monzo

Pillar 3 Disclosures 2023

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Executive summary

Liquidity

Decreased from

1,072% FY2022



04

Executive summary

We've prepared these Pillar 3 disclosures in line with the relevant regulations which we set out above. This document should be read together with our annual report for a complete review of how we're meeting our regulatory requirements.

Throughout the financial year 2023, we operated within our capital requirements. The key movements in our capital ratios was driven by accounting losses of £116m offset in part by an increase in our IFRS 9 transitional arrangements Common Equity Tier 1 (CET1) add-back. Our total Risk Weighted Assets (RWA) increased by £608m primarily because of growth in lending to our customers, and additional investment in Treasury assets. This led to our CET1 capital ratio decreasing from 155% in FY2022 to 54% in FY2023. At year end and at all times throughout the year, our Liquidity Coverage Ratio was significantly in excess of our risk appetite and the regulatory minimum requirement of 100%. The key movement in our liquidity ratios were due to a sizable increase in our High Quality Liquid Assets (HQLA) to ± 5.1 bn from ± 4.6 bn in 2022. Our HQLA increased as we put the money that customers deposited with us in Level 1 securities like bonds and overnight deposits at central banks. Our net cash outflows have increased by a proportionally larger amount, to ± 671 m from ± 429 m in 2022 as our business has grown.

We also monitor our Net Stable Funding Ratio (NSFR). This is to maintain a stable funding relationship between assets and liabilities and to reduce sole reliance on short dated funding.

Who we are and why we're here

We're Monzo, a bank doing things differently

For too long, managing your money has been harder than it needs to be. Traditional banking wasn't built for the way people use money in their everyday lives, and it hasn't evolved fast enough.

By focusing on what customers want, being open about how we're building what they want and why, and committing to solve actual problems rather than simply selling financial products, we believe we can make banking better for people everywhere.

It's our mission to make money work for everyone

Managing money often means a lot of admin, and sometimes anxiety too. With Monzo at the centre of your financial life, we hope we can take the work and the worry away from your personal finances. Spending, saving and managing money – even borrowing when you need to – shouldn't be stressful or complicated, it should just work. With the help of our community of customers, who influence which features we create for them and how, together we're building the bank we all need. Today, more than 7 million people have a Monzo account and that number's climbing all the time. But more important than the size of our community is the impact we're having for individuals (and small businesses). It's about how we're changing their relationship with money for the better.

We know it's not possible to have that impact without carefully considering the needs of all the communities we serve. Even in the UK, too many people don't have access to vital banking services. Which is why we're working hard to improve financial inclusion by simplifying banking and supporting customers in vulnerable circumstances. It's about playing our small part in creating a more just society.

With our values to guide us, everyone at Monzo is helping us achieve our mission of making money work for everyone.

Disclosure framework

This document sets out the Pillar 3 disclosures of Monzo Bank Limited.("the Bank", "Monzo", "Monzo Bank Ltd.", "Us", "Our" or "We") as at 28 February 2023. Monzo is authorised by the Prudential Regulation Authority ("PRA") and regulated by both the Financial Conduct Authority ("FCA") and the PRA. The PRA sets our capital and liquidity requirements.

From 1 January 2021, we're required to comply with the onshored Capital Requirements Regulations (CRR) and associated onshored binding technical standards which were created by the European Union (Withdrawal) Act 2018 and amending statutory instruments, referred to as "UK CRR''. This document has been prepared to comply with the Disclosure (CRR) Part of the PRA Rulebook which was incorporated into the PRA Rulebook from 1 January 2022.

We meet the definition of a non-listed "Other Institution" so we're subject to proportional disclosure requirements in accordance with Article 433c of the Disclosure (CRR) Part of the PRA Rulebook. This report should be read in conjunction with the 2023 Annual Report and Group Financial Statements ("Annual Report").

Current and future regulatory developments

The PRA implemented the Basel reforms in July 2021 and details of the updates were published in PS17/21¹ and the final rules in PS22/21². The revised requirements apply from 1 January 2022 and have been implemented directly into the PRA Rulebook. These updates did not materially impact any of our capital or liquidity requirements as of 28 February 2023.

We continue to engage with the PRA about the UK's proposed approach to implementing Basel 3.1, which was outlined in a consultation paper published in November 2022. We are also considering the implications of the PRA's simplified prudential regime for smaller non-systemic banks, and the interactions between this strong and simple regime and the Basel 3.1 requirements.

We continue to comply with the amendments to the Capital Requirements Regulation (CRR II) and Capital Requirements Directive (CRD V) that were published in the Official Journal of the European Union ("EU") in June 2019. The majority of these changes were implemented in June 2021 and further amendments will be implemented via CRR III. As the Withdrawal Act applied to the CRR in place as of 31 December 2020, CRR II amendments implemented in the EU during 2021 were not transposed into UK legislation.

On 8 October 2021, the PRA published PS21/21³ on the UK leverage ratio framework. The Policy Statement confirms that UK banks will be subject to a single UK leverage ratio requirement. The CRR leverage ratio will no longer apply for UK banks. In keeping with the previous period, Monzo is not subject to a binding leverage requirement as the firm does not meet the criteria as set out in the Leverage Ratio – Capital Requirements and Buffers part of the PRA Rulebook. While we continue to monitor our position in relation to this criteria, it's well above these leverage ratio requirements.

2 PS22/21 – Implementation of Basel standards: Final rules

¹ PS17/21 – Implementation of Basel standards

As a regulated bank, we're subject to the Bank of England's Resolvability Assessment Framework. We received notice that our preferred resolution strategy would be a partial transfer, meaning we are subject to a heightened Minimum Requirement on Own Funds and Eligible Liabilities (MREL). The endstate MREL requirement will be 1.3 times our Total Capital Requirement (TCR). This is lower than previous guidance we'd received which set the requirement at 2.0 times TCR. This, along with passing the milestones of being cash-flow positive and adding capital organically means we're no longer reliant on external capital injections.

Disclosure policy

Monzo has a policy for producing and disclosing the Pillar 3 disclosures in compliance with the PRA's guidelines. The policy covers materiality, proprietary and confidential information, and disclosure frequency. The policy is reviewed, updated and approved on an annual basis by the Assets and Liability Committee ("ALCo").

Basis of disclosure

Monzo Bank Ltd. is based in the UK. We have two wholly-owned subsidiaries, Monzo Inc. and Monzo Support US Inc.⁴, both incorporated in Delaware; United States of America ("US"). Both entities are consolidated for accounting purposes, under International Financial Reporting Standards ("IFRS") accounting rules, but are excluded from consolidated prudential reporting because they're below the thresholds as set out in UK CRR Article 19. These disclosures are presented on a solo basis. Unless otherwise stated all tables are as at 28 February 2023.

We have not omitted any disclosures on the basis of being regarded as proprietary or confidential. If a disclosure has been omitted on the basis of being immaterial, this will be noted in the relevant section of the report.

Where we are required to disclose fixed format templates, and either a row or column is not applicable to Monzo, these have been greyed out. Where rows are empty sets in the UK templates, these have been omitted.

Frequency and means of disclosure

The Pillar 3 disclosures are published yearly and at approximately the same time as our Annual Report. This is in accordance with regulatory guidelines. Both documents are published on Monzo's website, <u>www.monzo.com</u> and can be found on our Investor Information page.

The Pillar 3 disclosure requirements may be met by disclosures in our Annual Report. Appendix 12 summarises the disclosure requirements and how we meet them in either this document or in our Annual Report. As a result, this report should be read together with our Annual Report. Both documents provide information on Monzo's capital resources and on how we manage and mitigate our key risks.

Verification

The Pillar 3 disclosures have been prepared in line with our policy for financial accounting and reporting and our policy for Pillar 3 disclosures. These policies include the roles and responsibilities of the preparers and the standards that must be followed when preparing submissions to our Board.

These disclosures were prepared with input from the Finance, Risk, Treasury and People teams. The disclosures have been reviewed at senior and executive management level, with ultimate oversight at the Board Audit Committee.

Attestation

I confirm that these disclosures meet the minimum requirements for Pillar 3 disclosures and have been prepared in line with our internal controls framework.

James Davies CFO

Risk management and governance

Risk management at Monzo

We manage our risks using an Enterprise Risk Management Framework (ERMF)

The ERMF means we make risk-based decisions consistently and efficiently across Monzo to support our mission of making money work for everyone.

It supports our high growth, customer-focused business objectives. It helps leaders make well controlled decisions by setting the minimum standards that we should apply when managing any risk. All Monzonauts know to make decisions that help us grow safely while operating within the boundaries set by the ERMF.

Our customers, our team, Board and regulators all expect us to manage our risk well. The ERMF helps us make well-informed decisions, which in turn means people are more likely to trust us. In fact our entire risk culture is built on the spirit and the wording of the ERMF.



Our ERMF has standards and practices that we follow when we manage risk. It covers all elements of managing risks including identifying, assessing, managing, monitoring and reporting. Understanding key risks helps to give a clear view of uncertainties that we face, so we can decide how to manage them. The ERMF sets the overall culture, roles and responsibilities and tools for the management of all risk types across Monzo and is made up of the elements in the diagram below.

The Board monitors how effective our risk management processes are throughout the year, including internal control systems. As at 28 February 2023, the Board agreed that we had adequate systems and controls in place for our risk profile and strategy. While risk can't be avoided entirely, the Board is satisfied that our systems of internal control embedded within the risk management framework meant that we effectively identified, monitored, managed and controlled all relevant risks in the last financial year.

We have six key risks, each of which has:

- a risk appetite set by the Board
- its own risk framework, including how the Board wants us to manage the category
- a recognised risk committee monitoring performance
- an executive owner.

Risk type	Definition
Strategic Risk	The risk that we don't execute our business plan or our business model isn't sustainable.
Financial Risk	The risk that we don't maintain adequate financial resources or undertake activities which impact our solvency and/or impact our ability to meet our liabilities as they fall due.
Financial Crime and Fraud Risk	The risk that we, our products or our services are used to facilitate/advance criminal activity, terrorist financing or avoid sanctions.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.
Conduct Risk	The risk that any action, or inaction, of a Monzo colleague or individual associated with us leads to customer detriment.
Credit Risk	The risk that those who owe us money default on their obligations to pay us back.

As a regulated bank, we adhere to all kinds of regulations, from organisational requirements for our systems and controls, to specific rules on how products work. Our Compliance Framework sets out how we stay compliant with these regulations, including how we manage related risks including how we manage related risks – which the Enterprise Risk and Compliance Committee (ERCC) considers.

The three lines of defence and what each one does

We use a Three Lines of Defence (3LoD) model to structure risk management activities for:

- clear responsibility and accountability
- effective collaboration
- efficient coordination of risk and control activities.

The 3LoD model makes sure there's a clear definition of responsibilities between the ownership and management of risk (1LoD), oversight and challenge (2LoD) and independent validation and assurance (3LoD). Each line of defence is independent and does not rely on another for its day-to-day operation.

First Line (1LoD) – around 97% of our team

 designs and runs business operations, by
 owning and operating most controls to manage

our risks to stay within risk appetite and meet regulatory requirements.

- Second Line (2LoD) around 2% of our team gives oversight, through support and challenge of the effectiveness of risk management by 1st line, to reassure management.
- Third Line (3LoD) around 1% of our team assures the Board on the effectiveness of controls.

1LOD The ownership and management of risk	2LOD Oversight and challenge	3LOD Independent validation and assurance		
Sets business objectives.	 Develops the strategy and vision for Risk and Compliance in Monzo. 	 Independently reviews the effectiveness of 1LoD control and 2LoD oversight, support and challenge. 		
 Identifies, owns and manages risks where risk appetite is breached. 	Advises the Board on setting risk appetite.	Assesses how well we're adhering to the ERMF and		
 Defines, operates and tests controls. 	Sets risk frameworks to articulate the minimum	application of Level 1 risk frameworks.		
Implements and maintains regulatory compliance.	standards for risk management.	Assures the integrity of our risk management		
Adheres to risk frameworks.	Provides expert advice on business initiatives.	processes, control mechanisms and information systems.		
• Defines and operates in line with policy requirements.	Reports aggregate enterprise level risks to the Board.			
 Identifies future threats and risks. 	Conducts independent and risk-based oversight.			
Supports the development and embedding of a risk-	Interprets material regulatory change.			
aware culture.	Defines target state risk culture and monitors			
Notifies of control failures, heightened risks and	performance against aspirations.			
breaches of Policy.	Runs the enterprise Horizon Scanning process.			
	Manages regulatory relationships.			

Each line of defence's activities

We want to drive the right risk culture

Our values are essential to how we operate, and they influence everything we do, from hiring, to performance reviews, to projects. They're articulations of the culture in the bank. Risk culture is a subset of our values, it isn't standalone – all of the values are important in helping us to grow safely. You can find our values on page 7 of the Annual Report.

We have an established risk appetite

Risk appetite sets the type and size of risks that we're willing to take to achieve our objectives and strategic aims.

Risk appetite describes and communicates our approach to risk for Monzonauts, the Board, regulators, investors and others. It sets boundaries for Monzonauts to make decisions quickly without needing extra feedback or approval. It gives freedom to Monzonauts to use their expert knowledge to help us grow safely and quickly.

It's expressed through a series of Attitude to Risk Statements (qualitative), dos and don'ts (prescriptive) and associated Risk Appetite Metrics (quantitative), which are aligned to our risk profile and key risks. Our Board agrees and reviews these every year.

How we oversee our risks

We've established clear risk ownership and reporting lines through our risk committees, which align with the six key risks. Each committee is responsible for monitoring our risk profile and challenging exposures across the relevant risk type in line with the Board's risk appetite.

This committee structure means we can make decisions quickly and efficiently, and escalate risk to senior management and our Board. The Board is ultimately responsible for the effectiveness of our risk management framework.

Risk type	Management	Committee oversight
Strategic risk	Executive management and the Chief Executive Officer (CEO)	Enterprise Risk and Compliance Committee
Financial risk	Chief Financial Officer (CFO)	Asset and Liability Committee
Financial crime and Fraud risk	Chief Operating Officer (COO)	Financial Crime Risk Committee
Operational Risk	All business functions and the Chief Technology Officer (CTO) and Chief Operating Officer (COO)	Operational Risk Committee
Conduct risk	All business functions and the Chief Operating Officer (COO)	Conduct Risk Committee
Credit risk	Borrowing General Manager	Credit Risk Committee

Our principal risks and uncertainties are on pages 27–31 of our Annual Report.

Governance at Monzo

The Monzo Board gets its authority from our shareholders and is responsible for overseeing our strategy. The Board also defines and monitors our culture, values and brand all while keeping the interests of our stakeholders at the forefront of its decisionmaking. Gary Hoffman heads up our Board as Board Chair and the rest of the Board is made up of executive, independent non-executive, and investor directors. A majority of the Board are independent non-executive directors (iNEDs). The role of the Board Chair is distinct and separate from the CEO, with the Chair responsible for leading the Board and the CEO responsible for managing Monzo's business day-to-day. The division of responsibilities between the Chair and the CEO is clearly defined in the Board role profiles which are approved by the Board each year.

The Monzo Board can set up committees as needed and has permanently established an Audit Committee, Risk Committee, Remuneration Committee, and Nomination and Governance Committee (together the 'Board Committees'). Our Board has delegated certain responsibilities to its Board Committees to help it fulfil particular aspects of its role. An iNED chairs each Board Committee and each committee is governed by its terms of reference (the document setting out its role and responsibilities), which the Board approves annually. The Board and its committees regularly interact, with the Chair of each Board Committee providing updates on Committee activities to the Board at each meeting. Also, the Board reviews the Board Committees' membership annually to make sure their size, make-up, experience and perspectives mean they continue to meet their legal and regulatory responsibilities.

The Board has delegated the daily operation of Monzo to the CEO who's supported by an Executive Committee (ExCo). To support it with the running of the business, the ExCo has permanently established the Product Launch Committee, the Assets and Liabilities Committee, and the Enterprise Risk and Compliance Committee. Each of these committees covers fundamental and technical aspects of our business activities. They also have reporting lines into some of our Board Committees. We're working to further enhance our executive governance and continue to strengthen the relationship between each layer of our executive structure.

For more details on our governance arrangements please see pages 32–57 of our Annual Report.

Credit risk

Credit risk is the risk that a borrower or counterparty fails to pay the interest or the principal on a loan or other financial instrument when it is due.

Our retail credit risk is monitored and managed by the Borrowing Collective and our wholesale credit risk is monitored and managed within the Finance Collective, both of which are overseen by our Chief Risk Officer and Chief Finance Officer. Our overall risk appetite for lending is approved by the Board. For more details on how we monitor and manage credit risk please see Note 25 – Credit risk, in our Annual Report.

Under the Standardised Approach for calculating weighted exposure amounts, the exposure value is stated net of specific credit risk adjustments. Specific credit risk adjustments are loan-by-loan impairments calculated on an ECL basis in accordance with the IFRS 9 accounting standard, after allowing for the IFRS 9 CET1 addback.

The table below shows our maximum exposure to credit risk after provisions for impairment, RWAs and minimum capital requirements under Pillar 1 for each of the exposure classes. To determine the minimum Pillar 1 requirement for credit risk, a requirement of 8% is applied to the RWA values calculated in accordance with Article 92 of the UK CRR. The table also includes the associated average credit risk exposure; this is calculated using the previous four quarters' exposures.

	Net value of exposures at the end of the period	RWAs	Pillar 1 capital requirements	Average net exposures over the period
	£'000	£'000	£'000	£'000
Central banks or central governments	4,024,200	_	-	3,894,647
Regional governments or local authorities	245,354	_	-	188,564
Public sector entities	417,874	83,575	6,686	463,027
Multilateral development banks	767,833	_	-	497,102
Institutions	449,600	129,156	10,333	376,768
Corporates	22,041	22,041	1,763	18,560
Retail	702,288	526,716	42,137	1,069,009
Exposures in Default	8,915	8,915	713	7,387
Equity (investment in subsidiaries)	2,433	5,912	473	4,717
Other items	103,200	44,863	3,589	98,174
Total On-Balance Sheet exposures	6,743,739	821,178	65,694	6,617,955
Off-Balance Sheet exposures	921,855	-	-	762,782
Total exposures standardised approach	7,665,594	821,178	65,694	7,380,736

Table A – Exposures subject to credit risk

Our largest credit risk exposure is to central banks or central governments. These are risk weighted at 0%, as determined in accordance with UK CRR requirements. There was an increase of £124m in central bank or government exposures in FY2023 due to significant growth in our retail deposits which are deposited at the Bank of England.

Treasury investments consist of fixed coupon bonds, gilts, commercial paper and term deposits and are split across four counterparty types: regional governments or local authorities, public sector entities, rated institutions, and multilateral development banks. Our diversified portfolio of investments all have high credit ratings and are risk weighted at 0%, 20%, or 50% as determined in accordance with UK CRR requirements.

Our primary credit risk comes from our lending portfolio which includes overdrafts, personal loans and Flex. These are classed as non-defaulted retail exposures and are risk weighted at 75%, as determined in accordance with UK CRR requirements. There was an increase in RWAs of \pounds 608m in FY2023 due to net lending growth across loans, overdrafts and Flex products. Our corporate exposures are to our service providers. We do not classify any of our exposures as being to small and medium-sized enterprises ("SMEs"). Other items are mainly prepayments and the items outlined in UK CRR Article 134.

Our equity exposure is the investment in our US subsidiaries, Monzo Inc. and Monzo Support US Inc. These investments are risk weighted at 250%, rather than deducting the exposure from CET1 capital as determined in accordance with Article 48 of UK CRR. For more details on our investment in subsidiaries please see Note 31 – Group structure, in our Annual Report.

For investment and operational purposes, we have credit risk exposures to financial institutions. For these exposures the Standardised Approach requires the use of external credit ratings to determine the appropriate risk weightings. We use the ratings of Moody's to determine the relevant Credit Quality Step ("CQS") of the counterparty. The CQS value is then mapped to a risk weight percentage using the mapping provided by Commission Implementing Regulation (EU) 2016/1799 under the Standardised Approach of the UK CRR.

Table H shows our credit risk to financial institutions. The exposures are split by credit ratings, net exposure values and RWAs.

Table B – External credit ratings of exposures to institutions

Institutions' credit ratings (Moody's ratings)	Net exposure value	RWAs
	£'000	£'000
Aa3	289,208	87,605
A1	76,312	15,255
A2	50,792	10,158
Baa3	31,585	15,793
NR	1,703	341
Total	449,600	129,152

The table below shows the contractual residual maturity of our exposures. Customer payments are assumed to occur on the latest contractual date and no behavioural adjustments are made for early settlements. Most of our exposures have a maturity of less than 3 months. The exposures without a defined maturity date are the collateral that we have pledged and the investments in our subsidiaries.

Table C – Summary of contractual residual maturity of exposures

	< 3 months	Between 3 months and 1 year	Over 1 year	No defined maturity	Total
	£'000	£'000	£'000	£'000	£'000
Central governments or central banks	3,093,149	429,995	501,056	_	4,024,200
Regional governments or local authorities	_	129,096	116,259	_	245,354
Public sector entities	_	255,202	162,671	-	417,874
Multilateral development banks	_	209,366	558,467	-	767,833
Institutions	318,812	120,807	9,997	-	449,600
Corporates	22,041	_		-	22,041
Retail	39,786	495,930	21,204	145,368	702,288
Exposures in Default	8,915			-	8,915
Equity (investment in subsidiaries)		-	114	2,433	2,433
Other items	_	_	_	103,200	103,200
Total On-Balance Sheet exposures	3,482,704	1,640,396	1,369,767	250,887	6,743,739

The table below shows the concentration of our exposures by geographical area, after credit risk mitigation. The geographical location of our exposures is based on the physical location of the counterparty that we deal with. Most of our credit risk exposures are inside the UK. In line with guidance, our exposures to multilateral development banks have been classified to the geographical area "Other", irrespective of the location of the issuer.

Table D – Geographical breakdown of exposures

	UK	Europe	North America	Other geographical area	Total
	£'000	£'000	£'000	£'000	£'000
Central banks or central governments	4,024,200	_	-	_	4,024,200
Regional governments or local authorities	-	-	245,354	_	245,354
Public sector entities	_	417,874	-	_	417,874
Multilateral development banks	_	_	-	767,833	767,833
Institutions	134,529	315,071	-	_	449,600
Corporates	18,555	3,421	65	_	22,041
Retail	702,288	_	-	_	702,288
Exposures in Default	8,915	_	-	_	8,915
Equity (investment in subsidiaries)	-	114	2,319	_	2,433
Other items	103,200	-	-	_	103,200
Total exposures	4,991,688	736,480	247,738	767,833	6,743,739

Impairment and provisions

We estimate the allowance for credit losses on our financial assets using a combination of statistical models and management judgement. The models consider both internal and external factors to calculate the level of ECLs which then are used on booking the Impairment Loss Allowance.

Under IFRS 9, loans are categorised into a three-stage ECL impairment model using the criteria below.

Counterparty credit risk and credit valuation adjustments

Counterparty credit risk ("CCR") is the risk that a counterparty, where we enter into a derivative or secured financing transaction ("SFT"), defaults during the life of that transaction. Credit Valuation Adjustment ("CVA") is the variable fair value of CCR, included in the value of a derivative. We currently have a simple Balance Sheet and invest the majority of our surplus liquidity with highly rated central banks, governments and supranational organisations. Therefore we do not currently have any CCR or CVA risk.

Classification	ECL Calculation Period	Description
Stage 1	12 months	A loan that is not credit-impaired on initial recognition and has not experienced a significant increase in credit risk.
Stage 2	Lifetime	If a significant increase in credit risk has occurred since initial recognition, the loan is moved to stage 2 but is not yet deemed to be credit impaired.
Stage 3	Lifetime	If the loan is credit-impaired it is moved to stage 3.

'Impaired' for accounting and regulatory purposes is a loan, overdraft or Flex product where, based on current information and events, it is probable that we will be unable to collect all amounts due (i.e. principal, interest and other related income) according to the contractual terms of the product.

A financial asset is considered as past due when a counterparty has failed to make a payment when that payment was contractually due. A 90 day past due prudential backstop is also applied, and the exposure is considered as impaired. The exposure value is the whole carrying amount of the asset after ECL adjustments. We have an IFRS 9 Impairment Council that is responsible for reviewing the monthly ECL numbers for impairment and ensuring that ECL have been calculated in line with our IFRS 9 Impairment Policy. The change in ECL is then booked as an Impairment Loss Allowance.

For more details on our impairment and provisions see Note 25 – Credit risk, in our Annual Report.

Market risk

Market risk is the risk of losses from changes in the market price of an asset. We do not have a trading book or derivative instruments. Therefore only our foreign exchange exposures are subject to Pillar 1 capital requirements for market risk.

We accept a degree of risk associated with the need to make payments to suppliers based in the EU and US who invoice in EUR and USD. These payments are within our foreign currency risk appetite.

We do not have a Pillar 1 requirement for market risk because our foreign exchange exposures are less than the *de minimis* level (2% of total regulatory capital) prescribed by the UK CRR Article 351. As at 28 February 2023 this was £1.8m, which is less than 2% of our total regulatory capital.

Operational risk

Operational risk is the risk of loss that we are exposed to due to inadequate or failed internal processes or systems, human error or external events. It arises in dayto-day operations and is relevant to every aspect of our business.

We follow the principles of the 3LoD model to manage and mitigate operational risk, this is outlined in the risk management section of our Annual Report. We have policies, procedures and processes to control or mitigate material exposure to losses.

We use the Basic Indicator Approach ("BIA") to determine our Pillar 1 requirements for operational risk. The BIA uses an average of the last three years' audited operating income to calculate the Pillar 1 requirement. Under the BIA, we hold capital of 15% of the average annual gross operating income over a three year period.

Interest rate risk in the banking book

Interest rate risk in the banking book ("IRRBB") is the risk of changes to earnings and the economic value of equity arising from changes in interest rates. This can be caused by:

- **Gap risk** when the re-pricing of banking book products (assets and liabilities) is mismatched across time buckets.
- **Basis risk** when banking book items re-price in relation to different reference interest rates, like the central bank base rate.
- **Optionality risk** when our customers and counterparties have choices within their contracts with us, like the ability to repay at a different point in time.

Our net interest income risk comes through unsecured lending, deposit-taking, treasury investments, and funding activities.

We manage the risk of banking book positions in line with our Risk Appetite Framework and our regulatory constraints. Our governance committees monitor these risks, including the ALCo who evaluate new initiatives and risks. Our Treasury team monitors interest rate risk regularly. Our Treasury team is overseen by our Risk function and reports to the ALCo on a monthly basis. The Treasury team, together with the business, is responsible for Balance Sheet management and implementing hedging strategies to manage IRRBB.

We monitor the sensitivity of both our earnings (net interest income) and the economic value of interest rate sensitive Balance Sheet items to a variety of interest rate shocks. This includes the six scenarios set out in EBA guidelines on the management of interest rate risk arising from non-trading book activities. We apply a floor to the yield curve used in IRRBB analysis.

For more details on our management of IRRBB please see Note 24 – Market risk management in our Annual Report.

Liquidity risk and funding risk

Liquidity risk is the risk that we fail to meet our cash flow obligations as they fall due, or can only do so at exceptional cost. This risk is mitigated by having easily accessible highly liquid funds at all times and/or assets that can be liquidated in order to meet our cash flow obligations under both normal and stressed conditions.

Funding risk is the risk that we do not have sufficiently stable and diverse sources of funding. This includes having the right type, currency and quantity of funds, in the right place and at the right time.

Liquidity and funding risk is managed by our Treasury team on a daily basis. In the second line, Risk oversees, and when required challenges, this process, to make sure that we are within our risk appetite. This includes liquidity risk related to deposit outflows, undrawn exposures and cash flow mismatches. The ALCo, which meets at least on a monthly basis, is the main committee for discussing and monitoring liquidity and funding risk.

We assess our liquidity and funding risk profile annually as part of the Internal Liquidity Adequacy Assessment Process ("ILAAP"). The ILAAP is scrutinised and approved by the Board.

Our Recovery Plan includes what we would do if a liquidity stress were to occur. This enables us to detect signs of liquidity or funding stresses early. There are planned actions available to avoid or minimise the impact of plausible stressed scenarios on our business operations and customers.

At all times we maintain highly liquid resources within our risk appetite limits and significantly above the regulatory minimum. We currently hold our surplus cash in overnight deposits with central banks and highly liquid securities. These are our High Quality Liquid Assets ("HQLA"). The cash balances are accessible on demand and our securities can be monetised rapidly to provide liquidity to us if necessary.

The key metric used to monitor liquidity risk is the Liquidity Coverage Ratio ("LCR"). The ratio is the level of our HQLA relative to our modelled stress.

Our HQLA increased materially in 2023 to \pm 5.1bn, from \pm 4.6bn in 2022. Our HQLA has increased as we have chosen to put the money that customers have deposited with us in Level 1 securities such as bonds and overnight deposits at central banks.

Our modelled stress have increased to \pm 671m, from \pm 429m in 2022 as our business has grown. At year end and at all times throughout the year, our LCR was significantly in excess of our risk appetite and the regulatory minimum requirement of 100%.

We also monitor our Net Stable Funding Ratio ("NSFR"). This is to maintain a stable funding relationship between assets and liabilities and to reduce sole reliance on short dated funding.

Liquidity coverage ratio

The LCR, prepared in compliance with the Liquidity (CRR) and Liquidity Coverage Ratio (CRR) parts of the PRA Rulebook, is used by us as a stressed measure of 30 day liquidity. The ratio as at 28 February 2023 was 760%.

Table E – LCR

	2023	2022
	£'000	£'000
Liquidity buffer	5,103,316	4,600,376
Total net cash outflows	671,159	428,980
Liquidity Coverage Ratio	760.4%	1,072.4%

Regulatory capital

Capital resources

During FY2023 we started adding to our capital position on an organic basis and our financial performance has started to significantly change direction in FY2024. This will help us to fund new products, invest in our platform and further embed ourselves in the financial lives of our customers, achieving our mission of making money work for everyone.

As at February 2023 our capital resources were primarily made up of Common Equity Tier 1 (CET1) capital. This is the highest quality of capital. It consists of ordinary share capital, associated share premium and allowable reserves. There's more information on our share capital in Appendix 2.

Table F – Changes in equity during the year¹

	Share capital	Share premium	Other reserves	Retained losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2021	_	508,478	56,590	(342,683)	222,385
Losses for the year	_	_	-	(120,148)	(120,148)
Total comprehensive income for the year	-	-	_	(120,148)	(120,148)
Shares issued	-	454,585	-	_	454,585
Cost of issuance	-	(18,629)	-	_	(18,629)
Share-based payments reserve	-	_	23,257	_	23,257
Exercise of options	-	52	(658)	658	52
Balance as at 28 February 2022	-	944,486	79,189	(462,173)	561,502
Losses for the year	_	_	_	(115,933)	(115,933)
Total comprehensive income for the year	-	-	_	(115,933)	(115,933)
Shares issued	_	210	-	_	210
Cost of issuance	_	(79)	_	-	(79)
Share-based payments reserve	-	_	29,096	_	29,096
Share cancellation	-	_	-	_	-
Exercise of options	_	169	(494)	494	169
Balance as at 28 February 2023	-	944,786	107,791	(577,612)	474,965

Our regulatory capital differs from our accounting equity because certain prudential adjustments are required by regulatory requirements. These adjustments are shown in Table B. Our CET1 capital position at 28 February 2023 was £533m (FY2022: £575m).

Monzo applies the IFRS 9 transitional arrangements set out in Article 473a of the UK CRR. The transitional arrangements allow the capital impact of impairments for expected credit losses ("ECL") to be phased in over a 5 year period. This is achieved by allowing banks to add a diminishing portion of their provisions for ECLs to their CET1 capital over this period. This is to lessen the impact of the introduction of IFRS 9 on capital. This transitional relief is applied on a reducing scale: 95% for FY2019; 85% for FY2020; 70% for FY2021; 50% for FY2022; 25% for FY2023 and with no transitional relief from FY2024.

As part of the regulatory response to COVID-19, Article 473a was revised in June 2020. For us, the change introduced new transitional arrangements for increases in ECL provisions between 1 March 2020 and the reporting date. Increases in provisions during this period are added to CET1 capital subject to new transitional arrangements which apply a reducing scale over a 5 year period: 100% for FY2021 and FY2022; 75% for FY2023; 50% for FY2024; 25% for FY2025 and with no transitional relief from FY2026.

Where these transitional arrangements are taken, banks are required to disclose their capital positions calculated as if the transitional adjustments were not available, the 'fully loaded' basis. Our capital position without transitional adjustments is disclosed in Appendix 5. Table G below reconciles our accounting equity to our regulatory capital.

Table G – Reconciliation of statutory equity to regulatory capital

Value adjustments due to the requirements for prudent valuation have been omitted from this table due to their value being immaterial.

	2023	2022
	£'000	£'000
Total accounting equity	474,965	561,502
Regulatory adjustments		
Ineligible share capital	(13)	(13)
IFRS 9 transitional adjustment	57,632	13,798
Value adjustments due to the requirements for prudent valuation	-	-
CET1 capital	532,583	575,287
Tier 1 capital	532,583	575,287
Tier 2 capital	14,823	14,593
Total capital	547,407	589,880

Capital requirements

As an authorised credit institution, we are subject to supervision by the PRA. As part of this supervision they set the amount of regulatory capital that we must hold, relative to our total risk exposure, in order to safeguard customers' money. Monzo's requirements include Pillar 1 and Pillar 2 requirements, in addition to applicable capital buffers.

Pillar 1 capital requirements

Our Pillar 1 capital requirement is the minimum regulatory capital requirement relating to credit, operational and market risks. The minimum requirement is equal to 8% of Risk Weighted Assets ("RWAs"), of which at least 4.5% of RWAs must be met with CET1 capital.

Monzo uses the Standardised Approach to determine risk weights for calculating credit risk RWAs. The risk weightings are dependent on the type of exposure class which a counterparty is assigned to in accordance with UK CRR Article 112. Our primary sources of credit risk come from the possibility that our

Table H – Total risk exposure and Pillar 1 capital requirements

	2023	2023	2022	2022
	RWAs	Pillar 1 capital requirements	RWAs	Pillar 1 capital requirements
	£'000	£'000	£'000	£'000
Credit risk	821,178	65,694	285,793	22,863
Operational risk	157,864	12,629	85,056	6,804
Total	979,042	78,323	370,849	29,668

customers fail to make payments according to their contractual terms or if a counterparty that we have an investment or deposit with defaults.

Our total credit risk RWAs increased to £821m (FY2022: £286M) in the year. We increased the amount we lent to customers which drove the majority of this movement. The remaining increase in RWAs was due to growth of our Treasury hedging portfolio, which is used to manage market risk, and other exposures which are needed to conduct business.

We use the Basic Indicator Approach (BIA) to determine operational risk RWAs. The BIA is calculated using the average of our last three years of gross operating income. Our operational risk requirement will increase as our income grows.

Monzo does not have a Pillar 1 capital requirement for market risk. This is because we do not have a trading book and most of our assets and liabilities are in Sterling. Our exposure to foreign exchange risk is less than the de minimis level (2% of total regulatory capital) prescribed by the UK CRR.

Pillar 2 Capital Requirements

The Pillar 2 requirements – Pillar 2A and Pillar 2B – are set in addition to Pillar 1 requirements to help ensure that institutions hold appropriate levels of capital for the idiosyncratic risks they are exposed to.

Pillar 2 requirements are determined as part of the Supervisory Review and Evaluation Process ("SREP"). The PRA reviews and evaluates Monzo's capital requirements, including our own assessment of capital adequacy, as determined by the Internal Capital Adequacy Assessment Process ("ICAAP"). There is an overview of our ICAAP in Note 23 – Capital risk management, in our Annual Report.

We also use stress testing to assess the resilience of our capital and liquidity positions. We undertake stress testing on our Balance Sheet and our financial plan to support our capital and liquidity planning and to inform our risk appetite.

Pillar 2A

Pillar 2A requirements are designed to capture the firm specific risks that are not addressed or not fully captured by the minimum capital requirements under Pillar 1. The PRA informs banks of their Pillar 2A requirements by setting a firm specific Individual Capital Requirement ("ICR"). Together the Pillar 1 minimum requirement and the Pillar 2A form our Total Capital Requirement ("TCR").

Our prescribed TCR was updated in July 2022. These disclosures have been prepared by applying this TCR to our position as at 28 February 2023.

Pillar 2B and Capital Buffers

We must also hold capital buffers which are designed to allow us to continue to meet our TCR under stressed conditions.

This includes the CRD IV Combined Buffer, which applies to all firms and includes the Capital Conservation Buffer, Countercyclical Buffer and any applicable systemic buffers. Where the PRA determines that additional buffer requirements are required, it may also set a firm specific PRA buffer. This will be based upon a firm's stress testing results, thereby reflecting a firm's business model and risk profile, and account for the CRD IV Combined Buffer to prevent possible duplication.

Regulatory capital buffers (combined buffers)

Capital Conservation Buffer

The Capital Conservation Buffer (CCoB) applies to all banks and is set at 2.5% of RWAs. It is intended to absorb losses whilst avoiding a breach of minimum capital requirements.

Countercyclical Capital Buffer

The Countercyclical Capital Buffer (CCyB) is set by prudential policy makers and reflects the credit conditions and overall health of the financial system within their jurisdiction. A firm must calculate a firm specific CCyB which reflects the weighted average of the CCyB rates in which it holds relevant credit exposures.

Table I – Capital requirements

In the UK, the Bank of England's Financial Policy Committee is responsible for setting the UK CCyB rate. The UK CCyB rate was set to 1% on 13 December 2022 as part of a package of measures to support the economy from the impact of COVID-19. On 5 July 2022, the Financial Policy Committee (FPC) announced an increase in the CCyB rate to 2% effective from 5 July 2023.

As of 28 February 2023 we have exposures in the UK attracting a CCyB rate of 1%, and exposures in the US, Germany, and Belgium attracting CCyB rates of 0%. Please see Appendix 6 for a breakdown of these exposures.

The table below shows our TCR and CRD IV Combined Buffer as a percentage of our RWAs as at 28 February 2023.

	2023	2023	2022	2022
	CET1	Total Capital	CET1	Total Capital
Pillar 1	4.5%	8.0%	4.5%	8.0%
Pillar 2A	6.3%	11.1%	7.5%	13.3%
Total Capital Requirement	10.8%	19.1%	12.0%	21.3%
Capital conservation buffer	2.5%	2.5%	2.5%	2.5%
Countercyclical capital buffer	1.0%	1.0%	0.0%	0.0%
Total (excluding Pillar 2B)	14.3%	22.6%	14.5%	23.8%

Capital Ratios

As at 28 February 2023, our CET 1 ratio was 54.4% (FY2022: 155.1%) and our total capital ratio was 56.0% (FY2022: 159.1%). We were well above our minimum regulatory capital requirements throughout the year ended 28 February 2023.

Balance Sheet risk and our capital adequacy is managed through our ALCo. ALCo monitors our actual and projected capital position against our Board approved risk appetite and regulatory thresholds.

Table J – Capital ratios

	2023	2022
	£'000	£'000
CET1 capital	532,583	575,287
Total capital	547,407	589,880
Risk weighted assets	979,042	370,849
CET1 capital ratio	54.4%	155.1%
Total capital ratio	55.9%	159.1%

During FY2023 our CET1 capital decreased by £42m. This was driven by accounting losses of £115m and offset in part by an increase in our IFRS 9 transitional arrangements CET 1 add-back. Our total RWAs increased by £608m primarily because of growth in lending to our customers, and additional investment in Treasury assets. This led to our CET1 capital ratio decreasing from 155.1% in FY2022 to 54.4% in FY2023. During the year ended 28 February 2023, we complied in full with all our capital requirements.

Leverage ratio

The leverage ratio demonstrates capital adequacy by measuring the relationship between our Tier 1 capital and our total assets. We have disclosed in Appendix 8 the leverage ratio calculated in accordance with the UK leverage ratio framework.

On 8 October 2021, the PRA published its Policy Statement on the UK leverage ratio framework. The Policy Statement confirms that UK banks will be subject to a single UK leverage ratio requirement. The CRR leverage ratio will no longer apply for UK banks. Monzo is not subject to a binding leverage requirement as the firm does not meet any of the criteria as set out in the Leverage Ratio – Capital Requirements and Buffers Part of the PRA rulebook.

The UK leverage ratio excludes deposits at the central bank if they are matched by liabilities in the same currency and of identical or longer maturity. This reflects the very limited exposure to risk that these deposits represent and reduces the capital barrier to holding highly liquid assets and effective risk management. We believe that the exclusion of central bank deposits better reflects the risk that leverage has on our business.

The leverage ratio will not be a binding requirement for us until we become a larger bank. At year-end and at all times throughout the year, we were above the regulatory minimum applicable to larger UK banks. Our UK leverage ratios as at 28 February 2023 are shown in the table below.

We're not subject to a binding leverage requirement as we don't meet the criteria set out in the Leverage Ratio – Capital Requirements and Buffers part of the PRA Rulebook.

Table K – Leverage ratio

UK leverage Ratio	2023	2022
	£'000	£'000
Tier 1 capital	532,583	575,287
UK leverage ratio exposure measure	3,763,096	2,238,857
UK leverage ratio	14.2 %	25.7%

The decrease in our leverage ratio was driven primarily by a decrease in Tier 1 capital resources and an increase in total assets. Managing leverage is part of our planning processes. Our leverage ratio is monitored against early warning indicators and internal limits which trigger actions to mitigate risk. Our leverage ratio is reviewed and managed by the ALCo.

Remuneration policy & practices

Our remuneration policy is designed to apply to everyone who works at Monzo, but under the Remuneration Part of the PRA Rulebook and the FCA's dualregulated firms Remuneration Code (SYSC 19D), there are some further rules we must apply to our remuneration policies and practices for people whose activities have a material impact on our risk profile. These people are known as Material Risk Takers ("MRTs").

Remuneration Policy

This policy sets out our approach to remuneration for all colleagues. Its objective is to make sure we can attract, motivate and retain the people we need for each phase of our growth, while making sure we remain compliant with all regulatory requirements that apply to us. The Remuneration Committee reviews the policy annually with the last review in November 2022.

We updated the Remuneration policy's wording in the last review to make sure it complied with the new Consumer Duty feedback related to CP21/36 and final rules, and to align it with our Remuneration Risk Adjustment Framework.

The Board appoints a Remuneration Committee (RemCo), which is made up of four independent, nonexecutive directors to make sure there's independent judgement on remuneration matters. RemCo's Terms of Reference set out its duties, which we review annually.

Deloitte LLP advises RemCo as needed. The Risk function also inputs into the Remuneration policy and decisions where appropriate.

RemCo meets as needed, but at least twice a year. In the last performance period (the year to 28 February 2023), RemCo met 9 times.

A key objective of RemCo's annual review of the Remuneration policy was to check it aligned with our business strategy, objectives and values, long-term interests and complied with regulatory requirements.

Here are the key objectives of our remuneration practices which support our business strategy.

- To support our customer-first strategy by attracting, motivating and keeping the best talent across the business. We set remuneration needed for each phase of our growth.
- To apply and promote our values of: default to transparency; make a difference; be hard on problems, not people; help everyone; think big, start small, own it; think customer first; and grow Monzo safely. We make sure that our approach to remuneration is aligned with our values, which in turn align with our long-term interests.
- To support our long-term, sustainable performance and growth, and our risk strategy. To manage remuneration associated risks we emphasise fixed pay and share options. Options aim to align our colleagues' interests with our long-term growth.
- To make sure that our remuneration practices are safe with risk-adjusting performance outcomes, compatible with capital and liquidity planning and comply with regulation.
- Remuneration supports equal pay for equal work, and doesn't discriminate on the basis of non-role related characteristics, like gender, race, sexuality, disability, age or religion.

Material Risk Takers

MRTs are individuals whose professional activities have a material impact on Monzo's risk profile. We identify MRTs in line with the Remuneration Part of the PRA Rulebook. In the year to February 2023, we identified 47 MRTs. In July 2021, we also obtained Shareholder approval to increase the variable pay cap for our MRT population from 100% to 200%. RemCo oversees any changes to MRT remuneration.

Link between pay and performance

We designed our performance framework to discourage risk taking outside of our risk appetite. We have an annual, holistic performance cycle which includes goal setting, personal development plans and a 360 degree performance assessment, with a 6-month performance check-in. Feedback covers measurable performance and behaviours including operating within our risk appetite.

In line with CRD V guidance on remuneration and the FCA Handbook, the Risk function reviews risk management performance by key risk area, using relevant available data and through a primarily qualitative review. The principal risk categories we look at include Strategic Risk, Financial Risk, Financial Crime Risk, Operational Risk, Compliance & Conduct Risk and Credit Risk. On a bi-annual basis, our decision on how to process variable remuneration is informed by an independent report by our Chief Risk Officer and Chief Financial Officer. The report looks at performance in each of these risk categories along with the performance of our risk appetite metrics, our financial performance and other associated metrics. Following this assessment, there might be a decision for awards to be ex-ante or ex-post adjusted.

Remuneration at Monzo is made up of fixed compensation (salary, pension and benefits) and variable pay in the form of share options, giving our colleagues the opportunity to share in our long-term success. As a proportionality level 3 firm, we apply the Remuneration Part of the PRA Rulebook requirements in a way that's proportionate to our size, nature and complexity.

Fixed remuneration

We determine fixed remuneration based on our salary frameworks. Our frameworks reflect the experience and skills that relate to an individual's role, their impact, and their level of responsibility and contribution.

We review the salary levels in the framework every year, benchmarking them against salaries in the broader market and our position. We review everyone's salary at least annually, but we don't necessarily make changes after every review.

Everyone at Monzo is entitled to various benefits including pension, private medical insurance and life insurance.

Variable remuneration

We've designed our remuneration framework to strike an appropriate balance between fixed and variable pay. We grant all colleagues share options when they join and at key milestone events, including promotions or role changes and start date anniversaries.

We grant share options under an unapproved share option plan, but granted options under a Company Share Option Plan (CSOP) until April 2020. The share options issued are equity settled with no cash settlement options, with a maximum exercise term of 10 years. Options typically vest evenly over four years with a one year cliff; or on an exit event. If a colleague leaves before the vesting cliff, they forfeit all options at that date. A limited number of options for senior executives have market vesting conditions.

More specifically, the share options we grant to all new hires follow a standard vesting schedule over a four year period (from the date of joining) with a one year cliff. A quarter of the award vests after the individual's first anniversary and then the remaining options vest uniformly each month. We also grant additional share options at set intervals after someone's start date. These share options vest over four years, typically with monthly uniform vesting starting two years after the date we grant them. MRTs share option awards follow the same cliff periods, but have quarterly instead of monthly vesting, which is subject to individual and company performance conditions, as outlined below.

Value is currently only delivered by share options in the event of an exit event, which not only depends on financial performance but also the overall health of the business (including factors such as having a strong risk and compliance record, customer record etc.). Monzo's share option plan is considered a Long Term Incentive Plan ("LTIP") for the purposes of the Remuneration Part of the PRA Rulebook and the FCA's Dual-regulated firms Remuneration Code (SYSC 19D). Options are only granted to employees when all regulatory mandatory training is up to date and there are no open disciplinaries. MRT option grants are also linked to a minimum of 6-months performance period and are subject to specific performance criteria (at the individual and company level) assessed both prior to grant and prior to each option vesting. Along with the key risk categories listed earlier in this section, the

financial KPIs used to assess financial performance include Total Revenue, Year on Year growth of Total Revenue, Total Number of Customers, Deposit Balance, Year on Year Growth of Deposit Balance, Capital Surplus, LCR, CET1 Ratio and Leverage Ratio.

RemCo, with input from Risk, Compliance and Finance, uses this information to validate the suitability of option awards granting and vesting and has the ability to override formulaic outcomes if and when necessary.

Independent control functions include Monzo's internal audit, compliance and risk management teams. MRTs aligned under the independent control functions have individual objectives that are linked to the performance of the respective control function itself, rather than Monzo's financial performance. The performance assessment of each control function is conducted by individuals who are independent of the business unit being supervised. In line with our Remuneration Risk Adjustment Framework and with the input from the relevant functions (Internal Audit, Compliance, Finance, Human Resources, Legal, Reward and Risk), RemCo will determine whether, to what extent and for which awards malus and clawback should be applied, taking into account all factors it determines to be relevant. All option awards are subject to malus and clawback provisions including those granted to MRTs, and will be considered if the RemCo determines that misconduct or material error, financial downturn, risk failure or misstatement has occurred. The clawback period is currently 7 years, which might be extended to 10 years in some circumstances.

We don't pay annual cash-based variable remuneration.

We only grant guaranteed variable remuneration in exceptional circumstances. The predominant reason is when it is needed to secure a candidate for a role; it is always limited to the first year of service and RemCo approval is required for MRTs.

Any payments related to an early termination of contract will reflect performance over time and will not reward failure or misconduct. All termination payments for MRTs need to be approved by RemCo.

Appendices

Appendix 1 Key metrics – KM1

The table below outlines the key metrics for Monzo Bank Ltd. Template KM1 has been disclosed in accordance with Annex I and Annex 2 of the Disclosure (CRR) Part of the PRA Rulebook.

		а	I
		£'000	£' 00
		2023	202
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	532,582	575,28
2	Tier 1 capital	532,582	575,28
3	Total capital	547,407	589,88
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	979,042	370,84
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	54.4%	155.19
6	Tier 1 ratio (%)	54.4%	155.19
7	Total capital ratio (%)	55.9%	159.19
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	10.8%	12.09
UK 7b	Additional AT1 SREP requirements (%)	3.6%	4.00
UK 7c	Additional T2 SREP requirements (%)	4.8%	5.39
UK 7d	Total SREP own funds requirements (%)	19.1%	21.39
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	09
9	Institution specific countercyclical capital buffer (%)	1.0%	09
UK 9a	Systemic risk buffer (%)	0%	00
10	Global Systemically Important Institution buffer (%)	0%	00
UK 10a	Other Systemically Important Institution buffer	0%	00
11	Combined buffer requirement (%)	3.5%	2.59
UK 11a	Overall capital requirements (%)	22.6%	23.89
12	CET1 available after meeting the total SREP own funds requirements (%)	311,042	487,19
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	3,763,096	2,238,85
14	Leverage ratio excluding claims on central banks (%)	14.2%	25.79
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	5,103,316	4,600,37
UK 16a	Cash outflows – Total weighted value	804,664	582,18
UK 16b	Cash inflows – Total weighted value	133,505	153,20
16	Total net cash outflows (adjusted value)	671,159	428,98
17	Liquidity coverage ratio (%)	760.4%	1,072.49
	Net Stable Funding Ratio		
18	Total available stable funding	6,055,616	4,703,07
19	Total required stable funding	835,938	444,59
20	NSFR ratio (%)	724.4%	1,057.89

Appendix 2 Main features of capital instruments – CCA

The table below outlines the main features of Monzo Bank Ltd's capital instruments. Template CCA has been disclosed in accordance with Annex VI and Annex VIII of the Disclosure (CRR) Part of the PRA Rulebook.

		а		c
1	Issuer	Monzo Bank Limited.	Monzo Bank Limited.	Monzo Bank Limited.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
2a	Public or private placement	Private	Private	Private
3	Governing law(s) of the instrument	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
Regulatory t	reatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital	Dated Subordinated Loan	Dated Subordinated Loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	£945	£10	£5
9	Nominal amount of instrument	£0.0000001	N/A	N/A
UK-9a	Issue price	Various	100%	100%
UK-9b	Redemption price	N/A	100%	100%
10	Accounting classification	Shareholders' equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	Various	08/03/2021	08/03/2021
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	N/A	08/03/2031	08/03/2031
14	Issuer call subject to prior supervisory approval	N/A	Applicable	Applicable
15	Optional call date, contingent call dates and redemption amount	N/A	Tax call; Optional call: Redemption at par plus accrued interest and (i) a prepayment fee of 5% of the amount prepaid, and (ii) a make-whole amount equal to the amount of interest that would have been payable during the period from the date of redemption to 08/03/2026 Regulatory call: Redemption at par plus accrued interest and (i) a	Tax call; Optional call: Redemption at par plus accrued interest and (i) a prepayment fee of 5% of the amount prepaid, and (ii) a make-whole amount equal to the amount of interest that would have been payable during the period from the date of redemption to 08/03/2026 Regulatory call: Redemption at par plus accrued interest and (i) a

Regulatory call: Redemption at par plus accrued interest and (i) a prepayment fee of 5% of the amount prepaid, and (ii) a make-whole amount equal to the amount of interest that would have been payable during the period from the date of redemption to the earlier to occur of (a) 6 months after the redemption date, and (b) 08/03/2026

Regulatory call: Redemption at par plus accrued interest and (i) a prepayment fee of 5% of the amount prepaid, and (ii) a make-whole amount equal to the amount of interest that would have been payable during the period from the date of redemption to the earlier to occur of (a) 6 months after the redemption date, and (b) 08/03/2026

		а	b	c
16	Subsequent call dates, if applicable	N/A	Issuer's call option at any time from 08/03/2026; Redemption at par plus accrued interest, together with a prepayment fee of 5% of the amount prepaid	Issuer's call option at any time from 08/03/2026; Redemption at par plus accrued interest, together with a prepayment fee of 5% of the amount prepaid
Coupons / di	ividends	·		
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
18	Coupon rate and any related index	N/A	12%	12%
19	Existence of a dividend stopper	N/A	None	None
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	None	None
22	Non-cumulative or cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or nonconvertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	N/A	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	N/A	Subordinated Debt	Subordinated Debt
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Ordinary Share Capital (Security references b and c)	Subordinated Debt (N/A)	Subordinated Debt (N/A)
36	Non-compliant transitioned features	No	None	None
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Non public	Non public	Non public

Appendix 3 Own funds disclosure template – CC1

The table below outlines Monzo Bank Ltd's own funds. Template CC1 has been disclosed in accordance with Annex VII and Annex VIII of the Disclosure (CRR) Part of the PRA Rulebook.

		(a)	(b)
		Amounts (£000's)	Source based on reference numbers/ letters of the Balance Sheet under the regulatory scope of consolidation
Common Ec	uity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	944,786	(b) plus (c)
	of which: Ordinary shares	944,786	(c)
2	Retained earnings	(462,173)	(e)
3	Accumulated other comprehensive income (and other reserves)	107,791	(d)
UK-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	_	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	_	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	590,404	
Common Ec	uity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	_	
8	Intangible assets (net of related tax liability) (negative amount)	_	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	_	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	_	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	

		(a)	(b)
		Amounts (£000's)	Source based on reference numbers/ letters of the Balance Sheet under the regulatory scope of consolidation
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
UK-20c	of which: securitisation positions (negative amount)	-	
UK-20d	of which: free deliveries (negative amount)	_	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	_	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
UK-25a	Losses for the current financial year (negative amount)	(115,439)	(f)
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	57,619	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(57,820)	
29	Common Equity Tier 1 (CET1) capital	532,583	
Additional Ti	er 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	_	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 (AT1) capital before regulatory adjustments	_	

		(a)	(b)
		Amounts (£000's)	Source based on reference numbers/ letters of the Balance Sheet under the regulatory scope of consolidation
Additional Ti	ier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	532,583	
Tier 2 (T2) ca	apital: instruments		
46	Capital instruments and the related share premium accounts	14,823	(a)
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	Tier 2 (T2) capital before regulatory adjustments	14,823	
Tier 2 (T2) ca	apital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	

		Amounts (£000's)	Source based on reference numbers/ letters of the Balance Sheet under the regulatory scope of consolidation
	ligible liabilities deductions that exceed the eligible ms of the institution (negative amount)	-	
UK-56b Other regu	atory adjustments to T2 capital	-	
57 Total regul	atory adjustments to Tier 2 (T2) capital	-	
58 Tier 2 (T2)	capital	14,823	
59 Total capita	l (TC = T1 + T2)	547,407	
60 Total risk e	kposure amount	979,042	
Capital ratios and buffers			
61 Common E	uity Tier 1 (as a percentage of total risk exposure amount)	54.4%	
62 Tier 1 (as a	ercentage of total risk exposure amount)	54.4%	
63 Total capita	l (as a percentage of total risk exposure amount)	55.9%	
92 (1) CRR, accordance	ET1 overall capital requirement (CET1 requirement in accordance with Article plus additional CET1 requirement which the institution is required to hold in with point (a) of Article 104(1) CRD, plus combined buffer requirement in with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	14.3%	
65 of which: c	pital conservation buffer requirement	2.5%	
66 of which: c	untercyclical buffer requirement	1.0%	
67 of which: s	stemic risk buffer requirement	0.0%	
	obal Systemically Important Institution (G-SII) or mically Important Institution (O-SII) buffer	0.0%	
68 Common E	quity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	40.1%	
Amounts below the threshol	Is for deduction (before risk weighting)		
entities who	ndirect holdings of own funds and eligible liabilities of financial sector are the institution does not have a significant investment in those ount below 10% threshold and net of eligible short positions)	-	
sector entit	ndirect holdings by the institution of the CET1 instruments of financial es where the institution has a significant investment in those entities ow 17.65% thresholds and net of eligible short positions)	2,319	
	k assets arising from temporary differences (amount below 17,65% threshold, rd tax liability where the conditions in Article 38 (3) CRR are met)	-	
Applicable caps on the inclu	ion of provisions in Tier 2		
	djustments included in T2 in respect of exposures subject sed approach (prior to the application of the cap)	-	
77 Cap on incl	usion of credit risk adjustments in T2 under standardised approach	-	
	djustments included in T2 in respect of exposures subject to ngs-based approach (prior to the application of the cap)	_	
79 Cap for inc	usion of credit risk adjustments in T2 under internal ratings-based approach	-	

Appendix 4 Regulatory own funds reconciliation – CC2

The table below outlines the main features of Monzo Bank Ltd's capital instruments. Template CC2 has been disclosed in accordance with Annex VII and Annex VIII of the Disclosure (CRR) Part of the PRA Rulebook.

	a (£ ' 000)	b (£ ' 000)	с
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets	6,687,776	6,685,814	
Cash and balances at bank	3,101,242	3,098,560	
Treasury investments	2,727,520	2,727,520	
Loans and advances to customers	653,733	653,733	
Other assets	113,495	113,085	
Property, plant and equipment	15,325	14,320	
Investment in subsidiaries	-	2,319	
Collateral held with third parties	76,461	76,277	
	6,687,776	6,685,814	
Liabilities	6,212,126	6,210,849	
Customer deposits	5,945,947	5,945,947	
Subordinated debt liability	14,823	14,823	(a)
Other liabilities	251,356	250,079	
Equity	475,650	474,965	
Called up share capital			(b)
Share premium account	944,786	944,786	(c)
Other reserves	108,117	107,791	(d)
Accumulated losses	(577,253)	(577,612)	
Of which: Retained losses	(461,404)	(462,173)	(e)
Of which: Losses for the year	(115,849)	(115,439)	(f)

Appendix 5 IFRS 9 transitional impact

The table below shows the capital, RWA and leverage positions with and without the application of transitional arrangements for IFRS 9.

		2023	2022
		£'000	£'000
Available C	capital		
1	Common Equity Tier 1 (CET1) capital	532,583	575,287
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	474,951	561,489
3	Tier 1 capital	532,583	575,287
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	474,951	561,489
5	Total capital	547,407	589,880
6	Total capital as if IFRS 9 transitional arrangements had not been applied	489,774	576,082
Risk-Weigh	nted Assets		
7	Total risk-weighted assets	979,042	370,849
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	960,744	367,931
Capital Rat	ios		
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	54.4%	155.1%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	49.4%	152.6%
11	Tier 1 (as a percentage of risk exposure amount)	54.4%	155.1%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	49.4%	152.6%
13	Total capital (as a percentage of risk exposure amount)	55.9%	159.1%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	51.0%	156.6%
Leverage R	atio		
15	Leverage ratio total exposure measure	3,763,096	2,238,857
16	Leverage ratio	14.2%	25.7%
17	Leverage ratio as if IFRS 9 transitional arrangements had not been applied	12.6%	25.1%

Appendix 6 Countercyclical capital buffer disclosures – UK CCyB1

The tables below show the distribution of relevant credit exposures for the calculation of our CCyB as at 28 February 2023.

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer:

	Genera	General credit exposures Own Funds Re						
	Exposure Value for SA 010	Own funds requirements 070 & 100	Own funds weights 110	Countercyclical capital buffer rates 120				
010 Breakdown by country	£'000	£'000	weighting %	%				
Belgium	3,535	283	1%	0.00%				
United Kingdom	-	47,926	98%	1.00%				
United States	2,384	469	1%	0.00%				
020 Total	5,919	48,678	100%	0.98%				

Amount of institution-specific countercyclical capital buffer – UK CCyB2:

		£'000
010	Total Risk Exposure amount	979,042
020	Institution specific countercyclical capital buffer rate	0.98%
030	Institution specific countercyclical capital buffer requirement	9,639

Appendix 7 Overview of risk weighted exposure amounts – OV1

The table below outlines the risk weighted exposure amounts for Monzo Bank Ltd. Template OV1 has been disclosed in accordance with Annex I and Annex 2 of the Disclosure (CRR) Part of the PRA Rulebook.

		Risk	weighted exposure amounts (RWEAs)	Total own funds requirements
		a (£ '000)	b (£ '000)	с
		2023	2022	2023
1	Credit risk (excluding CCR)	821,178	285,793	65,694
2	Of which the standardised approach	821,178	285,793	65,694
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
UK 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk – CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
UK 8a	Of which exposures to a CCP	-	-	-
UK 8b	Of which credit valuation adjustment – CVA	-	-	-
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non- trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250%/ deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	157,864	85,056	12,629
UK 23a	Of which basic indicator approach	157,864	85,056	12,629
UK 23b	Of which standardised approach	-	-	-
UK 23c	Of which advanced measurement approach	-	-	-
24*	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	5,797	10,159	464
29	Total	979,042	370,849	78,323

* The comparative figure for amounts below the thresholds for deduction (subject to 250% risk weight) (For information)' is restated

Appendix 8 UK leverage ratio – LR2

The table below outlines the leverage ratio for Monzo Bank Ltd. Template LR2 has been disclosed in accordance with Annex XI of the Disclosure (CRR) Part of the PRA Rulebook.

		Leverag	e ratio exposure
		a (£ '000)	b (£ '000
		2023	202
On-Balance S	heet exposures (excluding derivatives and SFTs)		
1	On-Balance Sheet items (excluding derivatives, SFTs, but including collateral)	6,743,739	5,230,66
2	Gross-up for derivatives collateral provided, where deducted from the Balance Sheet assets pursuant to the applicable accounting framework	-	
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	
5	(General credit risk adjustments to On-Balance Sheet items)	-	
6	(Asset amounts deducted in determining tier 1 capital (leverage))	-	
7	Total On-Balance Sheet exposures (excluding derivatives and SFTs)	6,743,739	5,230,60
Derivative exp	posures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	-	
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	-	
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	-	
UK-9b	Exposure determined under the original exposure method	-	
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	
11	Adjusted effective notional amount of written credit derivatives	-	
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	
13	Total derivatives exposures		
Securities fina	ancing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	
16	Counterparty credit risk exposure for SFT assets	-	
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	
17	Agent transaction exposures	-	
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	-	
18	Total securities financing transaction exposures		

		Lever	age ratio exposures
		a (£ '000)	b (£ '000)
		2023	2022
Other Off-Balan	ce Sheet exposures		
19	Off-Balance Sheet exposures at gross notional amount	921,855	368,440
20	(Adjustments for conversion to credit equivalent amounts)	(829,670)	(331,596)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with Off-Balance Sheet exposures)	-	-
22	Off-Balance Sheet exposures	92,186	36,844
Excluded exposi	ires		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	-	-
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (On – and Off – Balance Sheet))	-	-
UK-22g	(Excluded excess collateral deposited at triparty agents)	-	-
UK-22k	(Total exempted exposures)		0
Capital and total	exposure measure		
23	Tier 1 capital (leverage)	532,583	575,287
24	Total exposure measure including claims on central banks	6,835,924	5,267,509
UK-24a	(Claims on central banks excluded)	(3,072,829)	(3,028,652)
UK-24b	Total exposure measure excluding claims on central banks	3,763,096	2,238,857
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	14.2%	25.70%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	12.6%	25.10%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	14.2%	25.70%
UK-25c	Leverage ratio including claims on central banks (%)	7.8%	10.90%
26	Regulatory minimum leverage ratio requirement (%)		

Appendix 9 Asset encumbrance

The tables below outline the encumbered assets of Monzo Bank Ltd. Templates AE1, AE3 and AE4 have been disclosed in accordance with Annex XXXV of the Disclosure (CRR) Part of the PRA Rulebook. Template AE2 is not applicable as the firm does not hold or receive any collateral.

Template AE1 – Encumbered and unencumbered assets

			ying amount of mbered assets	Fair value of encu	mbered assets		rying amount of umbered assets	Fair value of unencumbered assets		
		of which notionally eligible EHQLA and HQLA			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA	of which EHQLA and HQLA		
		10	30	40	50	60	80	90	100	
		(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	
10	Assets of the reporting institution	329,410	-	-	-	5,651,948	4,947,447	-	-	
30	Equity instruments	112	-	112	-	4,409	-	-	-	
40	Debt securities	101,166	-	99,462	-	2,431,323	2,292,217	2,419,987	-	
50	of which: covered bonds	-	-	-	-	-	-	-	-	
60	of which: securitisations	-	-	-	-	-	-	-	-	
70	of which: issued by general governments	46,266	-	45,549	-	1,599,417	1,599,417	1,706,834	1,816,879	
80	of which: issued by financial corporations	75,872	-	74,009	-	730,143	591,038	709,875	832,315	
90	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-	
120	Other assets	220,077	_	-	-	3,055,211	2,738,603	-	-	

Template AE3 – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		10	30
		(£ '000)	(£ '000)
10	Carrying amount of selected financial liabilities	150,641	399,143

Template AE4 – Information on the importance of encumbrance

Encumbered assets are assets that we've pledged as collateral or that are legally ring-fenced in some other way. This stops us from being able to transfer, pledge, sell or otherwise use/dispose of these assets.

We are obliged to place collateral with central banks as a direct member of the Faster Payments Scheme ("FPS"). Collateral posted up to the minimum required by FPS is treated as encumbered. The balance in our collateralisation account, in excess of the minimum required is treated as unencumbered. We also have collateral requirements as a result of being a member of the Mastercard payments scheme. This collateral is also treated as encumbered.

We are required to calculate and segregate enough money to meet the costs of critical services should we enter resolution. As such, we hold bonds in a segregated custody account. These bonds are treated as encumbered because they are needed to meet operational continuity in resolution requirements.

The value of unencumbered assets in table AE1 includes fixed assets of \pounds 21m. These assets would not be deemed to be available for encumbrance in the normal course of business.

Appendix 10 Non-performing and forborne exposures

The tables below outline the non-performing and forborne exposures of Monzo Bank Ltd. Templates CQ1, CQ3 and CR1 have been disclosed in accordance with Annex XVI of the Disclosure (CRR) Part of the PRA Rulebook.

CQ1: Credit quality of forborne exposures

		а	b	с	d	e	f	g	h	
						Accumulated in accumulated negativ value due to credit ri	ve changes in fair	Collateral received and financial guarantees received on forborne exposures		
		Performing forborne		Non-perfo	rming forborne	On performing forborne exposures	On non- performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
				Of which defaulted	Of which impaired					
		(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	
5	Cash balances at central banks and other demand deposits	-	_	_	-	-	_	-	-	
10	Loans and advances	37,760	17,948	2,041	17,948	(7,169)	(11,257)	-	-	
20	Central banks	-	-	-	-	-	-	-	-	
30	General governments	-	-	-	-	-	-	-	-	
40	Credit institutions	-	-	-	-	-	-	-	-	
50	Other financial corporations	-	-	-	-	-	-	-	-	
60	Non-financial corporations	-	_	-	-	-	-	-	-	
70	Households	37,760	17,948	2,041	17,948	(7,169)	(11,257)	-	-	
80	Debt Securities	-	-	-	_	-	_	-	_	
90	Loan commitments given	9,111	2,539	-	2,539	(389)	(381)	-	-	
100	Total	46,871	20,486	2,041	20,486	(7,557)	(11,638)	0	0	

CQ3: Credit quality of performing and non-performing exposures by past due days

		а	b	с	d	e	f	g	h	i	j	k	ι
						Gross	carrying amo	unt/nominal an					
		Perf	orming exposi					Non-pe	erforming expo	osures			
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤1 year	Past due >1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
		(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)
5	Cash balances at central banks and other demand deposits	3,098,560	3,098,560	_	-	-	-	_	-	-	-	-	-
10	Loan and advances	709,983	703,630	6,353	32,978	32,978	-	_	-	-	-	-	2,597
20	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
30	General governments	-	-	-	-	-	-	-	-	-	-	-	-
40	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
50	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
60	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
70	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
80	Households	709,983	703,630	6,353	32,978	32,978	-	-	-	-			2,597
90	Debt securities	2,727,581	2,727,581	-	-	-	-	-	-	-	-	-	-
100	Central banks	-		-	-	-	-	-	-	-	-	-	-
110	General governments	1,594,279	1,594,279	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	1,133,302	1,133,302	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	916,732	-	-	5,123	-	-	-	-	-	-	-	53
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	_	-	-	-	-	-
210	Households	916,732	-	_	5,123	-	-	-	-	-	-	-	53
220	Total	7,452,856	6,529,770	6,353	38,101	32,978	0	0	0	0	0	0	2,650

CR1: Performing and non-performing exposures and related provisions

		а	b	с	d	е	f	g	h	i	j	k	ι	m	n	0
			Gross ca	rrying amou	nt/nominal	minal amount Accumulated impairment, acc in fair value due to crea						-	nges		Collate financial g rece	uarantees
		Performing exposures		sures	Non-per	forming exp	oosures	Performing exposures – accumulated impairment and provisions			– accum accur changes	forming exp ulated impa nulated neg in fair value isk and prov	irment, ative e due to	Accu- mulated	On per-	On non-per-
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	partial write-off	forming exposures	forming exposures
		(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)	(£ '000)
5	Cash balances at central banks and other demand deposits	3,098,560	3,098,560	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	710,392	593,651	116,003	49,343	12,100	32,659	(63,306)	(36,467)	(26,572)	(31,170)	(7,266)	(23,418)	(22,935)	-	-
20	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60	Non-financial corporations	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	Of which SMEs	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
80	Households	710,392	593,651	116,003	49,343	12,100	32,659	(63,306)	(36,467)	(26,572)	(31,170)	(7,266)	(23,418)	(22,935)	-	-
90	Debt securities	2,727,581	2,727,581	-	-	-	-	(61)	(61)	-	-	-	-	-	-	-
100	Central banks	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,594,279	1,594,279	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	1,133,302	1,133,302	-	-	-	-	(61)	(61)	-	-	-	-	-	-	-
130	Other financial corporations	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	911,097	812,825	101,071	7,941	1,984	3,919	(10,777)	(6,743)	(3,860)	(748)	(322)	(375)	-	-	-
160	Central banks	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	911,097	812,825	101,071	7,941	1,984	3,919	(10,777)	(6,743)	(3,860)	(748)	(322)	(375)			
220	Total	7,447,629	7,232,617	217,074	57,284	14,085	36,578	(74,144)	(43,271)	(30,432)	(31,918)	(7,589)	(23,793)	(22,935)	0	0

Appendix 11 Remuneration

The tables below outline remuneration for Monzo Bank Ltd. Templates REM1 and REM 2 have been disclosed in accordance with Annex XXXIII and XXXIV of the Disclosure (CRR) Part of the PRA Rulebook.

Template REM1: Remuneration awarded for the financial year

			a (£ '000)	b (£ '000)	c (£ '000)	d (£ '000)
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	7	10	18	20
2		Total fixed remuneration	782	3,465	2,262	2,493
3		Of which: cash-based	782	3,465	2,262	2,493
UK-4a		Of which: shares or equivalent ownership interests	_	-	_	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-5x		Of which: other instruments	-	-	_	-
7		Of which: other forms	-	-	-	-
9	Variable remuneration	Number of identified staff	7	10	18	20
10		Total variable remuneration	-	4,062	1,657	1,079
11		Of which: cash-based	-	400	-	25
12		Of which: deferred	-	375	-	-
UK-13a		Of which: shares or equivalent ownership interests	-	-	-	-
UK-14a		Of which: deferred	-	_	-	-
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	3,662	1,657	1,054
UK-14b		Of which: deferred	_	3,662	1,657	1,054
UK-14x		Of which: other instruments	_	-	_	-
UK-14y		Of which: deferred	_	-	_	-
15		Of which: other forms	_	-	_	-
16		Of which: deferred	-	-	_	-
17	Total remuneration (2 + 10)		782	7,527	3,919	3,572

Template UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a (£ '000)	b (£ '000)	c (£ '000)	d (£ '000)
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards – Number of identified staff	-	1	-	3
2	Guaranteed variable remuneration awards – Total amount	-	400	-	25
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year – Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year – Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Appendix 12 UK CRR disclosure requirements

The table below is an overview of all our disclosure requirements, and their location in the Pillar 3 and the Annual Report, under the Disclosure (CRR) part of the PRA Rulebook.

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 431 (1)	Requirement to publish Pillar 3 disclosures	~	Monzo Pillar 3 published as required at year end 2023.
Article 431 (2)	Firms with special permissions must disclose the information required in Title III	\checkmark	Not applicable
Article 431 (3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and appropriateness.	\checkmark	Pillar 3 – Disclosure Policy section Attestation
	A senior manager must attest in writing that this policy has been followed.		Verification
Article 431 (4)	All quantitative disclosures must be accompanied by descriptive text where required to aid users' understanding.	~	Pillar 3 – Disclosure Policy section. Monzo will ensure that all qualitative disclosures will be accompanied by a narrative and all supplementary information that is necessary for end users.
Article 431 (5)	Explanation of ratings decision upon request	\checkmark	Not applicable in the disclosures, Monzo has policies and procedures to comply with this requirement
Article 432 (1)	Institutions may omit information that is not material if certain conditions are respected.	~	Pillar 3 – Basis of Disclosure section
Article 432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	\checkmark	Pillar 3 – Basis of Disclosure section

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 432 (3)	Where 432 (2) applies this must be stated in the disclosures, and more general information must be disclosed.	~	Not applicable as nothing has been omitted.
Article 433	Institutions shall publish Pillar 3 in line with the rules laid out in Articles 433a ,433b & 433c. Disclosures must be published once a year at a minimum, and more frequently if necessary.	~	Pillar 3 – Disclosure Framework section Pillar 3 is published annually with the Annual Report
Article 433a	Disclosures by Large Institutions	×	Not applicable
Article 433b	Disclosures by Small and Non-Complex Institutions	×	Not applicable
Article 433c (1)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency:	×	Not applicable
Article 433c (1) (a)	all the information required under this Part on an an annual basis;	×	Not applicable
Article 433c (1) (b)	the key metrics referred to in Article 447 on a semi- annual basis;	×	Not applicable
Article 433c (1) (c)	Additional disclosure requirements for LREQ firms	×	Not applicable
Article 433c (2)	Non-listed firms should follow Article 433c(2) and disclose the following;	\checkmark	Refer to sub points
Article 433c (2) (a)	points (a), (e) and (f) of Article 435(1);	\checkmark	See Article 435
Article 433c (2) (b)	points (a), (b) and (c) of Article 435(2);	\checkmark	See Article 435
Article 433c (2) (c)	point (a) of Article 437;	\checkmark	See Article 437
Article 433c (2) (d)	points (c) and (d) of Article 438;	\checkmark	See Article 438
Article 433c (2) (e)	the key metrics referred to in Article 447;	\checkmark	See Article 447
Article 433c (2) (f)	points (a) to (d), (h) to (k) of Article 450(1).	\checkmark	See Article 450
Article 434 (1)	To include all disclosures in one appropriate medium, or provide clear cross-references. Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate.	~	Pillar 3 – Appendix 12 – UK CRR Disclosure Requirements <u>monzo.com/investor-information</u>

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 434 (2)	Disclosures should be made available on firms websites, kept for the same period as financial statements.	~	monzo.com/investor-information
Article 434a	[Note: Provision left blank]	×	Not Applicable
Article 434b	Additional disclosure requirements for G-SII Firms	×	Not Applicable
Article 435 (1)	Firm's must disclose information on risk management for each type of risk including;	\checkmark	Pillar 3 – Risk Management and Governance section
Article 435 (1) (a)	The strategies and processes to manage those risks.	\checkmark	Pillar 3 – Risk Management and Governance section
Article 435 (1) (b)	Structure and organisation of risk management function.	×	Not Applicable – Due to Article 433c(2)
Article 435 (1) (c)	Risk reporting and measurement systems.	×	Not Applicable – Due to Article 433c(2)
Article 435 (1) (d)	Hedging and mitigating risk – policies and processes.	×	Not Applicable – Due to Article 433c(2)
Article 435 (1) (e)	Adequacy of risk management arrangements.	\checkmark	Annual Report: Risk management at Monzo section and Pillar 3: Risk management at Monzo section
Article 435 (1) (f)	Concise risk statement approved by the Board.	\checkmark	Annual Report: Risk management at Monzo section and Pillar 3: Risk management at Monzo section
Article 435 (1) (f) (i)	Key metrics for external stakeholders to get a comprehensive view of the firms risk management.	\checkmark	Annual Report: Risk management at Monzo section and Pillar 3 – Appendix 1 – Key Metrics
Article 435 (1) (f) (ii)	Information on intragroup and related party transactions.	\checkmark	Annual Report: Risk management at Monzo section
Article 435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	\checkmark	Annual Report: Governance at Monzo section and Pillar 3: Governance at Monzo section
Article 435 (2) (a)	Number of directorships held by directors.	\checkmark	Annual Report: Governance at Monzo section
Article 435 (2) (b)	Recruitment policy of the Board, their experience and expertise.	\checkmark	Annual Report: Governance at Monzo section

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 435 (2) (c)	Policy on diversity of Board membership and results against targets.	\checkmark	Annual Report: Governance at Monzo section
Article 435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	×	Not Applicable
Article 435 (2) (e)	Description of information flow risk to Board.	×	Not Applicable
Article 436	Disclosure of the Scope of Application	×	Pillar 3 – Basis of Disclosure section
Article 437	Requirement to disclosure following information regarding own funds:	· ✓	Pillar 3 – Appendix 3 and Appendix 4
Article 437 (a)	Reconciliation of regulatory values for Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions to statutory balance sheet;	\checkmark	Pillar 3 – Appendix 3 and Appendix 4
Article 437 (b)	Description of the main features of Capital Instruments issued by institution;	×	Appendix 2 – Main features of capital instruments
Article 437 (c)	Full terms and conditions of Capital Instruments issued by institution;	×	Appendix 2 – Main features of capital instruments
Article 437 (d)	Disclosure of the nature and amounts of the following:	×	Not Applicable – Due to Article 433c(2)
Article 437 (d) (i)	each prudential filter applied	×	Not Applicable – Due to Article 433c(2)
Article 437 (d) (ii)	each capital deduction applied	×	Not Applicable – Due to Article 433c(2)
Article 437 (d) (iii)	items not deducted from capital	×	Not Applicable – Due to Article 433c(2)
Article 437 (e)	a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	×	Not Applicable – Due to Article 433c(2)
Article 437 (f)	where institutions disclose capital ratios calculated using elements of own funds determined on a different basis.	×	Not Applicable – Due to Article 433c(2)
Article 437a	Disclosure of Own Funds and Eligible Liabilities	×	Not Applicable – Due to Article 433c(2)
Article 438	Requirement to disclosure following information regarding capital adequacy:	\sim	Refer to sub points

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 438 (a)	Summary of institution's approach to assessing adequacy of capital levels.	I X	Not Applicable – Due to Article 433c(2)
Article 438 (b)	Additional own funds requirements specified by the regulator and its composition	×	Not Applicable – Due to Article 433c(2)
Article 438 (c)	The result of the ICAAP	\checkmark	Pillar 3 – Capital Requirements section
Article 438 (d)	Total risk weighted exposure and own funds requirements by risk category	s 🗸	Pillar 3 – Appendix 7 – Overview of risk weighted exposure amounts
Article 438 (e)	Exposures, risk weighted exposure and expected losses for specialised lending and equity exposures	×	Not Applicable – Due to Article 433c(2)
Article 438 (f)	Exposure details on instruments held in any insurance related company	×	Not Applicable – Due to Article 433c(2)
Article 438 (g)	Additional capital requirements for financial conglomerates	×	Not Applicable – Due to Article 433c(2)
Article 438 (h)	Changes in risk weighted exposure from prior period calculated by internal models	×	Not Applicable – Due to Article 433c(2)
Article 439	Disclosure of Exposures to Counterparty Credit Risk	×	Not Applicable – Due to Article 433c(2)
Article 440	Disclosure of Countercyclical Capital Buffers	×	Pillar 3 – Appendix 6 – Countercyclical capital buffer disclosures
Article 441	Disclosure of Indicators of Global Systemic Importance	×	Not Applicable – Due to Article 433c(2)
Article 442	Disclosure of Exposures to Credit Risk and Dilution Risk	×	Pillar 3 – Credit Risk section
			Appendix 10 Non-performing and forborne exposures
Article 443	Disclosure of Encumbered and Unencumbered Assets	×	Pillar 3 – Appendix 9 – Asset Encumbrance
Article 444	Disclosure of the Use of the Standardised Approach	×	Not Applicable – Due to Article 433c(2)
Article 445	Disclosure of Exposure to Market Risk	×	Not Applicable – Due to Article 433c(2)
Article 446	Disclosure of Operational Risk Management	×	Not Applicable – Due to Article 433c(2)
Article 447	Requirement to publish the following key metrics;	\checkmark	Refer to sub points

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 447 (a)	Composition of own funds amounts and requirements	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (b)	Risk exposure amounts	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (c)	Additional own funds requirements and composition required in line with regulation 34(1) of the Capital Requirements Regulations	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (d)	Combined buffer requirements	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e)	The following information regarding the leverage ratio;	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e) (i)	Leverage ratio and exposure	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e) (iii)	Additional requirements from Article 451 for LREQ firms	×	Not Applicable
Article 447 (f)	The following information regarding the liquidity coverage ratio;	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (f) (i)	Average LCR value from the preceding 12 months	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (f) (iii)	Average total liquid assets from the preceding 12 months	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (f) (iii)	Average inflows, outflows & net outflows from the preceding 12 months	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (g)	The following information relating to net stable funding requirements;	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (g) (i)	Average net stable funding ratio from the preceding four quarters	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (g) (ii)	Average available stable funding from the preceding four quarters	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (g) (iii)	Average required stable funding from the preceding four quarters	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (h)	Own funds & eligible liabilities ratios	\checkmark	Pillar 3 – Appendix 1 – Key Metrics
Article 448	Disclosure of Exposures to Interest Rate Risk on Positions Not Held in the Trading Book	×	Not Applicable
Article 449	Disclosure of Exposure to Securitisation Positions	X	Not Applicable

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 450 (1)	Requirement to disclose information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on risk profile of the institution	\checkmark	Refer to sub points
Article 450 (1) (a)	Decision-making process for determining remuneration policy	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (b)	Link between pay and performance	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (c)	Design characteristics of the remuneration system, criteria for performance measurement, risk adjustment, deferral policy and vesting criteria	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (d)	Ratios between fixed and variable remuneration	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (e)	Performance criteria on which entitlement to shares, options or variable components of remuneration is based	×	Not Applicable
Article 450 (1) (f)	Parameters and rationale for variable components schemes and other non-cash benefits	×	Not Applicable
Article 450 (1) (g)	Aggregate quantitative information on remuneration	×	Not Applicable
Article 450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members staff with significant impact on risk profile of the institution	\checkmark	Refer to sub points
Article 450 (1) (h) (i)	The amounts of remuneration for the financial year, split into fixed and flexible and number of beneficiaries	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (h) (ii)	The amounts of outstanding deferred remuneration, split into vested and unvested	×	Pillar 3 – Remuneration Policy and Practices section

UK CRR reference	High-level summary	Minimum Disclosure Requirement for Monzo	Reference
Article 450 (1) (h) (iii)	The amounts of outstanding deferred remuneration, split into vested and unvested	\checkmark	Not Applicable
Article 450 (1) (h) (iv)	The amounts of deferred remuneration due to vest in the financial year, and the number of beneficiaries	×	Not Applicable
Article 450 (1) (h) (v)	Guaranteed variable remuneration awarded in the financial year and the number of beneficiaries	×	Not Applicable
Article 450 (1) (h) (vi)	Severance payments awarded in prior years, paid out in this financial year	X	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (h) (vii)	The amount of severance payments awarded during the financial year, number of beneficiaries and highest award	\checkmark	Pillar 3 – Remuneration Policy and Practices section
			Pillar 3 – Appendix 11 – Remuneration
Article 450 (1) (i)	The number of individuals been remunerated EUR 1 million or more, between EUR 1 and 5 million and of EUR 5 million or above	×	Not Applicable
Article 450 (1) (j)	[Note: Provision deleted]	×	Not Applicable
Article 450 (1) (k)	Information on if the institution benefits from the derogation laid out in the Remuneration part of the	\checkmark	Pillar 3 – Remuneration Policy and Practices section
	PRA Rulebook		Pillar 3 – Appendix 11 – Remuneration
Article 450 (2)	For large institutions, the information from this article shall be made available to the public, split by executives and non executives.	×	Not Applicable
Article 451	Disclosure of the Leverage Ratio	X	Not Applicable
Article 451a	Disclosure of Liquidity Requirements	×	Not Applicable
Article 452	Disclosure of the Use of the IRB Approach to Credit Risk	×	Not applicable
Article 453	Disclosure of the Use of Credit Risk Mitigation Techniques	×	Not applicable
Article 454	Disclosure of the Use of the Advanced Measurement Approaches to Operational Risk	×	Not applicable
Article 455	Use of Internal Market Risk Models	X	Not applicable