence adding to the strong evidence supporting the Company's ability to continue as a going concern.

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

Events After the Reporting Date

Please refer to Note 29 on page 76 for information about our post balance sheet events.

Branches outside the UK

Please refer to Note 15 on page 52 for information about the Company's branches.

Disclosure of Information to the Auditor

Each of the directors, as of the date of approval of this Directors Report, confirm 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
- they have 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 25 July 2024 and signed on its behalf.

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Nk Storonsky

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Nikolay Storonsky
Director
25 July 2024

Independent Auditor's Report to the Members of Revolut Ltd

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- 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 Ltd ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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 opinion.

Independence

We are independent of the 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 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, 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.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the 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 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 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 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 relating 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 the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with relevant regulatory bodies and tax legislation. We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements.
2. The susceptibility of the Company'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 Company to address risks identified by the Company or that otherwise seek to prevent, deter or detect fraud.
3. Due to the acute dependency of the Company 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 and operating effectiveness 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.

We place reliance on relevant IT controls with a combined audit approach obtaining evidence from test of 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 100% of own cash, other high quality liquid assets (HQLAs), and short-term financial assets held with third parties.

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

Our procedures included the following:

- Assessing the design and testing the operating effectiveness of relevant IT general controls relating to the core operating platforms and general ledger.
- Testing the design and operating effectiveness of automated controls key to the processing, recording and settlement of customer transactions including those key integrations and reconciliations relevant to revenue recognition and customer liabilities.
- Performance of data analytic procedures to independently recalculate and reconcile total customer liabilities at an individual user level by direct interrogation of the entity's IT environment for evidence of understatement of customer liabilities.
- Review of external complaints data including that recorded by the FOS compared to internal data source(s) to assess potential incompleteness of customer complaints recorded by the entity.
- As part of our substantive procedures in respect of the revenue and treasury cycles customer existence procedures (onboarding) for indicators of fictitious customers and accounts.
- We obtained 3rd party confirmations for a number of customer balances and year-end transactions direct from customers based on specific risk criteria and characteristics.
- We performed analytics over 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 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 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, 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 who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
25 July 2024

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

Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 £000	2022 £000
Revenue		**1,366,484**	**743,867**
Fee income	6	556,794	400,493
Interest income	7	185,593	47,133
Other income	8	624,097	296,241
Cost of sales		**(224,204)**	**(132,246)**
Fee expense	9	(153,014)	(117,928)
Interest expense	7	(39,223)	(5,463)
Credit loss expense		(3,766)	(50)
Other operating expenses		(28,201)	(8,805)
Gross profit		**1,142,280**	**611,621**
Administrative expenses	10	(832,070)	(634,787)
Profit/(loss) before tax		**310,210**	**(23,166)**
Tax (expense)/credit	12	(74,789)	39,031
Net profit for the year		**235,421**	**15,865**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	25	(433)	(40)
Changes in the fair value of financial assets measured at FVOCI	25	10,550	(13,519)
Tax (expense)/credit on components of other comprehensive income	12	(2,822)	3,444
Other comprehensive income/(loss), net of tax		**7,295**	**(10,115)**
Total comprehensive income for the year		**242,716**	**5,750**

The accompanying notes on page 23 form an integral part of this financial statement.

Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 £000	31 December 2022 £000
Assets			
Cash and cash equivalents	13	5,989,764	4,258,584
Treasury investments	14	389,773	1,712,270
Investment in commodities	16	104,618	94,221
Trade and other receivables	17	749,148	397,193
Derivative financial assets	26.3	32,296	10,158
Inventories	18	15,750	18,430
Current tax assets		13,908	7,412
Deferred tax assets	12	58,390	88,743
Property, equipment, and right-of-use assets	19	18,530	19,485
Investments in subsidiaries and group undertakings	15	14,370	15,457
Total assets		**7,386,547**	**6,621,953**
Liabilities			
Customer liabilities	20	5,842,543	5,371,960
Trade and other payables	21	559,582	413,055
Derivative financial liabilities	26.3	71,232	91,133
Provisions for liabilities	22	8,136	14,043
Current tax liabilities		1,139	2,134
Total liabilities		**6,482,632**	**5,892,325**
Equity			
Share capital	24	—	—
Share premium		87,803	87,803
Retained earnings		608,665	477,466
Other reserves	25	207,447	164,359
Total equity		**903,915**	**729,628**
Total liabilities and equity		**7,386,547**	**6,621,953**

The accompanying notes form an integral part of these financial statements. The financial statements on pages 20 to 14 were approved and authorised for issue by the Board and were signed on its behalf on 25 July 2024;

DocuSigned by:

Nk Storonsky

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Nikolay Storonsky

Director

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 2022	**—**	**1,287,452**	**—**	**114,270**	**(306,830)**	**1,094,892**
Net profit for the year	—	—	—	—	15,865	15,865
Other comprehensive loss for the year	—	—	—	(10,115)	—	(10,115)
Total comprehensive income for the year	**—**	**—**	**—**	**(10,115)**	**15,865**	**5,750**
Transactions with owners						
Share premium reduction and transfer to retained earnings	—	(1,200,000)	—	—	1,200,000	—
Shares issued during the year	—	86	—	—	—	86
Adjustment to accrued expenses related to issuance of shares	—	265	—	—	—	265
Merger reserve on reorganisation	—	—	(202,779)	—	—	(202,779)
Transfer of reserve on reorganisation	—	—	—	(17,243)	17,688	445
Equity-settled share-based payment charge	—	—	—	34,083	—	34,083
Dividends	—	—	—	—	(246,478)	(246,478)
Transfer of merger reserve following dividend in specie	—	—	202,779	—	(202,779)	—
Tax impact of equity-settled share-based payment charge	-	—	—	43,364	—	43,364
Total transactions with owners	**—**	**(1,199,649)**	**—**	**60,204**	**768,431**	**(371,014)**
At 31 December 2022	**—**	**87,803**	**—**	**164,359**	**477,466**	**729,628**
At 1 January 2023	**—**	**87,803**	**—**	**164,359**	**477,466**	**729,628**
Net Profit for the year	—	—	—	—	235,421	235,421
Other comprehensive income for the year	—	—	—	7,295	—	7,295
Total comprehensive income for the year	**—**	**—**	**—**	**7,295**	**235,421**	**242,716**
Transactions with owners						—
Share premium reduction and transfer to retained earnings	—	—	—	—	—	—
Issuance of shares	—	—	—	—	—	—
Adjustment to accrued expenses related to issuance of shares	—	—	—	—	—	—
Merger reserve on reorganisation	—	—	—	—	—	—
Transfer of reserve on reorganisation	—	—	—	—	—	—
Equity settled share-based payment charge	—	—	—	33,305	—	33,305
Dividends	—	—	—	—	(104,222)	(104,222)
Transfer of merger reserve following dividend in specie	—	—	—	—	—	—
Tax impact of equity-settled share-based payment charge	—	—	—	2,488	—	2,488
Total transactions with owners	**—**	**—**	**—**	**35,793**	**(104,222)**	**(68,429)**
At 31 December 2023	**—**	**87,803**	**—**	**207,447**	**608,665**	**903,915**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

Revolut Ltd (the 'Company') provides electronic money and payment services through a prepaid card, currency exchange, peer-to-peer payments, and cryptocurrency, amongst other products. The Company also offers a similar proposition to business customers encompassing multi-currency exchange, prepaid corporate cards, and international and domestic bank transfers to freelancers, and Small and Medium Enterprises.

The Company provides intercompany services to facilitate the operation of Revolut Bank UAB and other subsidiaries of the Group.

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.

The ultimate and immediate parent of the Company is Revolut Group Holdings Ltd, whose registered address is 7 Westferry Circus, Canary Wharf, London, England, E14 4HD. The largest and smallest group that prepares consolidated accounts is that headed by Revolut Group Holdings Ltd (the 'Group'), and those consolidated accounts are publicly available from the above address.

2. Basis of Preparation

The financial statements of Revolut Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006.

As permitted under section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly-owned subsidiary of the ultimate parent, Revolut Group Holdings Ltd, a company incorporated in England and Wales, which prepares consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom. The Company meets the criteria for exemption from the obligation to prepare and deliver group accounts that is available to a company included in UK group accounts of a larger group. These financial statements therefore present information about the Company as an individual undertaking and not about its group. Revolut Group Holdings Ltd makes its financial statements available to the public annually.

The 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 financial assets and liabilities at fair value as disclosed in Note 4.

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

Following the group reorganisation that took place during 2022 as set out in Note 2.1, Revolut Ltd has presented its financial statements for the year ended 31 December 2022 on an individual basis only as Revolut Group Holdings Ltd has presented its consolidated financial statements for the year ended 31 December 2022 as an in-substance continuation of the existing Group, headed by Revolut Ltd.

Further details of the basis of consolidation adopted by Revolut Group Holdings Ltd for the year ended 31 December 2022 are set out in Note 2 of Revolut Group Holdings Ltd consolidated financial statements for the year ended 31 December 2023.

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 Individual 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 Ltd, in accordance with FRS 101:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-based Payment*, because the share-based payment arrangement concerns the instruments of another group entity
- The requirements of IFRS 7 Financial Instrument Disclosure
- The requirements of paragraph 91 to 99 of IFRS 13 *Fair Value Measurement*
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*
- 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
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135c to 135e of IAS 36 *Impairment of Assets*

3. Going Concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has 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 upon the latest financial forecast prepared by management. Appropriate assumptions have been made in the base case forecast in respect to user, revenue growth and profitability based on the historical performance of the business and expected changes to the business over the forecast period.

The Directors have also considered as part of the going concern review the severe, but plausible, downside scenarios used in the Group's detailed Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (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. This assessment also stresses the underlying entities in the Group, including Revolut Ltd, and the entities from which Revolut Ltd generates transfer pricing income. The table includes the principal risks being stressed as described in the Principal Risks and Uncertainties section.

Type	Scenario	Description
Market	Interest Rates Decrease	• Property prices drop materially triggering widespread defaults leading to reduced credit availability and a sharp drop in global GDP. • Inflationary pressures ease and central banks respond by cutting rates sharply to historical lows for an extended time period.
	Interest Rates Increase	• Inflation increases globally. Central banks raise interest rates (beyond current levels) resulting in a global recession. • Unemployment increases and GDP growth stagnates for a protracted period. • This is based on the September 2022 Bank of England Annual Cyclical Scenario.
Idiosyncratic	Reputational Damage	• An operational event occurs resulting in severe reputational damage. • Loss of confidence leads many customers to withdraw funds and stop using Revolut. • It takes considerable time before trust is restored.

In all of these scenarios, the Company's capital and liquidity remain above regulatory requirements. This sufficiency does not require any external financing.

Moreover, Revolut has performed three stress scenarios to test the robustness of its diversified business model. The three stress tests feature no change in Revolut's current regulatory environment, cost of living crisis across EEA and UK, and an idiosyncratic downside scenario. Under all three stress scenarios the Company remains profitable with sufficient capital and liquidity, requiring no external financing throughout the assessment period and hence adding to the strong evidence supporting the Company's ability to continue as a going concern.

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

4. Material Accounting Policies

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

4.1 Adoption of New and Revised Standards

(a) New standards, interpretations, and amendments adopted from 1 January 2023

New standards impacting the Company that have been adopted in the financial statements for the year ended 31 December 2023 are:

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*
- Disclosure of Accounting Policy — Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate — Amendments to IAS 8
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction — Amendments to IAS 12
- International Tax Reform Pillar Two Model Rules — Amendments to IAS 12

The adoption of the new standards listed above have not had a significant impact on the individual financial statements of the Company for the year ended 31 December 2023.

(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 Company has decided not to adopt early.

New standards or amendments	Effective for annual periods beginning on or after
Lease Liability in a Sale and Leaseback — Amendments to IFRS 16	1 January 2024
Non-current Liabilities with Covenants — Amendments to IAS 1	1 January 2024
Classification of Liabilities as Current or Non-current — Amendments to IAS 1	1 January 2024
Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of exchangeability — Amendments to IAS 21	1 January 2025

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

4.2 Foreign Currency Translation

Functional and presentation currency
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 measured.

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
The results of overseas operations are translated into sterling at the average exchange rates for the applicable period. All assets and liabilities of overseas operations are translated at the exchange rate ruling at the 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.

4.3 Fee Income

The Company 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 Company 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 Company'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 Company's cryptocurrency and commodities products.

The Company acts as an agent on behalf of its customers to buy or sell cryptocurrencies and the revenue represents any exchange markup or commission charged, and any applicable fair usage fees. Buying or selling cryptocurrencies 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 Company charges a markup on the market exchange rate for the exchange of e-money. Similarly, when the customer settles the contract and receives e-money, a separate markup fee is charged to the customers. Revenue is recognised upon the completion of each individual transaction, i.e. revenue recognised upon entering into the commodity contracts, and upon settlement of the commodity contract.

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

The Company 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 24.2.

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 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 revenue mainly comprises:

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

Remaining performance obligations
IFRS 15 allows the Company 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).

4.4 Fee Expense

Fee expenses primarily relates to fees incurred by the Company 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 fee
These are costs primarily payable to the card schemes of which the Company is a member. Processing and settlement of transaction costs are presented net of rebates received from payment scheme providers for scheme fee costs.

Partner-related costs
These are costs incurred by the Company to purchase services from third-party vendors to include them as an integral component of the product package.

Cost of cards and card readers
These are the costs incurred by the Company to purchase, personalise, and distribute cards to retail customers and card readers to business customers. Cards and card readers are initially recognised as inventory until they are shipped to a customer, at which point they are expensed.

4.5 Interest Income and Expense

Interest income
Interest income is recognised using the effective interest rate on: 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 Statement of Comprehensive Income over the term of the debt 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.

4.6 Transactions Between Entities Under Common Control

The Group's transfer pricing policy is determined with reference to local tax legislation, the OECD Guidelines, and in line with the arm's length principle.

Revolut operates via local operating companies which generate third party revenue in local markets, such as Revolut Bank UAB in Europe. Revolut Ltd also engages non UK entities under common control and Revolut Ltd branches, to perform limited risk services for the cost and benefit of Revolut Ltd. All intra-group transactions are covered by the Group's transfer pricing policy and this is reviewed and renewed annually.

4.7 Staff Costs

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

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

Share-based payments
During 2022, as part of the group-wide reorganisation, share-based payment arrangements previously issued by Revolut Ltd and settled in equity instruments of Revolut Ltd were replaced by share-based payment arrangements issued by Revolut Group Holdings Ltd and settled in equity instruments of Revolut Group Holdings Ltd. Further details of the group-wide reorganisation are set out in Note 2.1.

The Group operates a number of share-based payment award schemes. The purpose of these schemes is to incentivise and remunerate the Company'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').

The fair value of the awards is recognised as an expense in the 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 awards that are expected to vest, taking into account the service conditions and any non-market performance conditions such that the total cumulative amount recognised as an expense over the vesting period is based on the number of share-based payment awards that eventually vest. The Company has to estimate the expected yearly percentage of employees that will stay within the Company at the end of the vesting period of the share-based payment awards in order to determine the amount of share-based compensation expense charged to the Statement of 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 Statement of Comprehensive Income over the remaining vesting period.

Prior to Revolut Group Holdings Ltd becoming the immediate parent of Revolut Ltd on 29 April 2022, where the Company granted share-based payment awards to employees of subsidiary companies, the relevant charge was recognised as an increase in cost of investment in subsidiaries with a corresponding increase in the share-based payment reserve in equity. Following share awards previously issued by the Company being replaced with share awards issued by, and settled in, equity instruments of Revolut Group Holdings Ltd, the Company transferred the component of the share-based payment reserve in equity to retained earnings relating to outstanding share-based payment awards previously made by the Company to employees of other other group subsidiaries as the Company will no longer be settling these share-based payment awards.

4.8 Current and Deferred Taxation

The tax expense/(credit) comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity 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 Statement of Financial Position date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, 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;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company 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 Statement of Financial Position date.

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

4.9 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with 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.

Client funds are held in segregated accounts with authorised credit institutions as part of the Company's safeguarding policy.

4.10 Investments in Subsidiaries and Group Undertakings

The Company's investments in subsidiaries and group undertakings are initially stated at cost. Subsequently, investments in subsidiaries and group undertakings are stated at cost less provision for impairment. An investment in a subsidiary or group undertaking 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 financial statements. All impairments are recognised in the Statement of Comprehensive Income as they occur. The carrying cost is reviewed at each 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/contribution received.

4.11 Investment in Commodities

These investments represent holdings in precious metals that are held to hedge the Company'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 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 Company'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 4.17).

4.12 Trade and Other Receivables and Payables

Collateral
Where cash collateral is given, to mitigate the risk inherent in amounts due from the Company, 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 Company'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 cryptocurrencies via our 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 Company acts as an agent on behalf of its customers on a custodian basis to buy or sell cryptocurrencies, the Company does not recognise positions in cryptocurrencies on the Statement of Financial Position.

Trade receivables and payables
Trade receivables are amounts owed to the Company from business partners following the provision of services on credit. Trade payables are any unsettled expenses billed to the Company from vendors, suppliers or other third parties for services provided.

Negative customer liabilities
Negative customer liabilities represent customers with overdrawn funds net of impairment loss allowances for expected credit losses. While Revolut does not currently offer overdraft facilities, there are several scenarios that can lead to the creation of a negative customer liability, such as offline transactions, chargebacks, subscription fee charges and fraudulent customer activity. In these scenarios the previously recognised customer liability is extinguished and an asset is recognised.

4.13 Inventories

Inventories are stocks of cards for new and existing users as well as card readers which are held at the Company'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 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.

4.14 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 Statement of Comprehensive Income.

4.15 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 3 years.

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.

4.16 Impairment of Non-Financial Assets

At each date of a 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 the profit or loss account, 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.

4.17 Customer Liabilities

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

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

4.18 Provisions and Contingencies

Provisions
Provisions are made where an event has taken place that gives rise for the Company 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 to the Statement of Comprehensive Income in the year that the Company 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 charged to the provision carried in the 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 Company's control.

Contingent liabilities are disclosed in the 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 financial statements.

4.19 Leases

The Company 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 2023 and 2022 the Company is a lessee in its lease arrangements, and is not a lessor.*

The Company 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 Company 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 Company 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 Company 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. The 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 Statement of Financial Position.

Lease liabilities
At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 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 Company 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 Company 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 Company has elected this practical expedient and will not separate lease and non-lease components.

Short-term leases and leases of low-value assets
The Company 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 recognized 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 Company recognised £0.7 million in lease expense related to short-term and low-value assets for the period (2022: £0.8 million).

4.20 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.

4.21 Reserves

The Company reserves are as follows:

- Merger reserve arising from the reorganisation of the Group.
- Other reserves represent the revaluation of foreign currency at the 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

4.22 Financial Instruments

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

Classification and measurement of financial assets
The Company 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 Company 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 Company 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 Company 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 Company 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 Instruments*.

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.

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 Company 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 Company 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 Company'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 Statement of Comprehensive Income, until such investments are sold, collected or otherwise disposed of.

On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the Income Statement for the period and reported in Other operating (expense)/income. 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 in profit or loss in the 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 Company 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 Company 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 Company 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 Group and Company 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 Company'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 Company currently does not have any purchased or originated credit-impaired financial assets.
For loans and advances to customers, 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 since initial recognition, against which an expected credit loss provision is required for expected credit losses resulting from default events expected within the next 12 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 significant increase in credit risk 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 the ECL provisions.

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 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 2 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 Company 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 Company 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 12-months (for Stage 1 assets) or the life 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 value of 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 Statement of Financial Position date 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.
The measurement of the ECL provisions also takes into account all reasonable and supportable information, including forward looking economic scenarios to calculate a probability weighted forward looking estimate.

Economic scenarios are currently derived from macro forecasts sourced from external providers and weightings determined according to expert judgment.

Details on the ECL calculation approach are contained in jurisdiction specific methodologies, respectively 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 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 Statement of Comprehensive Income.

Write-off for negative customer liabilities
Negative customer liabilities are written off for:

- Terminated users — at the point of termination;
- Fraudulent user activity — at the point of completion of internal investigation; or
- Balances older than 365 days

Link between risk appetite/credit risk management and ECL

As part of the risk management strategy, risk indicators based on expected credit losses (ECL) are monitored relative to the pre-approved risk appetite, such as the stressed expected credit loss for the total credit portfolio.

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 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 and 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 Statement of Comprehensive Income using the effective interest rate method.

The total statement of comprehensive income impact of foreign currency swaps can be split into two components

- The contractual gain (net yield on foreign exchange derivatives)
  This represents the return on settlement of the far leg of the foreign currency swaps due to the difference between the prevailing spot rate and the forward rate at inception (i.e., the 'contractual gain').
- The mark to market fair value movement (impact of foreign exchange rates)
  This represents the adjustment of the valuation of the foreign exchange swaps due to movements in the foreign exchange market conditions (i.e., change in foreign exchange rates).

The contractual gain from the foreign currency swaps (i.e., net yield on foreign exchange derivatives) are presented separately under other income in the Statement of Comprehensive Income, on the basis that the contractual gain represents earned yield on assets which are intrinsic to Revolut's business. It represents a net increase in cash upon settlement of the swap and therefore constitutes an operating cash flow.

The fair value movement on foreign currency swaps are recognised under Administrative expenses in the Statement of Comprehensive Income, along with unrealised and realised foreign currency gains and losses.

Financial liabilities are derecognised when the Company 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 Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company 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 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 Company elected, as a policy choice permitted under IFRS 9, to continue to apply the requirement of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Company applies fair value hedge accounting as appropriate to the risks being hedged.

At inception, the Company 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 Company 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 income statement in Fair value gains / (loss). In addition, the cumulative change in the fair value of the hedged item attributable to the hedged risk is recognised in the income statement in Fair value gains / (loss), and for hedged item 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 Company'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 rate;
- 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 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 the income statement 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 the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

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

The financial performance of the Company reflects the accounting policies and estimates selected in the preparation of financial results. Judgements in applying accounting policies 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.

In addition, the Company develops accounting estimates to achieve the objectives set out by its selected accounting policies. An accounting estimate is a monetary amounts in financial statements that are subject to measurement uncertainty. Any changes in accounting estimates result from new information or development and are not corrections of errors or changes in principles. Such accounting estimates may, inherently, be based on a high degree of uncertainty. Accordingly, the Company's reliance on accounting estimates may result in a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.1 Judgement in Applying Accounting Policies

Hedge accounting
The Company's hedge accounting policies include an element of judgement 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 Company's core deposits portfolio, the Company follows a dynamic hedging strategy, and the period for which the Company designates these hedges is only one month. At the end of every month, the Company 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. Further details about the Company's hedge accounting are disclosed in Note 26.4.

5.2 Key Sources of Estimation Uncertainty

The Company 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.

Recognition of deferred tax asset
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 judgement, 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.

The Company has considered their carrying value as at 31 December 2023 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 2024 and beyond. Management expects to utilise all deferred tax assets in respect of accumulated trading tax losses before the end of 2024.

Deferred tax assets of £58.7 million were recognised as at 31 December 2023 (2022: £89.1 million). As at 31 December 2023, the Company had nil unrecognised deferred tax assets (2022: nil). Further details about the Company's deferred tax assets are given in Note 12.

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.

Investments in subsidiaries and group undertakings
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 15.

Provisions for liabilities
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration, and regulatory investigations and proceedings arising in the ordinary course of the business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, the Company does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter, and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates. Further details on the Company's provisions for liabilities are given in Note 22.

The Company also recognises a provision for dilapidation relating to leased office spaces, to bring the buildings back to their original state at the end of the lease. At the inception of the leases, a provision is recognised based on management's best estimate and is discounted to the present value at the start of the lease, using the same incremental borrowing rate as used in the calculation of the lease liability. The discount is unwound over the life of the lease.

6. Fee Income

	2023	2022
	£000	**£000**
Nature of fee income		
Foreign exchange and wealth	285,024	201,453
Cards and interchange revenue	163,801	110,960
Subscription revenue	79,040	55,177
Others	28,929	32,903
Total fee income	**556,794**	**400,493**

Type of fee income		
Transferred at a point in time	471,018	340,992
Transferred over time	85,776	59,501
Total fee income	**556,794**	**400,493**

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

7. Interest Income and Expense

	2023	2022
	£000	**£000**
Interest income		
Cash and bank balances	158,020	14,316
Interest accretion on financial investments at FVOCI	27,396	26,095
Total interest income using EIR method	**185,416**	**40,411**
Other interest income	177	6,722
Total interest income	**185,593**	**47,133**
Interest expense		
Interest accretion on interest rate swaps	(36,128)	—
Negative interest on customer funds	(2,756)	(4,970)
Interest expense on lease liabilities	(339)	(493)
Total interest expense using EIR method	**(39,223)**	**(5,463)**
Net interest income/(expense)	**146,370**	**41,670**

8. Other Income

	2023	2022
	£000	**£000**
Net intragroup recharges	562,699	251,483
Net yield on foreign exchange derivatives	55,398	37,349
Net gain on changes in the fair value of hedging derivatives and hedged items	—	7,409
Dividend income	6,000	—
Total other income	**624,097**	**296,241**

Net intragroup recharges are primarily driven by the charges paid to Revolut Ltd by Revolut Bank UAB.

Net cumulative change in the fair value of hedging derivatives and hedge items decreased from £7.4 million at 31 December 2022 to £2.3 million at 31 December 2023, a loss of £(5.1) million recognised under other operating expenses. Refer to Note 26.4 for details on the macro fair value hedge.

9. Fee Expense

	2023	2022
	£000	**£000**
Processing and settlement fee	91,850	69,423
Partner-related costs	36,231	26,439
Cost of cards and card readers	21,105	21,906
Others	3,828	160
Total fee expense	**153,014**	**117,928**

10. Administrative Expenses

	Note	2023	2022
		£000	**£000**
Staff costs	11	375,935	276,391
Advertising and marketing		179,393	34,897
Intercompany charges		121,222	91,299
Outsourced support		42,087	62,091
IT and communications		46,660	38,026
Legal and professional costs		31,385	30,030
Depreciation and amortization expense	19	8,537	23,677
Impairment losses other than expected credit losses		1,357	8,238
Impact of foreign exchange rates		(9,585)	12,893
Other costs		35,079	57,245
Total administrative expenses		**832,070**	**634,787**

Research and development charged as an expense during 2023 is £122.3 million (2022: £88.0 million).

During the year the Group recognised £nil impairment losses on capitalised costs (2022: £0.8 million). Details on the nature of this impairment have been disclosed in Note 17.

During the year the Company obtained the following services from the Company's auditors.

	2023	2022
	£000	**£000**
Fees payable for the audit of the Company's financial statements	2,443	3,767
Fees payable to the Company's auditors with respect of the prior year	—	—
Fees payable to the Company's auditor for other assurance services	84	49

11. Staff Costs

	2023	2022
	£000	**£000**
Wages, salaries, and bonuses	260,647	188,326
Share-based payments	33,305	29,649
Social security costs	40,778	26,620
Professional employer organisation costs	16,838	7,439
Cost of defined contribution scheme	4,078	4,215
Staff recruitment costs	2,581	4,709
Other staff costs	17,708	15,433
Total staff costs	**375,935**	**276,391**

The average monthly number of employees, including the Executive Directors, during the year was as follows.

	2023	2022
	No.	**No.**
Corporate functions	1,145	1,049
Products	1,211	868
Sales	641	353
Customer operations	1,522	1,269
Regions	13	8
Executive Directors	2	2
Total average number of employees	**4,534**	**3,549**

The disclosure methodology for the average number of employees has been modified to include employees of the branches of the Company.

11.1. Directors' Remuneration

	2023	2022
	£000	**£000**
Director emoluments	1,310	1,108
Share-based payments	123	18,621
Social security cost and other benefits	173	215
Contributions to defined contribution pension schemes	3	2
Total Directors' remuneration	**1,609**	**19,946**

In 2023, no Directors (2022: none) received compensation, for their services provided as a Director of the Company, in the form of shares in the Company or Revolut Group Holdings Ltd. During the year, no Directors (2022: one) exercised share options during the year for a gain of £nil (2022 £1.2million).

	2023	2022
	£000	**£000**
Highest paid director		
Director emoluments	333	100
Share-based payments	—	17,693
Company contributions to defined contribution pension schemes	45	13
Total compensation for highest paid Director	**378**	**17,806**

12. Taxation

12.1. Income Tax Expense

	2023	2022
	£000	**£000**
UK corporation tax		
UK corporation tax for the year at 23.5% (2022: 19.0%)	45,590	475
Adjustments in respect of previous periods	1,476	1,228
Overseas tax for the year	2,699	2,220
Total current tax charge	**49,766**	**3,922**

Deferred tax		
Current year charge/(credit) recognised	26,327	(686)
Previously unrecognised deferred tax charge/(credit)	—	(42,268)
Adjustments in respect of previous periods	(1,304)	—
Impact of change in tax rates	—	—
Total deferred tax charge/(credit)	**25,023**	**(42,953)**
Total tax charge/(credit) on continuing operations	**74,789**	**(39,031)**

12.2. 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:

	2023	2022
	£000	**£000**
Profit/(loss) before tax	310,210	(23,166)
Tax calculated at UK tax rates applicable of 23.5% (2022: 19%)	72,900	(4,402)
Effects of:		
Income not subject to tax	(1,410)	(1,345)
Non-deductible expenses	1,558	7,534
Adjustments in respect of previous periods	172	1,228
Difference in overseas tax rates and overseas tax credits	621	1,774
Impact of change in tax rates	—	—
Tax provisions	173	451
Losses and other timing differences	775	(44,271)
Total tax expense/(credit) reported in the consolidated income statement	**74,789**	**(39,031)**

12.3. Tax on Items not Recognised in Profit or Loss Statement

	2023	2022
	£000	**£000**
Current tax (credit)/charge on:		
Share-based payments	(5,008)	(1,249)
Total current tax not recognised in statement of comprehensive income	**(5,008)**	**(1,249)**
Deferred tax (credit)/charge on:		
Share-based payments	(2,045)	(37,550)
Losses and other deductions	4,565	(4,565)
Losses/(gain) on financial assets at fair value through OCI	2,822	(3,444)
Total deferred tax not recognised in statement of comprehensive income	**5,342**	**(45,559)**

12.4. Deferred Tax

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

The amounts are different from those disclosed on the 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 2023	**Deferred tax assets**	**Deferred tax liabilities**	**Profit or loss**	**OCI**	**Equity**
	£000	**£000**	**£000**	**£000**	**£000**
Fixed asset differences	639	(264)	375	—	—
Financial assets at fair value through OCI	622	—	—	622	—
Losses and other deductions	—	—	—	—	—
Share-based payments	55,715	—	16,120	—	39,595
Other temporary differences	1,678	—	1,155	—	—
Total	**58,654**	**(264)**	**17,650**	**622**	**39,595**

31 December 2022	**Deferred tax assets**	**Deferred tax liabilities**	**Profit or loss**	**OCI**	**Equity**
	£000	**£000**	**£000**	**£000**	**£000**
Fixed asset differences	—	(396)	(156)	—	—
Financial assets at fair value through OCI	3,444	—	—	3,444	—
Losses and other deductions	37,120	—	32,555	—	4,565
Share-based payments	47,408	—	9,858	—	37,550
Other temporary differences	1,167	—	696	—	—
Total	**89,139**	**(396)**	**42,953**	**3,444**	**42,115**

Reconciliation of deferred tax asset

	2023	2022
	£000	**£000**
Net deferred tax asset/(liability) as at 1 January 2023	88,743	230
Adjustment in respect of previous periods	1,304	—
Deferred tax (expense)/credit recognised in profit or loss	**(26,316)**	**42,953**
Deferred tax (charge)/credit recognised directly in equity	(2,520)	42,115
Deferred tax (charge)/credit recognised in OCI	(2,822)	3,444
Foreign exchange movements		**1**
Net deferred tax asset/(liability) as at 31 December 2023	**58,389**	**88,743**

Deferred tax recognition and future tax rates
The main rate of corporation tax in the UK has been 19% since 1 April 2017. The Company is not 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.

The Company recognised deferred tax assets, 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 Company has relied upon a recent history of Company 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.

The 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 Statement of Comprehensive Income and Statement of Changes in Equity, as this is the rate that has been substantively enacted as at 31 December 2022.

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

13. Cash and Cash Equivalents

	31 December 2023	31 December 2022
	£000	**£000**
Cash held at banks	489,001	589,526
Restricted cash held at banks in respect of customers	**2,736,468**	**3,526,906**
Restricted term deposits in respect of customers classified as cash equivalents	**2,764,295**	**142,152**
Total cash and cash equivalents	**5,989,764**	**4,258,584**

Cash held at banks represents the Company'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 banks and term deposits held in respect of customers represents safeguarded funds related to the Company'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 Company's safeguarding policy. The Company has decided to safeguard a portion of the funds in respect of customers in the form of bonds which are disclosed in Note 14.

14. Treasury Investments

	Source of funds	Classification	Note	31 December 2023 £000	31 December 2022 £000
Financial assets measured at FVOCI					
Government bonds — held to collect and sell	Restricted cash held at central banks and other banks in respect of customers	Held to collect and sell	26.2	389,773	1,712,270
Total treasury investments				**389,773**	**1,712,270**

Government bonds represent holdings 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.

15. Investments in Subsidiaries and Group Undertakings

	£000
Cost or valuation	
At 1 January 2022	***264,886***
Additions	171,336
Reorganisation	(409,257)
Impairment	(11,508)
At 31 December 2022	**15,457**
Additions	125
Reorganisation	—
Impairment	(1,212)
At 31 December 2023	**14,370**

Net book value	
At 31 December 2023	**14,370**
At 31 December 2022	**15,457**

The Company's investment in subsidiaries and group undertakings comprise both share capital-related investments and other capital contribution investments.

When the Company's investments in subsidiaries and group undertakings are not supported by their net assets, the Company assesses the net present value of the future cash flows of the subsidiary and group undertaking. Where this occurs, management forecasts of the subsidiary's or group undertaking's financial performance are extrapolated to produce a terminal value. Terminal values are calculated using a growth rate and discount rate from year five to perpetuity.

During the year, the Company incurred impairment charges on its investments in subsidiaries and group undertakings was £1.21 million (2022: £11.5 million) to write down carrying values to their respective net asset values. The Directors consider the carrying value of the Company's remaining investments to be supported by either the net assets or net present value of future cash flows of the respective subsidiary or group undertaking.

The list of subsidiary undertakings of the Company at 31 December 2023 is set out below.

Company	Class of share	Principal activity	Registered address	Effective interest held 31 December 2023	31 December 2022
Revolut Technologies Ukraine LLC	Ordinary	Software development	LIFT99 Kyiv Hub Volodymyrska St, 101, building 1 Kyiv, Ukraine, 01033	100 %	100 %
Revolut Trading Ltd	Ordinary	Security dealing activities	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100 %	100 %
Global Retail Technology LLC	Ordinary	Software development	The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801	100 %	100 %
Global Retail Technology Limited	Ordinary	Software development	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100 %	100 %
Revolut Technologies S.A.	Ordinary	Dormant at reporting date	9 rue du Bitbourg, L-1273 Luxembourg	100 %	100 %
Revolut Technologies Russia LLC	Ordinary	Dormant at reporting date	125047, Moscow, Butyrskiy Val street, bld. 10, office 05-155 Total	100 %	100 %
Revolut Technologies Limited	Ordinary	Dormant at reporting date (Under Liquidation)	13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong	100 %	100 %
Revolut Trading Nominees Ltd	Ordinary	Dormant at reporting date	7 Westferry Circus, Canary Wharf, London, England, E14 4HD	100 %	100 %
Revolut Technologies India Private Limited (formerly 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 %	100 %
Ultimately Ltd	Ordinary	Dormant at reporting date (Under Liquidation)	Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands	100 %	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	99.9 %	— %

*0.01% owned by Revolut Group Holdings Ltd

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 undertakings.

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 2023:

Branch	Registered address
Revolut Ltd (Sp z o.o.) Oddział w Polsce	Podium Park, Jana Pawła, 43a, Krakow, 31-864, Polska
Revolut Ltd - Sucursal em Portugal	Avenida Menéres 612, 4450-189 Matosinho, Portugal
Revolut Ltd filialas	Konstitucijos ave. 21B, Vilnius, LT-08130
Revolut Ltd Zweigniederlassung Deutschland	Friedrichstrasse 76, c/o WeWork, 10117 Berlin, Germany
Revolut Ltd Londra Sucursala Bucuresti	17, Ion Mihalache blvd, Mindspace Victoriei, 1st fl, office nb. 105, Tower Center International Building, District 1, Bucharest
Revolut Ltd succursale de France	10 avenue Kleber, 75116, Paris, France
Revolut Ltd (Irish Branch)	Dublin landings, North dock, Dublin 1, Ireland
Revolut Ltd Spain Sucursal En España.	Cloudworks Serrano 20 28001, Madrid, Spain
Revolut Ltd - Italian Branch*	Piazzale Biancamano 8 Milano, Cap 20121

*Incorporated in 22 March 2024

16. Investment in Commodities

	31 December 2023	31 December 2022
	£000	**£000**
Commodities	104,618	94,221
Total investment in commodities	**104,618**	**94,221**

Investment in commodities represent holdings in precious metals that are held to hedge the Company'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.

17. Trade and Other Receivables

	31 December 2023	31 December 2022
	£000	**£000**
Current		
Financial assets:		
Amounts owed by group undertakings	422,191	129,141
Settlement receivables	163,212	39,859
Cash collateral	73,524	93,120
Amounts due from card schemes	27,094	37,049
Trade receivables	7,247	27,468
Negative customer liabilities	647	1,779
Amounts recoverable on card scheme contracts*	200	21,714
Other receivables	13,069	11,469
Total current financial assets	**707,183**	**361,599**
Non-financial assets:		
Prepayments and accrued income	10,924	8,496
Other non-financial assets**	29,900	27,098
Total current non-financial assets	**40,824**	**35,594**
Total current assets	**748,008**	**397,193**
Non-current		
Financial assets:		
Other receivables	1,140	-
Total trade and other receivables	**749,148**	**397,193**

*Amounts recoverable on card scheme contracts represents the collateral held with our partners for the settlement process.
** Other non-financial assets primarily represent VAT receivable on purchases and capitalised costs incurred to obtain customer contracts.

Capitalised costs
During the year, £9.5 million of capitalised costs was amortised (2022: £9.2 million). As a result, the Company had a net carrying value of £6.5 million (2022: £15.9 million) as costs to obtain customer contracts. Capitalised costs are determined based on referral campaign rewards paid for new customer sign-ups less rebates received from vendors. This 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 £nil impairment losses recognised on the capitalised costs in 2023 (2022: £0.8 million).

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

18. Inventories

	31 December 2023	31 December 2022
	£000	**£000**
Inventory — cards, packaging & other	14,228	17,664
Inventory — card readers	1,522	766
Total inventories	**15,750**	**18,430**

Inventories comprise cards, packaging and card readers not yet distributed to customers. The difference between purchase price of inventories and their replacement cost is not material. Inventory recognised in cost of sales during the year as an expense was £21.1 million (2022: £21.9 million).

There were £nil losses recognised in cost of sales during the year in respect of obsolete inventory (2022: £0.2 million).

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

	Fixtures & fittings	Office equipment	Computer equipment	Right-of-use assets	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1 January 2022	11,854	1,270	6,734	19,875	39,733
Additions	—	2	4,170	682	4,854
Disposal and derecognition	—	—	—	(1,574)	(1,574)
Foreign exchange movements	47	29	161	280	517
At 31 December 2022	**11,901**	**1,301**	**11,065**	**19,263**	**43,530**
At 1 January 2023	11,901	1,301	11,065	19,263	43,530
Additions	143	1	3,377	4,302	7,823
Disposal and derecognition	—	—	(27)	(1,812)	(1,839)
Other movement	—	—	—	(33)	(33)
Foreign exchange movements	3	23	144	146	316
At 31 December 2023	**12,047**	**1,325**	**14,559**	**21,866**	**49,797**
Accumulated depreciation and impairment losses					
At 1 January 2022	(2,886)	(658)	(4,165)	(8,860)	(16,569)
Charge for the year	(1,184)	(283)	(2,425)	(4,346)	(8,238)
Disposal and derecognition	—	—	—	1,574	1,574
Foreign exchange movements	(20)	(34)	(85)	(673)	(812)
At 31 December 2022	**(4,090)**	**(975)**	**(6,675)**	**(12,305)**	**(24,045)**
At 1 January 2023	(4,090)	(975)	(6,675)	(12,305)	(24,045)
Charge for the year	(1,194)	(249)	(2,655)	(4,439)	(8,537)
Disposal and derecognition	—	—	3	1,583	1,586
Other movement	—	—	—	33	33
Foreign exchange movements	(3)	(19)	(125)	(157)	(304)
At 31 December 2023	**(5,287)**	**(1,243)**	**(9,452)**	**(15,285)**	**(31,267)**
Carrying value					
At 31 December 2023	**6,760**	**82**	**5,107**	**6,581**	**18,530**
At 31 December 2022	7,811	326	4,390	6,958	19,485

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

20. Customer Liabilities

	31 December 2023	31 December 2022
	£000	**£000**
E-money in issue	5,759,664	5,335,185
Customer liabilities in respect of commodities	104,548	94,484
Customer liabilities before changes in fair value	**5,864,212**	**5,429,669**
Changes in the fair value of hedged liabilities in portfolio hedges of interest rate risk	(21,669)	(57,709)
Total customer liabilities	**5,842,543**	**5,371,960**

21. Trade and Other Payables

	31 December 2023	31 December 2022
	£000	**£000**
Settlement payables	267,334	41,463
Amounts owed to group undertakings	140,595	272,575
Accruals	73,334	56,915
Other taxation and social security	*28,063*	*10,070*
Trade payables	21,967	8,615
Contract liabilities	17,087	12,095
Lease liability	4,793	8,187
Other creditors	6,409	3,135
Total trade and other payables	**559,582**	**413,055**

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.

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and are repayable on demand.

22. Provisions for Liabilities

	Provision for taxation	Provision for dilapidation	Other provisions	Total
	£000	**£000**	**£000**	**£000**
At 1 January 2022	10,856	1,815	1,372	14,043
Provided during the year	-	2,398	2,566	4,964
Amounts used	(10,727)	-	-	(10,727)
Exchange and other movements	(129)	14	(29)	(144)
As 31 December 2023	**-**	**4,227**	**3,909**	**8,136**

The provision for taxation comprises the provisions for settlement of the VAT liability with HMRC, which has been confirmed and paid during the year.

The Company also provides for property dilapidation 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.

Other provisions include provisions recognised for any litigation, arbitration or regulatory matters that the Company is involved in as well as the provision for undrawn commitments. Provisions for litigation or arbitration were settled subsequent to the date of the reporting period. Settlements amounts were consistent with the provision as at 31 December 2023 and 2022.

23. Lease liability

	£000
At 1 January 2023	8,187
New leases entered into during the year	1,903
Lease payments made in the year	(5,357)
Unwinding of discount	320
Impact of movement of foreign exchange rates	(60)
Other	(200)
At 31 December 2023	**4,793**

At 1 January 2022	12,714
New leases entered into during the year	—
Lease payments made in the year	(5,211)
Unwinding of discount	480
Impact of movement of foreign exchange rates	118
Other	86
At 31 December 2022	**8,187**

24. Share Capital

	31 December 2023	31 December 2022
	£	£
Allotted, called up and fully paid		
59,144,624 (2022: 59,144,624) ordinary shares	5.91	5.91
Nil (2022: Nil) ordinary shares A	—	—
Nil (2022: Nil) ordinary shares D	—	—
Nil (2022: Nil) ordinary shares E	—	—
Nil (2022: Nil) ordinary shares F	—	—
Nil (2022: Nil) ordinary shares G	—	—
Nil (2022: Nil) ordinary shares H	—	—
	5.91	**5.91**

	1 Jan 2022	Shares issued	Shares converted	Share options exercised	31 Dec 2022	Shares issued	Shares converted	Share options exercised	31 Dec 2023
	000s	000s	000s	000s	000s	000s	000s	000s	000s
ordinary shares	32,261	—	26,848	36	**59,145**	—	—	—	**59,145**
ordinary shares A	—	—	—	—	—	—	—	—	—
ordinary shares D	6,044	—	(6,044)	—	—	—	—	—	—
ordinary shares E	4,829	—	(4,829)	—	—	—	—	—	—
ordinary shares F	1,696	—	(1,696)	—	—	—	—	—	—
ordinary shares G	1,771	—	(1,771)	—	—	—	—	—	—
ordinary shares H	12,508	—	(12,508)	—	—	—	—	—	—
Total shares	**59,109**	**—**	**—**	**36**	**59,145**	**—**	**—**	**—**	**59,145**

All shares had a nominal value of £0.0000001 each as at 31 December 2023. The G Shares and H Shares were issued to fulfil the Group's growth shares scheme at the time the Group was headed by Revolut Ltd. As set out in Note 2.1, on 29 April 2022, Revolut Ltd's shareholders exchanged their shares in the Company via a one-for-one exchange of shares in Revolut Group Holdings Ltd.

Rights attaching to the shares
The ordinary shares have full voting, dividend, and capital distribution rights.

25. Other Reserves

	Foreign exchange reserve	Share-based payment reserve	Financial investment reserve	Own shares held in Employee Benefit Trust*	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 January 2022	**81**	**114,892**	**(258)**	**(445)**	**114,270**
Transfer of reserve on reorganisation	—	(17,688)	—	445	(17,243)
Equity settled share-based payment charge	—	34,083	—	—	34,083
Foreign currency translation adjustment	(40)	—	—	—	(40)
Revaluation loss on finance investment	—	—	(13,519)	—	(13,519)
Tax impact of changes to other reserves	—	43,364	3,444	—	46,808
At 31 December 2022	**41**	**174,651**	**(10,333)**	**—**	**164,359**
At 1 January 2023	**41**	**174,651**	**(10,333)**	**—**	**164,359**
Transfer of reserve on reorganisation		—	—	—	—
Equity settled share-based payment charge	—	33,305	—	—	33,305
Foreign currency translation adjustment	(433)	—	—	—	(433)
Revaluation gain on finance investment	—	—	10,550	—	10,550
Tax impact of changes to other reserves	—	2,488	(2,822)	—	(334)
At 31 December 2023	**(392)**	**210,444**	**(2,605)**	**—**	**207,447**

*The Company consolidated an Employee Benefit Trust (Fiduchi) which held shares in the Company for the purposes of fulfilling obligations in respect of the Group's share awards. As part of the reorganisation of the Group as set out in Note 2.1 , on 29 April 2022 the Employee Benefit Trust as a shareholder of the Company exchanged their shares in the Company for shares in Revolut Group Holdings Ltd.

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 Company'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.
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.

26. Financial Instruments

26.1. 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.

	31 December 2023	31 December 2022
	£000	**£000**
Financial assets measured at fair value through OCI (FVOCI)		
Government bonds	389,773	1,712,270
Financial assets mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative financial assets	32,296	10,158
Total financial assets measured at fair value	**422,069**	**1,722,428**
Financial assets measured at amortised cost		
Cash and cash equivalents	5,989,764	4,258,584
Trade and other receivables	707,183	361,599
Total financial assets measured at amortised cost	**6,696,947**	**4,620,183**
Financial liabilities measured at fair value through profit or loss (FVTPL) designated as such upon initial recognition		
Customer liabilities in respect of commodities	(104,548)	(94,484)
Financial liabilities mandatorily measured at fair value through profit or loss (FVTPL)		
Derivative financial liabilities	(71,232)	(91,133)
Total financial liabilities measured at fair value	**(175,780)**	**(185,617)**
Financial liabilities measured at amortised cost		
Customer liabilities	(5,737,995)	(5,277,476)
Trade and other payables	(514,432)	(390,890)
Total financial liabilities measured at amortised cost	**(6,252,427)**	**(5,668,366)**

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 customer liabilities in respect of customer deposits (EEA) and e-money.

In April 2023, Revolut Ltd entered into a £75 million liquidity facility with an external lender to provide diversification in funding as the business grows globally. The facility has not been drawn and was terminated in November 2023. In January 2024, Revolut Ltd fully satisfied a charge in relation to the liquidity facility. The share capital of Revolut NewCo UK Ltd had been provided as a security for the Agreement and cancelled upon satisfaction of the charge in January 2024.

26.2. 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 Statement of Financial Position.

31 December 2023	Total	Level 1	Level 2	Level 3
	£000	£000	£000	£000
Financial assets measured at fair value				
Government bonds	389,773	389,773	—	—
Derivative financial assets	32,296	—	32,296	—
Total financial assets measured at fair value	**422,069**	**389,773**	**32,296**	**—**
Financial liabilities measured at fair value				
Derivative financial liabilities	(71,232)	—	(71,232)	—
Customer liabilities in respect of commodities	(104,548)	(104,548)	—	—
Total financial liabilities measured at fair value	**(175,780)**	**(104,548)**	**(71,232)**	**—**
Total financial instruments measured at fair value	**246,289**	**285,225**	**(38,936)**	**—**
31 December 2022				
Financial assets measured at fair value				
Government bonds	1,712,270	1,712,270	—	—
Derivative financial assets	10,158	—	10,158	—
Total financial assets measured at fair value	**1,722,428**	**1,712,270**	**10,158**	**—**
Financial liabilities measured at fair value				
Derivative financial liabilities	(91,133)	—	(91,133)	—
Customer liabilities in respect of commodities	(94,484)	(94,484)	—	—
Total financial liabilities measured at fair value	**(185,617)**	**(94,484)**	**(91,133)**	**—**
Total financial instruments measured at fair value	**1,536,811**	**1,617,786**	**(80,975)**	—

Government bonds 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 Company's regulated e-money services. Please refer to Note 7 for recycling to profit or loss as interest income for the year. At 31 December 2023, all government bonds measured at FVOCI are invested with the US Treasury. During the year, the Company also sold FVOCI debt instruments with a principal value of £399.7 million. Additionally, out of the Company's FVOCI debt portfolio, instruments with a principal of £1,876.1 million matured. In relation to this, the Company transferred £17.4m unrealised gains from OCI to the Statement of Comprehensive Income.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company 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.

Valuation techniques
Derivative financial instruments are valued using NPV valuation techniques that utilise observable market inputs.

Foreign exchange contracts
Foreign exchange contracts include foreign exchange forward and swap contracts. A foreign exchange swap relate to contracts taken out by the Company with other counterparties (financial institutions) in which the Company pays a specified amount in one currency and receives a specified amount in another currency. FX

swaps are typically gross-settled. Foreign currency forwards are contractual agreements to buy or sell a specified amount of foreign currency at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. The Company has credit exposure to the counterparties of forward contracts, as well as market risk exposure.

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 Company classifies foreign exchange contracts as Level 2 financial instruments.

All derivative financial instruments between Group entities represent foreign currency swap contracts valued using direct and indirect observable inputs.

Interest rate derivatives
Interest rate derivatives include interest rate swaps. Interest rate swaps relate to contracts taken out by the Company with other counterparties (financial institutions) in which the Company either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are typically netted against each other, with the difference being paid by one party to the other. Most swaps are fully collateralised and require daily margin settlement, which significantly reduces the Company's credit risk.

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.

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.

At 31 December 2023	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortised cost				
Cash and cash equivalents	**5,989,764**	—	5,989,764	—
Trade and other receivables	**707,183**	—	707,183	—
Total financial assets at amortised cost	**6,696,947**	—	**6,696,947**	—
Financial liabilities measured at amortised cost				
Customer liabilities	**(5,737,995)**	—	(5,737,995)	—
Trade and other payables	**(514,432)**		(509,639)	(4,793)
Total financial liabilities at amortised cost	**(6,252,427)**		**(6,247,634)**	**(4,793)**

At 31 December 2022	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortised cost				
Cash and cash equivalents	**4,258,584**	—	4,258,584	—
Trade and other receivables	**361,599**	—	361,599	—
Total financial assets at amortised cost	**4,620,183**	—	**4,620,183**	—
Financial liabilities measured at amortised cost				
Customer liabilities	**(5,277,476)**		(5,277,476)	
Trade and other payables	**(390,890)**		(382,703)	(8,187)
Total financial liabilities at amortised cost	**(5,668,366)**		**(5,660,179)**	**(8,187)**

26.3. Derivative Financial Instruments

	31 December 2023			31 December 2022		
	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	127	31,929	1,066,735	5,357	50,598	2,443,608
Total derivatives in hedge accounting relationships	127	31,929	1,066,735	5,357	50,598	2,443,608
Derivatives not in hedge accounting relationships						
Interest rate swaps	—	—	—	—	383	909,729
Foreign currency swaps	32,001	39,246	8,834,168	4,761	40,142	5,370,112
Foreign exchange forward contracts	168	57	12,633	40	10	1,789
Total derivatives not in hedge accounting relationships	32,169	39,303	8,846,801	4,801	40,535	6,281,630
Total derivative financial instruments	**32,296**	**71,232**	**9,913,536**	**10,158**	**91,133**	**8,725,238**

The Company enters into foreign currency swap contracts to ensure sufficient liquidity is maintained in all currencies for operational purposes as well as to optimise yield. The net yield on foreign exchange derivatives presented in Other income is the return on settlement of the far leg of the foreign currency swaps due to the difference between the prevailing spot rate and the forward rate at inception (i.e., the 'contractual gain'). During the year ended 31 December 2023, the net yield on foreign exchange derivatives was £55.4 million (2022: £37.3 million), this is disclosed in Note 8.

Any movement in foreign exchange rates between inception and maturity relative to the contractually agreed forward rate at inception results in a foreign currency gain or loss on foreign currency derivatives. During the year ended 31 December 2023, the foreign exchange gains on foreign currency swaps were £180.6 million (2022: £(43.2) million); these are predominantly offset by exchange gains and losses incurred on foreign currency denominated monetary assets/liabilities on the balance sheet. This is disclosed on a net basis with all other foreign exchange gains and losses in Note 10 under the impact of foreign exchange rates line.

Group	Note	31 December 2023	31 December 2022
		£000	£000
Net yield on foreign exchange derivatives	8	55,398	37,349
Fair value movement on foreign exchange derivatives	10	180,582	(43,166)
Total gain/(loss) on foreign exchange derivatives		**235,980**	**(5,817)**

26.4. Hedge Accounting

In the Company'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.

Applying fair value hedge accounting enables the Company to reduce fair value fluctuations of fixed rate financial liabilities. From a hedge accounting point of view, the Company designates the hedged risk as the exposure to changes in the fair value of an identified portion of recognised customer liabilities (core deposit) that could affect profit or loss.

The table below sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships.

	At 31 December 2023		At 31 December 2022		
	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 Statement of Financial Position**
	£000	**£000**	**£000**	**£000**	
Customer liabilities in respect of deposits	**(1,020,583)**	**21,669**	**(2,321,605)**	**57,709**	**Customer liabilities**

The following table provides information about the hedging instruments included in the derivative financial instruments line items of the Company's Statement of Financial Position:

	At 31 December 2023		At 31 December 2022		
	Notional amount	**Carrying amount (Clean)**	**Notional amount**	**Carrying amount (Clean)**	**Line item in the Statement of Financial Position**
	£000	**£000**	**£000**	**£000**	
Interest rate swap – hedge of core deposits	1,066,735	(19,361)	2,443,608	(50,598)	Derivatives assets/ derivative liabilities

The below table sets out the outcome of the Company'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 2023

		Gains/(losses) attributable to the hedged risk		Net fair value gain/(loss)	Line item in the Statement of Comprehensive Income
		Hedged items	**Hedging instruments**		
Hedged items	**Hedging instruments**	**£000**	**£000**	**£000**	
Customer liabilities in respect of deposits	Interest rate swaps	21,669	(19,361)	2,308	Other Operating Expense

31 December 2022

		Gains/(losses) attributable to the hedged risk		Net fair value gain/(loss)	Line item in the Statement of Comprehensive Income
		Hedged items	***Hedging* instruments**		
Hedged items	**Hedging instruments**	**£000**	**£000**	**£000**	
Customer liabilities in respect of deposits	Interest rate swaps	57,709	(50,598)	7,111	Other income - Net gain on changes in the fair value on hedging derivatives and hedged items

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged items

The maturity profile of the Company's hedging instruments used in macro fair value hedge relationships is as follows:

31 December 2023

	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	—	—	616,735	450,000	—	1,066,735
Average strike rate	2.48 %					

31 December 2022

	Less than one month	One to three months	Three to twelve months	One to five years	Over five years	Total
swaps in hedge accounting	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Notional amount	—	—	1,372,405	1,071,203	—	2,443,608
Average strike rate	2.32 %					

27. Financial Risk Management

The Company is exposed to various financial risks in the ordinary course of business. The Company divides these risks into the following categories: credit risk, liquidity and funding risk, market risk, and capital risk.

27.1. Credit Risk

Credit risk is the risk of financial loss should the Company's counterparties fail to fulfil their contractual obligations in full and on time.

The Company is exposed to various credit risks in the course of its operations. The table below provides a breakdown of the Company's gross carrying amounts, ECLs, and net carrying amounts for these exposures.

The Company is exposed to wholesale credit risk from:

- Treasury investments and cash and cash equivalents: the placement of cash and a range of high credit quality instruments (includes the first two rows in the table below).
- Derivatives primarily used for hedging foreign exchange and interest rate risk.
- Short-dated receivables due from card schemes and merchant acquirers used to process user card top-ups and exposures to Crypto counterparties used to facilitate trading (included in 'other assets' in the table below.

The Company is also exposed to credit risk from negative customer liabilities (included in 'other assets' in the table below). This occurs when a user's accounts has negative funds which may arise for a variety of reasons (e.g. insufficient funds to a pay a subscription fee).

To manage credit risk appetite, the Company'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. The Company'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').

	31 December 2023			31 December 2022		
	Gross carrying amount	**ECL**	**Net carrying amount**	**Gross carrying amount**	**ECL**	**Net carrying amount**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cash and cash equivalents	5,989,865	(101)	5,989,764	4,258,584	—	4,258,584
Treasury investments	389,773	—	389,773	1,712,270	—	1,712,270
Other assets	710,391	(3,208)	707,183	370,477	(8,878)	361,599
Derivative financial assets	32,296	—	32,296	10,158	—	10,158
Total credit risk exposure	**7,122,325**	**(3,309)**	**7,119,016**	**6,351,489**	**(8,878)**	**6,342,611**

The tables below, referring to the credit losses on non-lending products, reflect changes of expected credit losses ('ECL') during the financial year plus the cost of writing-off (fully or partially) assets when they are deemed uncollectible. During the year, no write-offs were actioned in Treasury investments, such that the respective figures purely represent changes to the ECL.

Credit losses expenses

	31 December 2023	31 December 2022
	£000	**£000**
Treasury investments	—	104
Cash and Cash equivalent	(101)	—
Intercompany balances	(12)	—
Other assets excluding negative customer liabilities	—	(154)
Negative customer liabilities — net change in expected credit losses	5,670	2,288
Negative customer liabilities — write-offs (non-fraud)	(9,323)	(4,569)
	(3,766)	**(2,331)**

* For the year ended 31 December 2022, the sum of net change in expected credit losses on Treasury investments and other assets excluding negative customer liabilities of £50k are disclosed under Net change in expected credit losses line in the Statement of comprehensive income, while credit losses expenses on negative customer liabilities (including net change in expected credit losses and non-fraud write-offs) of £2,281k are included in Other operating expenses. For the year ended 31 December 2023, the presentation has changed so that the sum of net change in expected credit posses on Treasury investments, Cash and cash equivalent, intercompany balances and other assets including negative customer liabilities, and write-offs of negative customer liabilities, are all presented in Credit loss expense line in the Statement of comprehensive income, with the breakdown disclosed in the above table.

Negative customer liabilities — net change in expected credit losses relates to the net change on the loss allowance balance on negative customer liabilities.

Negative customer liabilities — write-offs (non-fraud) relates to other write-offs of negative customer liabilities, including chargebacks.

Credit quality analysis

The following tables set out information about the credit quality of treasury investments without taking into account collateral or other credit enhancement.

An explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 4.22.

Key shared risk characteristics used to group financial instruments (i.e. treasury investments and cash and cash equivalents) are external ratings.

At 31 December 2023	**12 months PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Treasury investments		**£000**	**£000**	**£000**	**£000**
Grades 1-4	0% - 0.5%	389,773	—	—	**389,773**
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		**389,773**	—	—	**389,773**
Loss allowance		—	—	—	—
Carrying amount		**389,773**	—	—	**389,773**
ECL coverage %		**—%**	—	—	**—%**

At 31 December 2022	**12 months PD**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Treasury investments		**£000**	**£000**	**£000**	**£000**
Grades 1-4	0% - 0.5%	1,712,270	—	—	**1,712,270**
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		**1,712,270**	—	—	**1,712,270**
Loss allowance		—	—	—	—
Carrying amount		**1,712,270**	—	—	**1,712,270**
ECL coverage %		**—%**	—	—	

At 31 December 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Negative customer liabilities		**£000**	**£000**	**£000**
0-30 days past due	45%	703	(321)	382
30-60 days past due	70%	441	(314)	127
60-90 days past due	80%	324	(263)	61
90-365 days past due	95%	2,212	(2,135)	77
> 365 days past due	100%	—	—	—
Gross carrying amount	**3,680**			
ECL	(3,033)			
Carrying amount	**647**			
ECL coverage %	**82.42%**			

At 31 December 2022	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
Negative customer liabilities		**£000**	**£000**	**£000**
0-30 days past due	40%	1,455	(582)	873
30-60 days past due	60%	465	(279)	186
60-90 days past due	75%	437	(328)	109
90-365 days past due	81%	3,053	(2,442)	611
> 365 days past due	100%	5,072	(5,072)	—
Gross carrying amount	**10,482**			
ECL	(8,703)			
Carrying amount	**1,779**			
ECL coverage %	**83.03%**			

Credit risk concentration

An analysis of the Company's credit risk concentrations for financial investments is provided in the following table. The amounts in the table represent net carrying amounts.

		At 31 December 2023		At 31 December 2022	
		Wholesale	Customers (Retail and Business)	Wholesale	Customers (Retail and Business)
		£000	£000	£000	£000
Treasury investments	Europe (excluding UK)	—	—	—	—
	UK	—	—	1,111,955	—
	US	389,773		599,700	
	Other	—	—	615	—
Total		**389,773**	**—**	**1,712,270**	**—**

Loss allowance

The following tables illustrate the migration of expected credit loss ('ECL') allowances across Stages 1, 2, and 3 for financial instruments, net of various adjustments, reconciling all changes of loss allowances from the initial balance to the closing balance of the year.

	Stage 1	Stage 2	Stage 3	Total
Treasury investments	**£000**	**£000**	**£000**	**£000**
At 1 January 2022	104	—	—	**104**
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	—	—	—	—
Transfer to Stage 3	—	—	—	—
Net remeasurement of loss allowance	—	—	—	—
New financial assets originated or purchased	—	—	—	—
Financial assets that have been derecognised	(104)	—	—	**(104)**
Write-offs	—	—	—	—
Other movements	—	—	—	—
At 31 December 2022	—	—	—	—
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	—	—	—	—
Transfer to Stage 3	—	—	—	—
Net remeasurement of loss allowance	—	—	—	—
New financial assets originated or purchased	—	—	—	—
Financial assets that have been derecognised	—			—
Write-offs	—	—	—	—
Other movements	—	—	—	—
At 31 December 2023	—	—	—	—

The balance of loss allowances at the beginning of the year has been derecognised during the reporting period due to the organic maturity of the respective instruments. There were no other significant changes in the net carrying amount of financial instruments during the period that contributed to material changes in the loss allowance.

Debtors are stated after provision for impairment. The following tables show movement in the ECL provision for trade receivables and negative customer liabilities. The provision for impairment recorded for other debtor balances is £nil (2022: £nil).

	Trade receivables	Negative customer liabilities
	£000	£000
At 1 January 2022	**—**	**10,991**
Charged	175	5,104
Written-off	**—**	**(7,392)**
At 31 December 2022	**175**	**8,703**
Charged	—	3,858
Written-off	—	(9,528)
At 31 December 2023	**175**	**3,033**

27.2. Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations when they fall due or is only able to do so at excessive cost.

The Company is, or may in the future be, exposed to a number of liquidity risks. These risks include, but are not limited to run-off of deposit funding, funding concentration, off balance sheet risks from commitment drawdowns, intraday risk, franchise viability risk, receivables pre-funding and an inability to transfer liquidity across entities, sectors and countries. These risks are managed by the Treasury function, with control and oversight provided by the Risk Management function, the Assets and Liabilities Management Committee ('ALCO') and the Management Board. The Company'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 Company 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 Company's financial assets and liabilities. Derivatives liabilities are shown by maturity based on their contractual undiscounted payment obligations. Whilst customer liabilities are presented as on demand, the observed behavioural characteristics are more closely aligned to the durations of the asset portfolio. The Company do not expect the outflows of cash to occur significantly earlier than indicated or be of significantly different amounts from those indicated in the table.

31 December 2023

	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	5,989,764	**5,989,764**	3,225,469	2,764,295	—	—	—
Treasury investments	389,773	**389,773**	—	79,032	310,741	—	—
Trade and other receivables	707,183	**707,183**	3,101	280,347	422,595	1,140	—
Derivative financial assets	32,296	**32,296**	—	32,169	101	26	—
Total financial assets	**7,119,016**	**7,119,016**	**3,228,570**	**3,155,843**	**733,437**	**1,166**	**—**
Financial liabilities							
Customer liabilities	5,842,543	**5,842,543**	5,842,543	—	—	—	—
Trade and other payables	514,432	**514,459**	—	507,831	6,303	325	—
Derivative financial liabilities	71,232	**72,279**	—	39,303	26,335	6,641	—
Total financial liabilities	**6,428,207**	**6,429,281**	**5,842,543**	**547,134**	**32,638**	**6,966**	**—**
Net liquidity gap			**(2,613,973)**	**2,608,709**	**700,799**	**(5,800)**	**—**
Cumulative liquidity gap			**(2,613,973)**	**(5,264)**	**695,535**	**689,735**	**689,735**

31 December 2022

	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	4,258,584	**4,258,584**	4,116,432	142,152	—	—	—
Treasury investments	1,712,270	**1,712,270**	—	200,283	1,113,395	—	398,592
Trade and other receivables	361,599	**361,599**	1,779	358,051	128	1,641	—
Derivative financial assets	10,158	**10,158**	—	4,789	5,369	—	—
Total financial assets	**6,342,611**	**6,342,611**	**4,118,211**	**705,275**	**1,118,892**	**1,641**	**398,592**
Financial liabilities							
Customer liabilities	5,371,960	**5,371,960**	5,371,960	—	—	—	—
Trade and other payables	390,890	**391,135**	—	377,819	9,740	3,576	—
Derivative financial liabilities	91,133	**93,826**	—	40,147	22,961	30,718	—
Total financial liabilities	**5,853,983**	**5,856,921**	**5,371,960**	**417,966**	**32,701**	**34,294**	**—**
Net liquidity gap			**(1,253,749)**	**287,309**	**1,086,191**	**(32,653)**	**398,592**
Cumulative liquidity gap			**(1,253,749)**	**(966,440)**	**119,751**	**87,098**	**485,690**

27.3. Market Risk

Market risk is the risk of financial loss arising from changes in the value of the Company's assets and liabilities from movements in interest rates, foreign exchange, credit spreads, equity prices and commodity prices.

The Company's market risk management policies and procedures provide effective and robust mitigation. The Company monitors its exposures continually, using automated 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 Company makes hedging transactions as appropriate. Key decisions are subject to review and approval by the ALCO.

The market risks for the Company have remained stable and well contained. Management expects the processes and market risk exposures to remain broadly consistent over the next year. The Company is exposed to the below market risks.

Foreign exchange risk, including commodities
The Company 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 Company 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 FX 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 Company's foreign currency denominated monetary assets, monetary liabilities and derivative instruments at the reporting date are as follows:

	Monetary assets	Monetary liabilities	Net position
	£000	**£000**	**£000**
At 31 December 2023			
GBP	2,473,100	(1,386,161)	1,086,939
EUR	1,956,272	(1,894,308)	61,964
USD	734,547	(870,482)	(135,935)
CHF	634,587	(636,413)	(1,826)
JPY	792,659	(788,742)	3,917
Other currencies	622,997	(769,178)	(146,181)
Total	**7,214,162**	**(6,345,284)**	**868,878**
At 31 December 2022 *			
GBP	3,498,540	(2,698,544)	799,996
EUR	2,020,007	(2,303,405)	(283,398)
USD	1,106,739	(1,073,030)	33,709
CHF	1,262,691	(1,268,853)	(6,162)
JPY	57,821	(43,407)	14,414
Other currencies	588,098	(569,735)	18,363
Total	**8,533,896**	**(7,956,974)**	**576,922**

*Foreign currency positions relating to foreign currency swaps for the year ended 31 December 2022 have been restated from pounds sterling to their respective foreign currency classification to be consistent with the current year methodology of disclosing foreign currency swaps according to their underlying foreign currencies.

The Company also provides customers the ability to acquire commodities and cryptocurrencies and is exposed to price fluctuations for these instruments during the course of trade settlement.

Interest rate risk
Interest rate risk in the banking book ('IRRBB') is the risk that the Company's 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 Company 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.

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. Interest rate characteristics of funding are matched as far as possible to 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 the mitigating actions taken.

The following table shows the sensitivities under NII and EVE for the Company.

	2023	2022
Net interest income-based approach	**£000**	**£000**
200 bps parallel increase	118,651	105,540
200 bps parallel decrease	(118,651)	(63,320)
Economic value of equity-based approach		
200 bps parallel increase	44,497	30,940
200 bps parallel decrease	(96,682)	(67,810)

27.4. Capital Risk Management

Capital risk is the risk that the company does not hold adequate capital to support its regulatory requirements or risk profile.

Revolut Ltd is an FCA regulated e-money institution. Revolut Ltd has the following controls in place to ensure capital risk is managed effectively:

- Perform quarterly bottom up forecasts on profitability and e-money balances to ensure the entity has sufficient capital to meet requirements plus internal management buffer.
- Sensitivity analysis and scenarios on profitability and e-money balances to understand what actions could be taken to offset potential losses.
- The use of KRIs which provide early-warning indications to monitor the movement in e-money balances and variances to capital requirements and resources.

28. Capital and Other Commitments

The Company has entered into various financial guarantee contracts with certain Group subsidiaries. The total amount of financial guarantees issued represents the maximum potential future payments that the Company could be required to make under these arrangements if the guaranteed obligations are not fulfilled by the guaranteed entity. The nominal values of such commitments as at 31 December 2023 represents £43 million (2022: £43 million). In addition, the Company also has guarantee contracts to cover potential losses by Group subsidiaries operating with card networks through Revolut Ltd.

The Company does not have any other material commitments, capital commitments or contingencies as at 31 December 2023 and 31 December 2022.

29. Events After the Balance Sheet Date

On 25 April 2024 the Company signed an Intragroup revolving credit facility agreement with Group subsidiaries. The total amount of the facility is £42 million. This facility is intended to provide additional liquidity to support entities ongoing operations.

In June 2024 the Revolut Ltd entered into an Agreement for Lease to relocate its headquarters to YY London at 30 South Colonnade, Canary Wharf, London, E14 5HX. The lease, which has a term of 10 years, is subject to advertising consent from Tower Hamlets for two exterior signs on the building. The lease commences and becomes binding after receiving this consent which is expected in August 2024 . The planned move to the new headquarter and fit-out completion is scheduled for May 2025. As of the date of these financial statements, council approval is still pending.

On 25 July 2024, Revolut Newco UK Limited, an affiliate of the Company, received permission (with restrictions) from the Prudential Regulation Authority under Part 4A of the Financial Services and Markets Act 2000 to conduct banking business in the United Kingdom (the "**UK Bank Licence**"). Following receipt of the UK Bank Licence, Revolut Newco UK Limited has entered into the mobilisation period, commonly referred to as authorisation with restrictions ("**AWR**"). During AWR, which is expected to last up to twelve months, Revolut Ltd will start to migrate a limited number of its customers and their balances to Revolut Newco UK Limited.

30. Controlling Party

The company is owned by Revolut Group Holdings Ltd, itself 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, other than Revolut Group Holdings Ltd itself there is no parent entity nor ultimate controlling party by virtue of shareholding. Nik Storonsky is considered a person with significant control ('PSC').