Monument Bank Limited

Pillar 3 disclosures for the year ended 31 December 2021

Company registration number: 1092194

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1. Overview

This document sets out the Pillar 3 disclosures of Monument Bank Limited ("the Bank") as at 31 December 2021. The disclosures have been prepared in accordance with the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR), together known as CRD IV, which came into force on 1 January 2014.

The CRD sets the framework for implementing Basel III in the European Union (the Basel Framework). All article references madewithin this document refer to the CRR (Regulation (EU) No 575/2013).

The framework consists of the following three Pillars of regulation:

- Pillar 1 defines minimum capital requirements for certain risks, including credit, market and operational risks;
- Pillar 2 sets out the supervisory review process; and
- Pillar 3 on market discipline specifies disclosure requirements, which allow market participants to assess key pieces of information on the firm's capital, risk exposures and risk assessment process.

The Bank's Pillar 3 disclosures should be read in conjunction with the Annual Report and Accounts (ARA) for the year ending 31 December 2021.

1.1 Structure

As of 31st December 2021, Monument Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Monument Bank is neither a parent undertaking nor a subsidiary undertaking.

1.2 Scope of application

The Pillar 3 disclosures set out in this document are made in accordance with the requirements set out in Articles 431 to 455 of CRR (EU Regulation 575/2013) and the Pillar 3 Disclosure Requirements (BCBS DIS) set out by the BIS Basel Committee on Banking Supervision 2018. Specifically, it covers risk management objectives and policies; the processes for managing material risks; the structure and organisation of the risk management functions within the Firm; the scope and nature of risk reporting and measurement systems; and the policies for mitigating risk. The risk management and control framework described in this document is at the Firm level.

1.3 Frequency of the disclosures

Monument Bank has a financial year end reporting date of 31 December and disclosures are made as of that date, as soon as is practicable after publication of the Annual Report and Accounts. These disclosures, which are approved by the Monument Board, are required to be made at least annually and, if appropriate, disclosures can be made more frequently because of material updates to the firm's internal capital adequacy assessment.

1.4 Verification and disclosure

Pillar 3 disclosures will be prepared and updated on an annual basis, or more frequently if there is a material change to the previously disclosed data or information. The Pillar 3 document should be read in conjunction with the Bank's Annual Report & Financial Statements for the year ending 31st December 2021 filed at Companies House.

Monument currently have no assets securitised, and no geographical exposure to any asset class outside the United Kingdom.

2. Strategic Risk Management Framework

2.1 Background

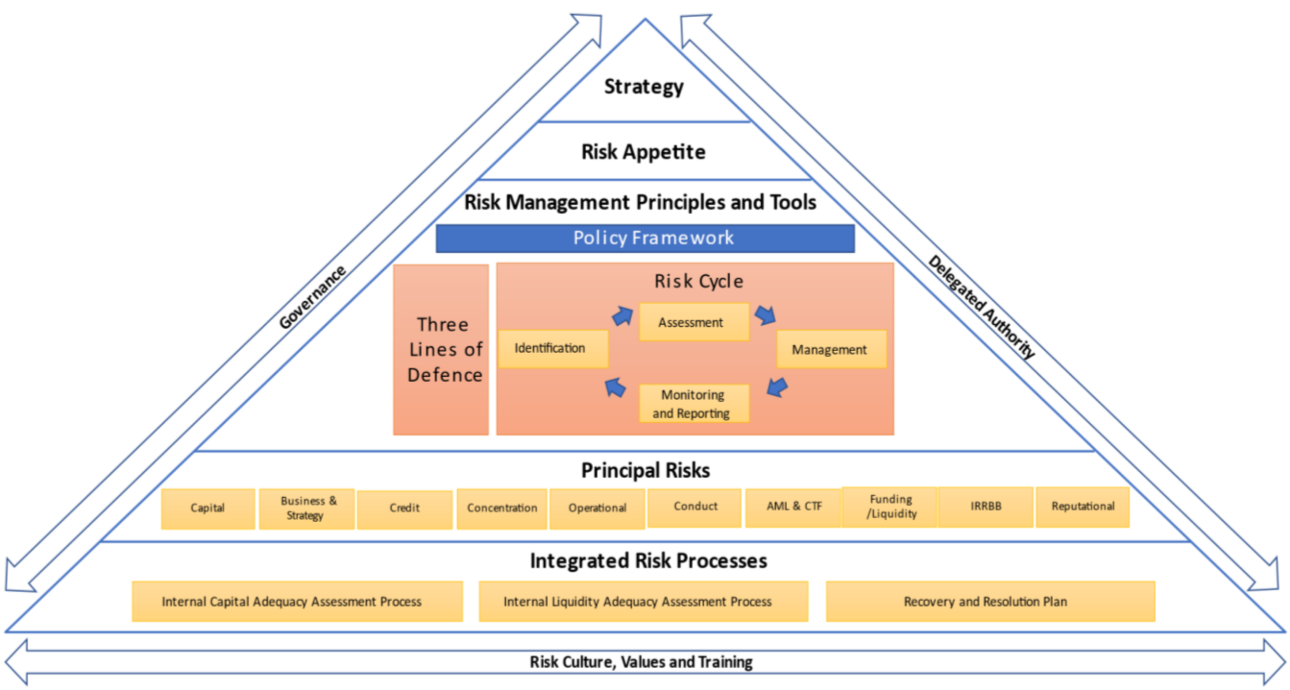
Monument will maintain a conservative risk profile whilst supporting the business objectives of the Bank. Our approach to risk and risk management is fully aligned with these twin aims. To maintain this risk profile, Monument has established a Risk Management Framework ("RMF") which defines our approach to managing and controlling the risks to which the Bank is exposed, in a coherent manner. The RMF defines the structure within which we identify, assess, manage, monitor, and report potential and crystallised risk exposure. The purpose of the RMF is to set the standards of risk management within Monument, including:

- Governance;
- Risk Appetite;
- Risk Assessment and Measurement; and
- Risk Monitoring and Reporting.

In setting these standards, the RMF provides the Board with the ability to set risk appetite which will support profitable business development within acceptable tolerances. The RMF is developed in compliance with relevant UK legislation and regulation and takes account of industry codes of conduct and standards. The framework is subject to constant evaluation, to ensure it remains fit for purpose, takes account of emerging issues, and meets the needs of evolving regulatory standards and best practice.

2.2 Risk Strategy and the Three Lines of Defence

A fundamental requirement in delivering our business model in line with our objectives is the effective management of risk. We utilise best practice industry principles and standards within our RMF to provide a basis for a comprehensive, internal governance and controls structure for the management and control of risks, which is summarised in the diagram below:



Central to our risk management strategy and our operating model is the application of the three lines of defence model:

- The first line of defence is the commercial, business, and operational functions. In this model, primary responsibility for identification and reporting of risk sits with the first line business functions who are responsible for identifying risks in their own functionality; and
- The second line is the Risk and Compliance function. The second line is responsible for identifying risks in their own area as well as monitoring and challenging effectiveness of risk management across the whole firm.
- The third line is Internal Audit (currently outsourced).

2.3 Risk categorization, appetite and measurement

In developing the RMF, we have taken account of the key risk categories (Principal Risks in the diagram above) that can materially impact our business outcomes.

2.3.1 Capital Risk

This is the risk that Monument will not hold sufficient capital resources to support our strategy and fall below regulatory minimum requirements. This risk can crystallise through the business suffering operational or credit losses or through growing the business at a rapid rate beyond our means. We may also face this risk if our committed capital cannot be drawn down.

This risk is managed directly by the Executive Committee (ExCo) reporting to the Board and the primary owner is the CEO.

2.3.1.1 Risk Appetite

Overarching our principal risks, the Board has set its appetite for capital risk. In our planning horizon, we will only use CET1 capital to meet our Pillar 1 and Pillar 2A capital requirements and capital buffers. The Board recognises that as a start-up we may be more susceptible to adverse stresses in the first few years. As such, our capital risk appetite, set out below, is designed to reflect this, setting a sizeable buffer in addition to Total Capital Ratio (TCR) + capital buffers.

2.3.1.2 Measurement

- ExCo and Board regularly review MI on capital resources versus requirements, including short, medium- and long-term projections;
- Any other metric that has an impact on capital will be escalated to ExCo and Board;
- We will proactively engage with shareholders and new investors to ensure capital for growth of the business plan is available;
- At times of stress, we may trigger management actions to conserve our capital (e.g., reduce or stop lending) or release some capital (e.g., sale of loan book or raise new capital); and
- Return on required capital will be monitored to ensure each product is producing appropriate risk adjusted returns.

2.3.2 Business & Strategy Risk

This is the risk associated with successfully delivering the future performance of the business plan and we consider this risk may arise from any of the following:

- Changes in the macro-economic environment
  - Significant changes to the macro-economic environment (e.g., base rate, inflation, GDP, unemployment, property prices etc) can have some detrimental effect on the business and may include risks such as an increase in defaults or a fall in the value of assets used for security.

- Changes in business performance against targets

  - Variance to anticipated loan volumes/values.
  - Variance to anticipated retail deposit volumes/values.
  - Variance to anticipated margins on deposit and lending portfolios (impacting profitability).
  - Variance to operational costs.

- Competitor Activity
  - New competitors or new competitive strategies.
  - Evolution of products and services in the market may mean we are uncompetitive.

- New Products
  - The risk that any future products adversely impact the business model.
  - The risk that products need to change to reflect client feedback.

- Regulatory Change
  - Regulatory change could negatively impact our ability to achieve our business objectives/plan.
  - Regulatory change could cause us to incur substantial cost, impacting on our ability to be sustainable.
  - Regulatory change could go unnoticed, resulting in breaches of compliance. This may result in fines, remediation and reputational damage.

This risk is managed directly by the ExCo and the Board, and the primary owner is the CEO.

2.3.2.1 Risk Appetite

Monument will seek to maintain stated profitability and growth objectives while maintaining a conservative risk profile. Our risk appetite metrics, which have been calibrated through our stress testing are measured on a 12-month rolling basis. Note, we would also measure these metrics on a 4-month rolling basis, especially in the Year 1 and 2.

2.3.2.2 Measurement

- ExCo and Board regularly review MI on the macro-economic environment and will adjust the business model according to the external factors;
- We may, if appropriate, acquire good quality loan books from struggling competitors in such environments using our strong management skill set in the acquisition of debt. Post the launch of our business, we consider we may have a benefit over some competitor buyers in our ability to acquire as we will be better capitalised and have no legacy issues;
- As a start-up with no legacy business, to inform our financial forecasts, we have leveraged, and will continue to utilise, the following in assessing and mitigating this risk:
  - the skill and experience of the management team and Board;
  - publicly available industry information;
  - market share data; and
  - continued client research.
- We employ early proactive tracking of our business performance, at our management committees (such as ALCO and ExCo);
- Regular reviews of the competitor landscape;
- Regular horizon scanning for competitor new products and services;
- We have adopted an agile approach to developing our business which will enable us to flex our proposition and resources as we see fit;
- We have a robust Product Governance Policy, which will include modelling through ICAAP and ILAAP processes where significant changes are made;
- We have a flexible IT architecture and an agile approach to enable product changes to be made if necessary;
- Regular horizon scanning to keep up to date with regulatory changes;

- Assessment of change for relevance to Monument and where necessary there will be an impact assessment to evaluate the level of any potential change and the amount and type of activity/resource required to implement the change. This includes the impact on operations/systems/reporting and governance; and
- Industry networking and attendance at conferences and events will assist in highlighting any change to the Executive and Management team.

2.3.3 Credit Risk

Given Monument's business model, it is likely that credit risk (the risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations) will be one of the most significant exposures due to loan defaults. We have a conservative approach to credit risk and lending which is reflected in our Credit Risk Policy These set out our mitigations, in the form of our underwriting requirements, at a borrower level and at a security level.

As of 31st December 2021, Monument has only made one loan and therefore does not carry any material credit risk in its balance sheet.

2.3.3.1 Risk Appetite

Monument has a very low credit risk appetite, and we will seek to lend to credit worthy borrowers who can afford to repay with strong collateral against the lending.

2.3.3.2 Measurement

We have a conservative approach to credit risk and lending which is reflected in our Credit Risk Policy. These set out our mitigations, in the form of our underwriting requirements, at a borrower level and at a security level. The credit policy also breaks up these mitigations by product as the repayment profile and collateral is different for each of these products. The key high-level credit risk mitigations are:

- Target Market: We will lend only in the “prime” credit segment of the mass affluent population;
- Security: We will only provide fully secured lending against property (across all products) with conservative LTV ratios. We will be cognisant of impact of climate change on property valuations;
- Repayment: Underwriting requires clear evidence of client ability to service loans. For CRE, we will not lend to landlords with tenants in specific sectors which are deemed to be high risk (these are set out in our credit policy);
- Tailored Approach: Full understanding of the client’s specific circumstances and our associated risk exposure, which may require covenants tailored to the lending. A higher hurdle will be set for portfolio landlords who would have to evidence that our lending is secure even in the context of the wider portfolio and with relevant covenants protecting our exposures;
- Data driven decisions: All credit decisions based on various data sources including credit reference agencies and we will use modern technology like open banking and APIs to streamline the sourcing of a wide set of data for analysis;
- Clear published lending criteria with Relationship Managers (RMs) and Credit Support team fully trained on the Credit Policy and risk appetite;
- We will adopt a risk-based approach to underwriting with appropriate segregation of duty, with agreed mandates for individuals and Credit Risk Committee;
- Our four-eyes checking, segregation of duty, manual underwriting with onsite valuations and systems generated fraud alerts will minimise credit losses due to internal or external fraud.
- Initially Credit Risk Committee will have high visibility and oversight of new loans, with underwriting mandates for individuals extended only as we build confidence in our knowledge of the loan book and risks;
- A similar risk-based approach taken to new recruits, subject to enhanced supervision initially and awarded lending mandates related to specific loan types and/or mandate limits dependent upon experience and assessed competence;
- RM originating the loan takes ownership of the credit risk being originated (for example through performance against a balanced scorecard); and

- Second line review and challenge provided by the underwriting team and the Head of Credit Risk to ensure lending is within risk appetite and aligned to the Credit Policy.

Ongoing monitoring for pro-active identification of non-performing loans:

- Regular RM review (at least once per year) of the loan;
- RM and Credit Support monitoring for any covenant breaches and security valuation; and
- Use of data – industry benchmark, portfolio concentration, credit score data, property valuation data and management accounts.

Based on the ongoing monitoring, we produce monthly performance reports on the quality of outstanding loans. These reports are reviewed by the RMs and Credit Support and summarised in the MI which is presented to Credit Risk Committee, ExCo and Board Risk Committee.

2.3.4 Concentration Risk

Concentration Risk is a specific type of credit risk which arises as a result of a large loss arising from lack of diversification of the loan book. This could relate to a single counterparty, connected counterparties, geographic concentration and/or sector concentration.

As of the 31st of December 2021, Monument has only made one loan, and therefore concentration risk will be monitored as the banking book grows.

2.3.4.1 Risk Appetite

As a new business, we recognise that our lending will be concentrated in the early years, however, we will seek to diversify as the business grows.

2.3.4.2 Measurement

Board and management judgement has been applied in ensuring higher risk areas in our lending are avoided to try and minimise concentration risk:

- Lending to low LTV ratios to provide a robust buffer should there be a decrease in real estate prices;
- At the outset, lower exposure limit value per client or related parties, gradually increasing over time as we grow the lending book and increase diversification. There is inherent concentration risk at outset and the Board will accept some level of market and geographic concentration risk in the early years;
- Ensure there is no concentration at a local level; and
- Avoid lending against properties being used by tenants in higher risk sectors.

2.3.5 Operational Risk

Operational Risk is defined as the loss resulting from failed or insufficient internal processes, people, and systems, or through external events. This includes failure to comply with relevant laws or regulations. Operational risk is managed via the Risk and Control Self-Assessment process (RCSA) which is a bottom-up assessment of operational risks which is business wide and performed by the owners of each business line (See Risk Management Framework). We consider the potential sources of operational risk to our business model as follows:

- IT Systems Disruptions - any unplanned down time in our IT systems could impact our clients and our ability to conduct business. This could result in loss of reputation or direct financial loss;
- Data compromise – this could be associated with a cyber-attack as explained above, alternatively, there could be a loss of data due to human error or intentional data leaks when either a Monument or third-party colleague distributes client data outside of the organisation;

- Third Party Supplier Risk - internal operations and client services can be affected in a number of ways, which may impact our ability to meet client needs, regulatory requirements, legal responsibilities and our reputation;
- People risk, key person – this is an inherent risk for a new organisation with the ambition to operate in a lean manner, which particularly applies to ExCo members, Heads of Department, key technology roles and RMs given their proximity to and knowledge of our clients;
- Fraud, including internal and external through identity fraud, valuation fraud, organised scams, cyber-enabled fraud;
- Cyber security risk - cyber security is an increasing risk for all organisations as hackers and fraudsters develop new methods and mechanisms to obtain information. This could be a contributory factor to IT systems disruption and create data compromise, both of which are described above.
- Execution Risk, Human error – due to the nature of our operations, lending will require a higher degree of human input so the potential for error could be higher.

2.3.5.1 Risk Appetite

Through robust systems and controls, we will seek to minimise operational losses within risk appetite, however we understand that losses may occur from business activities.

2.3.5.2 Measurement

- Operational risk is managed via the RCSA which is a bottom-up assessment of operational risks which is business wide and performed by the owners of each business line (See Risk Management Framework);
- Robust outsourcing arrangements, including policy, due diligence and ongoing management of third parties in a manner that is proportionate to the impact/risk;
- All new software releases will be regression tested in a safe test environment before release. This will help to reduce any risks associated with implementation and ensure controls are operating as designed. Furthermore, major releases of software would also be subject to security penetration testing where required;
- Our data will be held at a primary cloud location with a backup held at a secondary location**,** which would serve as a disaster recovery site to allow continued service;
- All significant software outages resulting from changes will be resolved by Monument's technology team working the key technology partners. We will ensure there is always a previous day's stable version of the software which would enable fallback and minimise this outage to 24 hours. Monument will operate an IT backup and recovery policy to support this;
- IT outages will be fully assessed as part of our operational resilience and business continuity testing which will allow suitable controls and mitigants to be in place to minimise risk where possible and put in place controls and measures to minimise the impact on the business should this situation arise;
- Service monitoring solutions will be implemented to continually monitor the status of the live service and record and act upon any IT incidents needing resolution;
- Four eyes' checks will be in place for key processes that require human intervention, particularly those where higher values or higher impact is potential;
- Management of key person risk through robust processes and record-keeping, including succession and contingency plans;
- To manage the risk of fraud we will have robust policies and procedures in place, including due diligence of third-party providers and clients, four-eyes checks and regular testing, augmentation of manual decisions with modern automated technology where possible, training of colleagues and educational materials published for clients;
- To manage data risks through cyber and other exposure, we will manage systems through robust testing e.g., penetration testing prior to go-live and ongoing at the time of any change. We will also ensure our systems have inbuilt security technology to monitor for indications of cyber-attack and to respond in a timely manner. There will also be robust policies, procedures and controls for controlling and processing data;
- To manage regulatory and legal risk, we will have experienced professionals, supported by external expertise on specific matters. This will be supported by some of the mitigations managed previously, such as horizon scanning;

- We will take into account the impact of climate change and business continuity in setting up our own physical infrastructure and during vendor selection process;
- Across operational risk generally, we will ensure all staff are appropriately trained in relation to management of risk and the policies and procedures relating to each specific risk, to ensure they understand their responsibilities; and
- Ensure that the culture of the organisation supports risk identification, assessment and monitoring, as well as supporting robust management of each specific risk. We will also have in place clear and simple reporting mechanisms, which are trained out. There will be clear processes in place, tested on a regular basis, to ensure that losses are minimised should a risk crystallise (e.g., communications plan, regulatory engagement, lessons learned and reviews, social media plan).

2.3.6 Conduct Risk

This is the risk of creating detriment or harm to a client or a market. We have no appetite for known conduct failings; however, we accept that the risk cannot be completely mitigated for unknown failings. All Monument processes and business practices will seek to achieve good outcomes for clients and avoid harm. There is a heightened conduct risk in relation to vulnerable clients, to which we may become exposed.

2.3.6.1 Risk Appetite

We have no appetite for known conduct failings; however, we accept that the risk cannot be completely mitigated for unknown failings. All Monument processes and business practices will seek to achieve good outcomes for clients and reduce harm.

2.3.6.2 Measurement

- We will ensure that our products and services result in good client outcomes, performing risk assessments on products and client journeys at outset and during development. This forms part of our robust Product Governance Policy and procedures;
- The board and management team will set the tone from the top on ensuring there is no client harm;
- Colleagues are remunerated in a manner that strongly discourages behaviours resulting in consumer harm and their job role descriptions will include risk management;
- Our policies and procedures are developed with conduct risk in mind, to discourage inappropriate behaviour and to communicate expectations to all colleagues;
- Governance processes will be in place, to challenge whether conduct risk is sufficiently embedded throughout the Bank;
- There will be four eyes checking on all key processes to ensure there is no client harm;
- We will not rely on credit scoring alone and we will use human judgement to ensure clients receive good outcomes;
- Good conduct is a key part of our culture and our people policies and framework, from job advertisements to performance management and remuneration processes, will ensure colleagues are aware of their responsibilities and the impact on clients and their personal reward package;
- We will have a Vulnerable Client Policy, with associated training and whilst all colleagues will be required to be aware of and deal with vulnerable clients appropriately, we will appoint specialist staff for the most sensitive cases.

2.3.7 Anti-Money Laundering (AML) & Counter Terrorist Financing (CTF) Risk

There is a risk that the Bank may be used to process illegal sources of funds, or to facilitate counterterrorist financing. The Bank has no appetite for being utilised for money laundering or counter terrorist financing. Neither is there any appetite for breaches to AML/CTF regulations. The Bank has a robust due diligence process in place for onboarding investors in the Bank.

2.3.7.1 Risk Appetite

The Bank has no appetite for being utilised for money laundering or counter terrorist financing. Neither is there any appetite for breaches to AML/CTF regulations, however, recognises that there may be occasional issues with full internal policy requirements being met.

2.3.7.2 Measurement

- We restrict our client base to UK resident individuals and UK domiciled entities (with UK bank accounts);
- We offer products that are less appealing for the purposes of ML and CTF;
- For deposits, we will accept and return funds only to/from a nominated UK current bank account in the name of the individual;
- Robust policies and procedures in place to know our clients, as individuals and as businesses, including enhanced due diligence for higher risk clients. These will be further developed based upon our business-wide risk assessment activity;
- Onboarding and ongoing due diligence checks for all clients to include PEPs and Sanctions screening with appropriate escalation processes such as MLRO sign-off for PEP relationships;
- Have regular training and education around AML and CTF risk, including ensuring that the MLRO remains up to date on current and emerging risks;
- Have robust governance processes in place to approve policies, individual clients and screening techniques;
- Put in place regular transaction monitoring and sample-checking of new clients, to identify any issues that fall outside of expectation;
- Ensure effective technical solutions are in place and fully tested prior to launch;
- Have internal and external reporting mechanisms to ensure that we can mitigate the risk of future exposure and meet the legal and regulatory requirements; and
- Periodic client reviews and screening; based on the client risk-profile.

2.3.8 Funding/Liquidity Risk

This is the risk where we are not able to meet our financial obligations as they fall due despite being solvent. This risk includes meeting such obligations at a very high cost. Monument's Board has no appetite for regulatory liquidity breach and will always maintain sufficient Liquid Asset Buffers. Since the Bank has only granted one loan and the deposits raised as of the reporting date only represent a small fraction of the total balance sheet size, the current funding/liquidity risk is minimal.

2.3.8.1 Risk Appetite

Monument board has no appetite for regulatory liquidity breach and will maintain sufficient Liquid Asset Buffers.

2.3.8.2 Measurement

- Given our capital raising plan we will have significant amounts of capital held against limited assets;
- We will be embedding a robust approach to liquidity/funding risk management from the outset, and this is set out in detail in our ILAAP;
- This approach will include, but will not be limited to:
  - Maintaining a portfolio of unencumbered marketable assets;
  - managing the maturity of our assets to meet expected outflows;
  - maintaining minimum Net Stable Funding Ratios; and
  - Liquidity Coverage Ratios managed in line with our agreed KRI's.

2.3.9 Interest Rate Risk in the Banking Book (IRRBB)

IRRBB is the risk posed by adverse movements in interest rates that cause a mismatch between the rates banks set on client loans and on deposits. This is linked to our funding risk as it is the risk arising because of mismatches in duration for our deposit and loan books. We will seek to minimise interest rate risk in the banking book by having structural natural hedging in place in our balance sheet. Given that the Bank has only granted one loan and raised just over £2m in deposits, the risk is currently minimal.

2.3.9.1 Risk Appetite

We will seek to minimise interest rate risk in the banking book by having structural natural hedging in place in our balance sheet.

2.3.9.2 Measurement

Mismatch is minimised through the use of deposit funding to match the estimated duration of our lending. Our lending mix will range from 6 months to 5 years. Our deposit product duration will match the duration of our lending products to create natural hedges in our book and as a result, we would be running limited interest rate mismatch in our book. We recognise that perfect hedging is not possible, however, we have established strong processes to ensure this risk is minimised as set out below:

- Strong processes and monitoring - we manage the level of matched funding using the following process steps:
  - Step 1: Establishing funding requirement
  - Step 2: Controlling volumes
  - Step 3: Controlling Flows
- Interest rate risk management policies with clear limits and Board approved risk appetite statements;
- Daily monitoring of the level of maturity mismatch by the Finance function and prompt escalations of any deviation to ALCO to agree actions to be taken, including emergency meetings where necessary; and
- If this becomes necessary, additional mismatch outside of tolerance levels will be managed through derivative products (e.g., Interest rate swaps). The treasury manager will:
  - Establish infrastructure to execute hedging and maintain relationships with counterparties;
  - Monitor IRRBB risk following implementation of hedging (including any additional duration, basis or optionality risks being introduced); and
  - Test access to hedging on a regular basis (at least quarterly).

2.3.10 Reputational Risk

Reputational Risk is the risk that an event or issue damages the Monument brand and could result in client and deposit attrition, increased regulatory exposure, lost revenue, increased costs, and depletion in shareholder value. This may occur because of some of the above risks. The Bank seeks to minimise any risk to its reputation and ultimately its brand through a robust system of processes, systems, and controls to mitigate for the risks noted above and indeed the wider risk universe it will be subject to.

2.3.10.1 Risk Appetite

The Bank seeks to minimise any risk to its reputation and ultimately its brand through a robust system of processes, systems and controls to mitigate for the risks noted above and indeed the wider risk universe it will be subject to.

2.3.10.2 Measurement

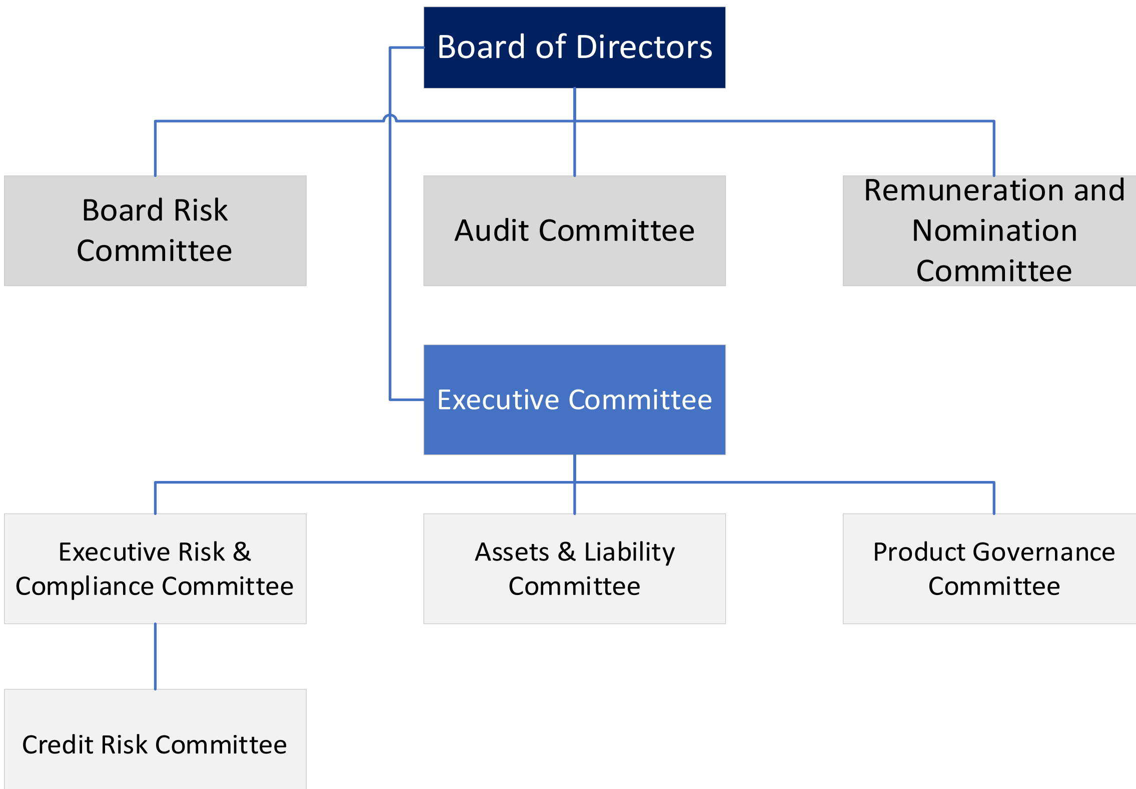
- Having robust risk management practices, as described above, assist in ensuring we are not unduly exposed to reputational risk;
- We have appropriate communication strategies and policies to enable us to communicate messages to clients in an open and honest manner and in a timely fashion. This strategy will also cover media communications and response plans to limit reputational risk where possible;
- We also monitor our media presence, to enable us to take action to minimise any negative impact.

3. Risk Governance & Organisational Structure

Risk governance refers to the processes and structures established by the Board, to ensure that risks are taken within the approved appetite, with clear delineation between risk taking and oversight responsibilities.

3.1 Corporate Governance

The Board, with a majority of independent non-executive directors, has great breadth and depth of complementary experience, which provides the requisite skills and experience needed to govern and oversee the development of our proposed business model. In order to fully harness this depth of experience, we have created a governance structure as follows:



3.2 Governance organizational Structure

Board of Directors

The Board is collectively responsible for the overall management and proper conduct of the Bank to deliver a long-term sustainable business model that delivers the right outcomes for all stakeholders. This is done by:

- Providing leadership to the Bank and direction to the CEO;
- Setting a clear strategy for the Bank and monitoring progress against this;
- Clearly articulating the risk appetite to deliver the strategy and monitoring this regularly;
- Ensuring adequate resources are available to the Bank in order to deliver the strategy;
- Establishing the culture and values of the Bank;
- Ensuring any specific legal and regulatory responsibilities of the Board are fulfilled; and
- Carrying out the duties of the Board, the directors act in accordance with all relevant and applicable legislative and regulatory rules and expectations.

To enable it to provide the appropriate governance and oversight expected of a regulated bank, the Board has established, and has regard to advice from, a number of sub-committees (Board Risk, Audit, Remuneration and Nomination) and the Executive Committee.

Each of the Board sub-committees deals with specific areas of the Bank's activities as described below. Each of these has a chair, a clear term of reference with delegated authorities and meets regularly.

Board Risk Committee

The Board Risk Committee is responsible for risk governance and oversight across the business. This is done by:

- Providing advice to the Board on risk strategy, including the oversight of current risk exposures of the firm;
- Developing, for consideration by the Board, the overall firm-wide risk management framework, and the risk appetite;
- Overseeing the firm's credit risk models, risk management performance and establishing the metrics to monitor this;
- Review of outputs of risk monitoring and assurance activity and provide challenge on proposed actions/remediation;
- Review and approval of risk matters in line with delegations, and providing recommendations to the Board for approval as required;
- Reviewing business change, risk events, horizon scanning and regulatory updates, providing recommendations to mitigate risk;
- Providing oversight and challenge of the design and execution of stress and scenario testing;
- Reviewing and challenging effectiveness of the whistleblowing arrangements; and
- Delivering advice, oversight, and challenge necessary to embed and maintain a supportive risk culture throughout the firm, including providing advice on remuneration.

The Board Risk Committee will have regard to relevant advice from the Audit Committee and the Internal Audit function concerning the effectiveness of the control framework.

The Board Risk Committee is chaired by Martin Hagerty.

Audit Committee

The Audit Committee provides oversight of the financial reporting process, the audit process, and the internal controls framework. This is done by:

- Reviewing, monitoring, and challenging the integrity of financial statements, disclosure and reporting requirements, including annual reports and accounts;
- Monitoring the adequacy and effectiveness of internal financial controls, including the mandate and scope of internal and external audit work;
- Reviewing the outputs of internal and external audit activity and any resulting actions required;
- Ensuring the independence and oversight of the external auditor;
- Overseeing the relationship with the external auditor;
- Ensuring the independence and oversight of the outsourced Internal Auditor; and
- Overseeing implementation of Accounting Policies and policy around income and loss recognition.

The Audit Committee is chaired by Sir Andrew Likierman.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to develop and maintain the process of making recommendations on appointments and reappointments to the board, its sub-committees and the Executive. Additionally, it is responsible for reviewing the succession plans for the executive directors and the Non-Executive Directors. This is achieved by:

- Reviewing the structure, size and composition of Board and its sub-committees, having regard for

Monument strategy and diversity;
- Establishing and embedding the nominations process; and
- Overseeing succession planning for Board and Executives.

The Remuneration and Nomination Committee is also responsible for reviewing and making recommendations to the Board on the remuneration policy to ensure the right incentives are in place to deliver the strategy within stated risk appetite. This is done by:

- Overseeing the remuneration strategy and associated policies for the board and the Executive Team; and
- Reviewing the performance of individual executives against objectives to make appropriate recommendations on remuneration.

The Committee will have regard to advice from the Board Risk Committee.

Fiona Pollard is the Chair of the Remuneration and Nomination Committee.

The Executive Committee

The role of the Executive Committee (ExCo) is to support the CEO in implementing the strategy agreed by the Board and to drive the performance of the business. The Executive Committee does this by supporting the CEO in:

- Developing strategy and recommending it to the Board for approval;
- Delivering the approved strategy and annual priorities;
- Reviewing annual capital and revenue budgets and recommend to Board for approval;
- Monitoring performance against key financial objectives including delivery of objectives by individual Executive Committee members;
- Reviewing and acting on business and financial reports;
- Receiving and considering reports on operational matters, and taking action as it considers appropriate;
- Reviewing employee development, performance and succession planning and making recommendations to the Remuneration and Nomination Committee in respect of Executive Committee succession planning;
- Actively promoting Monument's culture and values; and
- Receiving reports from and monitoring the performance of the Asset and Liability Committee, Executive Risk and Compliance Committee, Credit Risk Committee and Product Governance Committee

The Executive Risk & Compliance Committee

The Executive Risk & Compliance Committee (ERCC) is responsible for the management and monitoring of risk management and compliance matters throughout the business, escalating issues as required to Executive Committee and the Board Risk Committee.

The Credit Risk Committee

Within Board delegated authority levels, the Credit Risk Committee (CRC) is the highest-level executive decision-making body for credit decisions. The Credit Risk Committee is responsible for establishing and embedding credit policies, including review and recommendation to Board Risk Committee for approvals. The Credit Risk Committee reviews credit performance across the credit portfolios, including review of actual and estimated impairment provisioning and write-offs. The Credit Risk Committee reviews and approves all special cases as stated within Credit Policy.

The Asset and Liability Committee

The Asset and Liability Committee (ALCO) monitors the composition of the Bank's assets and liabilities, controls financial, capital, liquidity and treasury risks and reviews control procedures including limits, reporting lines and mandates. The Committee will focus on managing internal capital and liquidity levels for both current and future activities to maintain balance sheet growth in line with company strategy and risk appetite.

The Product Governance Committee

The Product Governance Committee (PGC) is responsible for the review and challenge of significant product and service changes, including new products, withdrawals and changes. The Product Governance Committee reviews client outcomes in relation to products and services and any associated conduct risks of harm. This is done by:

- Establishing the policies relating to product governance, product performance and client outcomes;
- Reviewing new products, proposals for significant product changes and product withdrawal proposals, providing challenge and approvals where appropriate;
- Reviewing product performance, including conduct risk and TCF monitoring; and
- Making recommendations to Executive Committee where issues are identified.

3.3 Risk Based Submissions

The Bank undertook a comprehensive review of its current and projected risk profiles based on expected and stressed market and economic conditions. The three primary risk-based planning exercises that were reviewed as a part of the strategic plan, the ICAAP and the ILAAP, were supplemented with the Recovery Plan and Solvent Wind Down Plan. The strategic plan describes the Bank's strategic direction for the planning horizon (5 years) including product and marketing strategies, culture, brand and brand values, competitor analysis, risk appetite and management, governance, operational requirements, financial forecasts and scenario analysis. The ICAAP informs the Board's and management's view on the level and quality of capital needed to meet the prudential and risk-based capital requirements over the planning horizon under base and stress scenarios. The ICAAP is an integral input into the PRA's supervisory review process (C-SREP) and forms the basis upon which the Bank's capital guidance is set. The ILAAP informs the Board's view on the Bank's level and quality of liquidity buffer and liquidity management framework. It is an input to the PRA's L-SREP process, which leads to regulatory liquidity buffer guidance (ILG).

The Bank also reviewed its Recovery Plan, Solvent Wind Down Plan and Resolution Pack in 2019 premobilisation. The review is designed to ensure that the Bank's Recovery Plan is credible and can be implemented in a time of stress. The Bank's recovery options were assessed for feasibility and time to implementation under stressed conditions. The Bank has identified a suite of early warning indicators and triggers which inform the nature and type of recovery options which would be put in place. The Solvent Wind Down Plan provides a playbook of options and implications should the Recovery Plan not deliver the required and intended improvement. The Resolution Pack provides the regulatory authorities with information and analysis on the Bank's businesses, organisation and structures to facilitate an orderly resolution should it become necessary.

3.4 Recovery Plan, Solvent Wind Down Plan and the Resolution Pack

The Bank is committed to developing and maintaining the Recovery Plan, Solvent Wind Down Plan and the Resolution Pack as a core component of its risk management framework.

The recovery plan process is designed to ensure that the Bank's recovery plan is credible and can be implemented in a time of stress. The Bank's recovery options must be appropriate to ensure its survival and the Bank must be able to execute these options in a timely manner. The Bank has developed a suite of indicators and triggers to ensure it can become aware of, and react to, a firm specific, market wide or combined stress in time to apply remedial actions to ensure the Bank does not fail. These indicators have been set considering the information gathered as part of the Bank's ICAAP and ILAAP updates.
The Bank has created and continues to update its Solvent Wind Down Plan. The Bank has introduced qualitative and quantitative solvent winddown triggers which are actively monitored by ALCO.

Resolution planning is the provision of information and analysis to the authorities, in order to help them prepare a resolution plan for the Bank.

The Bank's Recovery Plan, Solvent Wind Down Plan and Resolution Pack have been reviewed and approved by the Board.

4. Overview of risk management, key prudential metrics and RWA

4.1 Risk Management

The main areas of risk that the business is exposed to are:

- Credit risk;
- Funding /Liquidity risk;
- Interest Rate Risk in the Banking Book (IRRBB);
- Operational risk;
- Capital risk

4.1.1 Credit Risk

Credit risk is the risk of suffering financial loss should borrowers or counterparties default on their contractual obligations to the Bank. The Bank currently only lends against fixed property up to a maximum loan to value (LTV) of 75% including fees. All loans are manually underwritten taking into consideration the specific circumstances of each borrower. Credit risks are managed by the Credit Risk Committee and overseen by the Executive Risk & Compliance Committee.

The Bank specialises in providing lending to experienced residential property investors. Loans are secured on properties solely located in the UK and concentration risks are monitored by the Credit Risk Committee. Due to the limited quantum of loans issued to date, the concentration risk present at the balance sheet date is deemed to be immaterial.

The Bank's maximum exposure to credit risk is the carrying value of its financial assets, without taking account of any underlying collateral, and contractual commitments, which represent agreements entered into but not advanced, as at 31 December 2021.

	2021	2020
Assets	£	£
Cash and balances at other banks	23,888,337	25,112,989
Loans and advances to customers	759,085	-
Treasury bills	10,300,000	-
Maximum exposure to credit risk	**34,947,422**	**25,112,989**

As at 31 December 2021 no loans and advances were in arrears.

Credit risk exists with treasury assets where the Bank has acquired securities or placed cash deposits with other financial institutions. No assets are held for speculative purposes or actively traded. Treasury bills are held as part of the Bank's liquidity buffer.

The table below sets out the credit quality of the Bank's on-balance sheet treasury assets:

Deposits by counterparty credit rating	2021	2020
	£	£
Deposits at other banks - Rated Baa1*	8,818,130	-
Deposits at other banks - Rated Baa2*	7,794,106	25,106,859
Deposits at other banks - Unrated	7,276,101	6,130
UK treasury bills	10,300,000	-
	34,188,337	**25,112,989**

Unrated amounts represent funds held at Clearbank, which are risk weighted at 20% given the overnight nature of exposure.

*Ratings based on Moody's long-term credit rating.

Treasury asset credit risk is managed through various policies and procedures including cash placements, the credit risk of which is limited through the counterparty placements policy; and treasury bills held as part of the liquidity buffer, which carry sovereign risk. All Treasury Bills have the UK government as the counter party.

4.1.1.2 Impairment of Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impaired, past due, provisions and provision charges by counterparty type

Our Arrears policy provides that once a missed payment goes beyond 30 days past due date, the loan is classified as "In Arrears" and will be internally reported as such. A missed payment that is over 90 days past due date will move the loan into "In Default" and will be reported as such. In both stages there is a rebuttable presumption that a specific provision be made against the loan. In terms of revenue recognition, we follow the accounting standards in continuing to recognise interest income while the loan is 'in arrears', but stop recognising if the loan passes into 'default', unless the conditions of the rebuttable presumption include specific conditions where continuing to recognise is appropriate. For In Default Loans we will also reassess the appropriate RWA treatment and amend if required. The requirement to adjust the RWA treatment is based on the LTV of the loan. If the LTV at time of reassessment is over 80%, the portion/value over 80% would be risk weighted at 150% (from 35%).

As of 31st December 2022, Monument Bank has a standard provision of £2,664 based on our credit policy approach using a forecast PD and LGD.

Counterparty Type	Gross loans	Gross past due loans	Impairment provisions
2021	**£**	**£**	**£**
Loans	761,749	-	2,664
Debt Securities	-	-	-
Off-balance sheet exposures	-	-	-
Total	**761,749**	**-**	**2,664**

Reconciliation of changes in provisions for impaired exposures

Impairment provisions	**2021** **£**
Opening balance as at 1 January 2020	-
Write offs in year	-
Disposals	-
Transfers between reserves	-
Charge/(credit) for the year net of recoveries	2,664
31-Dec-21	**2,664**

4.1.1.3 Credit risk exposure breakdowns

The following tables show the Bank's credit risk exposure as at 31 December 2021.

Credit risk exposure, Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM) effects

Standardised Exposure Classes	**Exposures before CCF and CRM**		**Exposures after CCF and CRM**		**After applying SME factor**	
	On-balance sheet amount	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
	£	**£**	**£**	**£**	**£**	**£**
Central governments or central banks	10,300,000	-	10,300,000	-	-	0.00%
Institutions	16,612,236	-	16,612,236	-	3,322,447	20.00%
Corporates	7,276,101	-	7,276,101	-	1,455,220	20.00%
Secured by mortgages on immovable property	759,085	-	759,085	-	265,680	35.00%
Other items	1,129,857	-	1,129,857	-	1,129,857	100.00%
Total	**36,077,278**		**36,077,278**		**6,173,204**	**17.11%**

Assets by RWA category

RWA	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposures amount (post CCF and post-CRM)
	£	£	£	£	£	£	£	£	£	£
Central governments or central banks	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	3,322,447	-	-	-	-	-	-	3,322,447
Corporates	-	-	1,455,220	-	-	-	-	-	-	1,455,220
Retail	-	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	265,680	-	-	-	-	-	265,680
Other items	-	-	-	-	-	-	1,129,857	-	-	1,129,857
Total	**-**	**-**	**4,777,667**	**265,680**	**-**	**-**	**1,129,857**	**-**	**-**	**6,173,204**

4.1.2 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its current and future financial obligations as they fall due or is only able to do so at excessive cost. The Bank's liquidity is managed on a daily basis by the Asset and Liability Committee, with oversight from the Executive Committee.

The Bank has developed comprehensive funding and liquidity policies to ensure that it maintains sufficient liquid assets to be able to meet all of its financial obligations and maintain public confidence.

Liquidity stress testing is conducted under a variety of scenarios, covering both normal and more severe market conditions.

The Bank's European Banking Authority Liquidity Coverage Ratio (LCR) at 31 December 2021 was 2861111111.11% % (2020: N/A) and the deposit to loans ratio was 275% (2020: N/A).

LCR 2021

High-quality liquid assets	Total unweighted amount	Total weighted amount
	£	£
Total HQLA	10,300,000	10,300,000
Cash outflows		
Retail deposits and deposits from small business customers	10	1
Other liabilities and due commitments	1,050,697	-
TOTAL CASH OUTFLOWS	**1,050,706**	**1**
Cash inflows		
Unsecured transactions/deposits	23,888,337	23,888,336.92
Secured lending and capital market-driven transactions of which:	1,875	938
Counterparty is a Central Bank	-	-
Counterparty is non-central bank	1,875	938
TOTAL CASH INFLOWS	**23,890,212**	**23,889,274**
		Total adjusted value
Total HQLA		10,300,000
Total net cash outflows		0.36
Liquidity Coverage Ratio (%)		2861111111.11%

Net Stable Funding Ratio (NSFR)

The Bank's NSFR aims to ensure that there is an acceptable amount of stable funding to support assets over a one-year period of extended stress. Based on current interpretations of regulatory requirements and guidance, the NSFR as at 31 December 2021 is 153.40%. This is more than the minimum level of 100% required by the Basel Committee on Banking Supervision and European Commission.

NSFR 2021

	Unweighted value by residual maturity				
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
	£	£	£	£	£
Available stable funding (ASF) item					
Capital	32,643,538	-	-	-	32,643,538
Retail deposits	-	168	1,106,852	986,016	1,982,334
Total ASF					**34,625,872**
Required stable funding (RSF) item					
High-quality liquid assets (HQLA)	-	10,300,000	-	-	515,000
Deposits held at other financial institutions for operational purposes	23,888,337	-	-	-	11,944,168
Loans and advances to customers	-	-	-	759,085	493,405
All other assets not included in the above categories	9,619,765	-	-	-	9,619,765
Total RSF					**22,572,338**
Net Stable Funding Ratio (%)					**153.40%**

4.1.3 Interest rate and basis risk

Interest rate risk is the risk of loss arising from adverse movements in market interest rates. Interest rate risk arises from the loan and savings products that we offer. This risk is managed through the use of treasury bills and government gilts with established risk limits, reporting lines, mandates and other control procedures. In the future interest rate swaps will be introduced to manage interest rate risk. Due to the limited quantum of loan and savings product issued to date, the interest rate risk present at the balance sheet date is deemed to be immaterial.

Basis risk is the risk of loss arising from changes in the relationship between interest rates which have similar, but not identical characteristics (for example, SONIA and the Bank of England base rate). This is monitored closely and regularly reported to the Assets and Liabilities Committee. This risk is managed by matching, and where appropriate and necessary, with established risk limits and other control procedures.

The Bank's forecasts and plans take account of the risk of interest rate changes and are prepared in line with PRA guidance.

The interest rate sensitivity exposure of the Bank at 31 December 2021 was:

2021	Within 3 months	More than 3 but less than 12 months	More than 1 year but less than 5 years	More than 5 years	Non interest bearing
Assets	£	£	£	£	£
Cash and balances at other banks	2,020,587	-	-	-	21,867,750
Loans and advances to customers	-	-	761,749	-	-
Treasury bills	10,300,000	-	-	-	-
Rental deposit	-	-	-	-	110,000

Total Assets	**12,320,587**	**-**	**761,749**	**-**	**21,977,750**
Liabilities					
Customer deposits	168	1,106,852	986,016	-	-
Trade creditors	-	-	-	-	626,775
Accruals	-	-	-	-	290,008
Total Liabilities	**168**	**1,106,852**	**986,016**	**-**	**916,783**

**Loans and advances to customers are gross balances*

The interest rate sensitivity exposure of the Bank at 31 December 2020 was:

2020	Within 3 months	More than 3 but less than 12 months	More than 1 year but less than 5 years	More than 5 years	Non interest bearing
Assets	£	£	£	£	£
Cash and balances at other banks	2,009,127	-	-	-	23,103,862
Rental deposit	-	-	-	-	57,165
Total Assets	**2,009,127**	**-**	**-**	**-**	**23,161,027**
Liabilities					
Trade creditors	-	-	-	-	926,968
Accruals	-	-	-	-	620,601
Total Liabilities	**-**	**-**	**-**	**-**	**1,547,569**

There were no off-balance sheet items in 2020 or 2021.

4.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Bank's operations.

The Bank's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and innovation. Bank policy requires compliance with all applicable legal and regulatory requirements.

The Board of directors has delegated responsibility for operational risk to its Executive Risk & Compliance Committee, which is responsible for the development and management of controls to address operational risk.

Compliance with standards is supported by a programme of periodic reviews undertaken by the Banks Internal Auditors.

The results of Internal Audit reviews are discussed in the Audit Committee. Monument Bank uses the Basic Indicator approach (BIA) for operational risk.

4.1.5 Market Risk

We do not operate a trading book and have no foreign currency transactions, and therefore have no material market risk.

5. Capital resources

The Bank's objective in managing its capital is to maintain appropriate levels of capital to support its business strategy and meet regulatory requirements, including holding capital for undrawn credit lines.

The Bank's capital resources are comprised of a minimum of 75% CET1 and a maximum of 25% Tier 2 regulatory capital (any Tier 2 in excess of 25% of total capital is considered ineligible for capital purposes). The total capital ratio sits at 108.99% and the Bank's regulatory capital requirements for CET1 and total capital are met. The Bank also holds capital for undrawn credit lines (pipeline).

The Bank manages its capital under Capital Requirements Regulation (CRR) and Capital Requirements Directive (together referred to as CRDIV). The framework is enforced by the Prudential Regulatory Authority (PRA). The PRA sets and monitors the Bank's capital requirements.

The PRA's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the capital resources requirement to available capital resources. The regulator sets the total capital requirement (TCR) for each bank in excess of the minimum resources requirement of 8%. A key input to the TCR setting process is the Bank's Internal Capital Adequacy Assessment Process (ICAAP).

The Bank's policy is to maintain a strong capital base to maintain investor and market confidence and to sustain the future development of the business.

As at 31 December 2021, the Bank's capital base was made up of £32.6m of Tier 1 capital (2020: £8.8m). The Bank's regulatory capital consists of the following:

Regulatory capital	**2021**	**2020**
	£	£
Ordinary share capital and share premium	59,733,522	18,397,070
Retained earnings	(17,610,249)	(8,250,492)
Deductions: intangible assets	(9,479,735)	(1,301,285)
Total Tier 1 capital	**32,643,538**	**8,845,293**

6. Capital requirements

The Bank is required to hold capital against:
- Pillar 1 – Credit, Operational and Market Risk;
- Pillar 2A – Risks not adequately covered by Pillar 1 and additional risks; and
- Pillar 2B – Our PRA Buffer Assessment and CRD IV Buffers.

The Bank has elected to use the standardised approach for credit risk. Under CRDIV the Bank must set aside 8% of its total risk weighted assets to cover its 'Pillar 1' minimum capital requirements. These requirements are supplemented by CRD IV buffers. The Bank must also set aside additional 'Pillar 2' capital to provide for additional risks. This is calculated by multiplying the Pillar 1 capital by the TCR ratio. The TCR ratio is based on the various risks which the Bank faces and is agreed by the PRA. The Bank's capital base was in excess of the minimum required under the TCR throughout the year and Monument only used CET1 capital to meet our Pillar 1 and Pillar 2A capital requirements and capital buffers.

The CRD IV buffers or ‘combined buffer’, applicable to Monument comprise a countercyclical buffer (“CCyB”) and a capital conservation buffer (“CCoB”). The CCyB is expressed as a fixed percentage of RWA stands at 1% and this institution specific buffer is derived from certain ‘relevant exposures’ which are dependent on a combination of geographic location and the respective rates set within the jurisdictions associated with the exposures. The CCoB has been phased in under a transitional arrangement and now stands at 2.5% of RWA. Both the CCyB and CCoB must be met with CET1 capital. Monument met its TCR, combined buffers and PRA buffer with CET1 capital throughout the period.

PRA buffer relates to the impact of a severe but plausible stress and is calculated as the excess amount of capital required over and above the CCoB. This avoids any double-counting within the buffers. The PRA ascertained this firm-specific buffer to be 0.28% for Monument Bank.

6.1 Pillar 1 Capital requirements

	2021	
Standardised Approach Exposure Classes	**Risk Weighted Assets**	**Capital Requirements**
	£	**£**
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral Development Banks	-	-
International Organisations	-	-
Institutions	3,322,447	265,796
Corporates	1,455,220	116,418
Retail	-	-
Secured by mortgages on immovable property	265,680	21,254
Exposures in default	-	-
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	-	-
Equity	-	-
Other items	1,129,857	90,389
Total Credit Risk	**6,173,204**	**493,856**
Operational Risk - Basic Indicator Approach	**23,778,032**	**1,902,243**
Total Pillar 1 Risk Weighted Assets / Capital Requirement	**29,951,235**	**2,396,099**

The operational risk capital requirement is calculated under the Basic Indicator Approach which is 15% of the three-year average of the Bank's annual gross income relating to its commercial business

6.2 Stress Testing

Stress testing is the process by which Monument's business plans are subjected to severe but plausible adverse scenarios to assess the impact on the Bank's capital and liquidity positions. The results of stress testing are incorporated in the Bank's ICAAP as well as in the Internal Liquidity Adequacy Assessment Process ("ILAAP").

6.3 Subsequent events

Further capital investments in cash amounting to £2,014,945 were received by the bank post year end.

These capital investments, in addition to the shares to be issued held at the balance sheet date were allotted on 26 January (£2,689,700) and 10 February (£50,000) as ordinary shares. The total amount of ordinary shares issued was 54,794.

7. Asset Encumbrance

For year ending 31st December 2021, Monument Bank has no encumbered assets.

8. Evolving Risks

8.1 Covid-19 Pandemic

Since the early days of the Covid-19 pandemic, management has been carefully monitoring the environment and associated risks. The employees of the Bank have been able to all work remotely with minimal disruptions, mainly due to the Bank's cloud-based infrastructure and a gradual return to the office. Covid-19 has been a key risk that has been, and continues to be, closely monitored by the management team and the board as part of our overall risk management actions.

To ensure that this risk category is appropriately considered by Monument, the Chair of the Board has requested that the management team provide formal updates to the board on a quarterly basis. This is in addition to the provision of regular management information packs and other regular risk discussions at the board and the sub-committees. The management team will also continue to monitor and manage the risks as part of the normal risk management processes. Management and the Board have agreed enhanced oversight and control during the early months of trading after Monument's launch. As part of this both ALCO and Credit Risk Committee will meet weekly rather than monthly and, when available, KRIs and EWI's will be reviewed weekly rather than monthly. This will ensure that any adverse trends or developments with regards to the Covid-19 situation, or otherwise, will be picked up early. Should the pandemic develop further and there are material changes to the business, we will ensure that the PRA and the FCA are promptly informed.

8.2 Cyber Risk

Cyber Risk is a significant risk to all financial organisations with hackers and fraudsters developing new methods and mechanisms in their attempts to obtain information about individuals or the company itself. These threats pose a risk to the confidentiality, integrity, and availability (the three pillars of information security) of our systems.
Financial services firms are particularly vulnerable given the large number of avenues that fraudsters have to obtain data e.g., through phishing emails to clients, employees and intercepting security passcode texts.

In line with regulatory best practice, Monument Bank has put in place methods for supervising cyber resilience; information security controls and testing; response and recovery testing; and cybersecurity and resilience metrics. An incident response plan to deal with material cyber incidents is also detailed within the Bank's IT Security Policy. We therefore have detective and preventative measures in place. We have robust security controls aligned with, but not limited to, the following:

- The FCA's paper on "Good Cyber Security – The Foundations";
- NIST Cybersecurity Framework;
- National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security; and
- NCSC's Cyber Essentials.

These controls include:
- Encryption of sensitive data;
- Disaster recovery systems at alternative locations;
- Network and computer security (firewalls, anti-virus, threat detection tools);
- Strong authentication and authorisation systems and controls; and
- Training for colleagues and clients to build awareness on the topic.

In addition to the controls listed above, this risk is mitigated as the Bank invests in regular employee training on IT security, the importance of not downloading files and not replying to emails which have generated from outside of the organisation if they appear to be suspicious. We test systems on a regular basis to ensure that they are robust and that there are no known viruses/worms within the system.

8.3 Operational Resilience

Operational resilience is an organization's ability to detect, prevent, respond to, recover, and learn from operational disruptions that may impact delivery of important business and economic functions or underlying business services. The Bank of England, PRA and FCA published their feedback to consultation, final policy and rules, through a suite of regulatory publications on 29 March 2021. Monument has defined its Important Business Services (7 relating to FCA and 2 to PRA requirements).

We undertake three main activities to ensure we continuously focus on and ensure strong Operational Resilience as set out below:

- Monitor Operational Resilience Performance
- Undertake ongoing Scenario Testing
- Undertake an annual Self-Assessment

The ERCC receives and reviews the Operational Resilience Position of the bank on a monthly basis through the Operational Resilience Dashboard. It also reviews the Annual Self-Assessment ahead of this being presented to the BRC and then Board for approval. In considering these, it may recommend changes or instigate further investigation and action to ensure the continued operation of each IBS within the associated IT.

8.4 Pace of Regulatory Change

Regulatory reporting places a significant demand on financial institutions with an ever-increasing number of statements and consultations being issued in relation to accounting, risk, capital and liquidity. This poses a variety of risks:

- that a change in reporting is missed;
- that a change is incorrectly interpreted so the incorrect treatment is applied; and finally, there is the risk that this amendment is incorrectly captured in ledger systems and or reporting models.

To mitigate this the Bank, have the following controls in place:

- Monument actively monitors all consultations and statements issued by the regulator (as part of horizon scanning) and have mechanisms in place, through the Bank's internal Audit advisors/training courses, to stay abreast of regulatory change. This would minimise missing any regulatory change;
- All changes to regulation and or reporting are assessed in order to judge whether it is applicable to Monument and if material, a working group is set up to interpret the change, assess the financial impact, make the necessary amendments to systems and reporting and keep ExCo and Board updated as required; and
- The technology team is engaged with members of the working group to assess amendments. This helps minimise the risk that amendments are not correctly captured in reporting systems and ledgers.

8.5 Climate Change

During 2020, the PRA reiterated their initial expectations of firms with regards to managing the financial risks arising

from climate change. It expects firms to take a strategic approach which will consider how actions taken today affect future financial risks.
Firms are asked to embed climate change considerations in their risk management and day-to-day operations.

The Bank lends to UK borrowers, where the funds advanced are secured on property. Climate change risks arise through physical risk, which may impact the quality of the property as adequate security and/or transition risk as markets shift towards a low carbon economy. These risks may impact the ability of borrowers to meet their obligations under their loans.

The Bank will develop its climate change plan to assess and address the risks it faces, through governance, risk management, scenario analysis and disclosures in respect of climate change.

The Bank is currently building its climate change capabilities, recognising that progress will be made across the financial services industry with regards to the sophistication of climate change risk modelling, and of the data available more generally, for assessing the potential financial impacts of this risk.

8.6 Reputational Risk

Reputational Risk is the risk that an event or issue damages the Monument brand and could result in client and deposit attrition, increased regulatory exposure, lost revenue, increased costs and depletion in shareholder value. The Bank focuses to minimise any risk to its reputation and ultimately its brand through a robust system of processes, systems and controls to mitigate for the risks noted above and indeed the wider risk universe it will be subject to.

We continue to monitor all risk appetite metrics to establish if there is a reputational risk issue to consider when any of the triggers are breached. All risks can crystallise a potential reputational risk issue as demonstrated in our stress testing both in the ICAAP and ILAAP. As such, the relevant committees monitoring the various risk metrics will review those from a reputational risk lens as well. All management actions recommendations will take into account any reputational impact.

We also develop client satisfaction feedback and monitoring and identify appropriate metrics which monitor for the reputational impact of failing to deliver a superior service, a key tenet of Monument's proposition and differentiation.

9. Environmental, Social and Governance (ESG)

The European Banking Authority (EBA) published the final draft implementing technical standards on Pillar 3 disclosures on environmental, social, and governance (ESG) risks. Institutions will have to start disclosing this information from June 2022 with the aim to promote transparency and enhance institutions' management of Environmental, Social or Governance (ESG) risks.

Monument Bank is analysing the presence of ESG concepts related to material risks and opportunities within Pillar 3 reports from 2022 as per the regulatory guidance.

10. Minimum Requirement for Own Funds and Eligible Liabilities

The Bank of England considers that provision of fewer than around 40,000 to 80,000 transactional Bank accounts (accounts from which withdrawals have been made nine or more times within a three-month period) is generally likely to indicate that a Modified Insolvency would be appropriate. Under the Bank Recovery and Resolution Directive (BRRD) if an institution's failure is unlikely to cause disruption to the wider UK financial system, either directly through the cessation of services it provides or indirectly by negatively affecting confidence in the financial system or similar institutions; or if the institution does not provide significant amounts of transactional banking services or other critical functions, particularly those which depend on continuous access to a service, it would be appropriate to adopt a modified insolvency.

Under these conditions and threshold conditions Monument Bank would fall under a Modified Insolvency process as part of BRRD underwhich MREL is set at the same level as regulatory capital requirements and so the Bank will meet its MREL by meeting existing regulatory capital requirements as described in Section 6 Capital Requirements.

11. Key Metrics

Item	Available capital	2021
		£
1	Common Equity Tier 1 (CET1)	32,643,538
1a	Fully loaded ECL accounting model CET1	32,643,538
2	Tier 1	32,643,538
2a	Fully loaded ECL accounting model Tier 1	32,643,538
3	Total capital	32,643,538
3a	Fully loaded ECL accounting model total capital	32,643,538
	Risk-weighted assets	**2021**
		£
4	Total risk-weighted assets (RWA)	29,951,235
	Risk-based capital ratios as a percentage of RWA	**2021**
5	Common Equity Tier 1 ratio (%)	108.99%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	108.99%
6	Tier 1 ratio (%)	108.99%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	108.99%
7	Total capital ratio (%)	108.99%
7a	Fully loaded ECL accounting model total capital ratio (%)	108.99%
	Additional CET1 buffer requirements as a percentage of RWA	**2021**
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%
9	Countercyclical buffer requirement (%)	0%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0%
11	Total of bank CET1 specific buffer requirements (%)	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	100.99%

	Basel III leverage ratio	**2021**
13	Total Basel III leverage ratio exposure measure (£)	36,077,278
14	Basel III leverage ratio (%) (row 2 / row 13)	90.48%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	90.48%
	Liquidity Coverage Ratio	**2021**
15	Total high-quality liquid assets (HQLA) (£)	10,300,000
16	Total net cash outflow (£)	0.36
17	LCR (%)	2,861,111,111.11%
	Net Stable Funding Ratio	**2021**
18	Total available stable funding (£)	34,625,872
19	Total required stable funding (£)	22,572,338
20	NSFR	153.40%

CET 1 available to meet buffers expressed as a percentage of RWA (Available CET 1, less CET 1 capital requirements in accordance with
Article 92.1(a) CRR and less any CET 1 items used to meet additional Tier 1 and Tier 2 capital requirements).

12. Governance

12.1 Directorships held by members of the Board

In addition to their roles within the Group, the number of external directorships and partnerships held by the Executive and Non- Executive Directors who served on the Board as at 31 December 2020 are detailed below. In addition, indicates total directorships held by each director, including Monument Bank.

Name	Position	Directorships
Niall Booker	Non-Executive Director and Chairman	3
Fiona Pollard	Non-Executive Director and Chair of the Remuneration Committee	6
Sir Andrew Likierman	Non-Executive Director and Chair of the Audit Committee	3
Martin Hagerty	Non-Executive Director and Chair of the Risk Committee	4
Vikash Gupta	Non-Executive Director	7
Steve Friedlos	Non-Executive Director	2
Murugiah Rajaram	Non-Executive Director	14
Mintoo Bhandari	Executive Director and Chief Executive Officer	4
Iestyn Evans	Executive Director and Chief Financial Officer	1

12.2 Changes to the Board

There were three changes to the Board since the beginning of the reporting period:

- Iestyn Evans was appointed to the Board as Director on 28 January 2021.
- Mintoo Bhandari resigned as CEO and Directorship on 9th March 2022.
- Ian Rand was appointed to the Monument Board as Chief Executive Officer and Director on 9th March 2022.

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12.3 Board Recruitment

The Board has delegated specific powers and authority to the Remuneration and Nomination Committee in order to develop and maintain the process of making recommendations on appointments and reappointments to the board, its sub-committees and the Executive. Additionally, it is responsible for reviewing the succession plans for the executive directors and the Non-Executive Directors. It is also responsible for reviewing the structure, size and composition of Board and its sub-committees, having regard for Monument strategy and diversity and establishing and embedding the nominations process

All Board appointments are subject to a formal, rigorous and transparent procedure. Before an appointment is made to the Board, the Remuneration and Nomination Committee evaluates the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Remuneration and Nomination Committee will:

- Use the services of external advisers to facilitate the search;
- Have regard to the balance of skills, experience and knowledge on the Board appropriate for the business and the cognitive skills, personal strengths and, where relevant, the independence of the candidate;
- Consider candidates on merit and against defined job specifications and criteria, taking care that appointees have enough time to devote to the position; and
- Have due regard to regulatory approval criteria.

13. Diversity

The Remuneration and Nomination Committee is responsible for all aspects of diversity, including age, gender, religion, race and ethnicity in the Board's composition, whilst at the same time recognising the need to strike an appropriate balance of skills, background, experience and knowledge. The committee decides on a target for the representation gender in the Board and recommends to the Board how to improve gender representation in the management body in order to meet the target.

The Bank further offers paid parental policies and flexible work options to support our employees, understanding that many of them are juggling family responsibilities.

14. Remuneration

Remuneration Policy disclosures in accordance with Article 450 of the CRR (Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013).

14.1 Decision Making

The Remuneration and Nomination Committee is a sub-committee of the Board and is responsible for overseeing the appointment, remuneration and other benefits of all directors and executive management. The Committee makes appropriate recommendations to the Board concerning such matters, including the implementation of any bonus schemes, the consideration of succession planning and development programmes, and the composition of the Board. During the year, the committee met 3 times and aims to meet quarterly; more frequently if the need arises.

All our remuneration decisions are made in the context of Monument's performance overall, by function and individual performance, including against our values and behaviours as well as objective based, encompassing adherence to risk and compliance related policies. Currently this is appraised against development plans for a longer term, future focused scope and objectives that are discussed on a regular basis, but Monument will seek to implement balanced scorecards incorporating client service standards and satisfaction levels, regulatory interaction in additions to financial and behavioural performance. Monument does not typically issue guaranteed variable remuneration unless linked to hiring a new colleague and then this is limited to the first year of employment. This will only be paid out if Monument is considered to have a sound and strong capital base. Guaranteed variable remuneration such as sign-on bonuses are excluded from any future required calculation of the ratio between fixed and variable remuneration, where this is awarded in the context of hiring new staff. Guaranteed variable remuneration in this context is also disapplied from malus, clawback, and deferral rules.

14.2 Remuneration components

Remuneration is set to attract and retain the people needed for the bank to meets its strategic objectives. The remuneration for each employee consists of a package encompassing the following:

- Fixed pay to reflect relevant professional experience, organisational responsibility and market conditions. It includes a base salary, benefits and pension contributions.
- Variable pay awards are subject to the relevant determined criteria. At present as proportionality level three firm, Monument does not need to consider deferral but does so through the vesting of share awards. Monument will ensure a balance of fixed and variable remuneration with the parameters outlined with performance adjustment, malus and clawback options where appropriate. Fixed remuneration will represent a sufficiently high proportion of total remuneration to enable Monument's flexible approach to variable pay. Our performance appraisals and remuneration discussions and principles do not allow for rewarding failure.
- Other benefits include pension, healthcare and insurance

All NEDs receive a basic annual fee for fulfilling their duties as a Board member.

All firms are required to identify their MRTs regardless of size or remuneration proportionality. Monument has identified these to be all of the Executive Committee, SMF role holders and specific Certified Managers. Fixed pay includes pension and shares.

Remuneration 2021

MRT's	Fixed Pay	Variable Pay Bonus	Total
	£	£	£
Senior Management function	335,630	91,354	**426,984**
Executive Committee	2,495,815	145,200	**2,641,015**
Other	581,597	48,400	**629,997**

SMF = 4 employees
MRT = 17 employees

14.3 Share Based payments

Monument operates an equity-settled employee share option scheme, the first tranche of which was granted in August 2019. The vesting condition of the scheme requires staff to remain in employment over the contractual life of the options granted.

Share based payment for MRT's as of 31st December 2021

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the Beginning of the Year	21	96,377	21	96,377
Granted during the Year	59	66,063	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the Year	36	162,440	21	96,377

Weighted average remaining contractual life

	Years	Number of Options
2019 CSOP	0.65	96,377
2021 CSOP	3.16	66,063

Monument did not enter into any share-based payment transactions with parties other than employees during 2021 or 2020. Further details on share based payments can be found in the Annual Report and Accounts for 31st December 2022.

15. Appendices

1. CC1 - OWN FUNDS

Composition of Regulatory Capital		**2021** **£**
Common Equity Tier 1 capital: instruments and reserves		
Called up share capital and Share premium		59,733,522
Retained earnings	-	7,636,932
Accumulated other comprehensive income (and other reserves)	-	9,973,318
Common Equity Tier 1 capital before regulatory adjustments		**42,123,273**
Common Equity Tier 1 capital: regulatory adjustments		
Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	-	9,479,735
Total regulatory adjustments to Common Equity Tier 1 capital	**-**	**9,479,735**
Common Equity Tier 1 capital (CET1)		**32,643,538**
Additional Tier 1 capital: regulatory adjustments		
Total regulatory adjustments to additional Tier 1 capital		**-**
Additional Tier 1 capital (AT1)		**-**
Tier 1 capital (T1 = CET1 + AT1)		**32,643,538**
Tier 2 capital: instruments and provisions		**-**
Tier 2 capital before regulatory adjustments		**-**
Tier 2 capital: regulatory adjustments		
Total regulatory adjustments to Tier 2 capital		**-**
Tier 2 capital		**-**
Total regulatory capital (= Tier 1 + Tier2)		**32,643,538**
Total risk-weighted assets		**29,951,235**
Capital adequacy ratios and buffers		
Common Equity Tier 1 capital (as a percentage of risk-weighted assets)		**108.99%**
Tier 1 capital (as a percentage of risk-weighted assets)		**108.99%**
Total capital (as a percentage of risk-weighted assets)		**108.99%**
Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)		
Of which: capital conservation buffer requirement		**0.00%**
Of which: bank-specific countercyclical buffer requirement		**2.50%**
Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements		**100.99%**

**Minimum capital requirements are in relation to Pillar 1 only*

Institutions CET1 overall capital requirement (CET1 requirement in accordance with article 92.1(a) CRR, plus combined buffer requirement in accordance with Article 128.6 CRD) expressed as a percentage of RWA).

CET 1 available to meet buffers expressed as a percentage of RWA (Available CET 1, less CET 1 capital requirements in accordance with
Article 92.1(a) CRR and less any CET 1 items used to meet additional Tier 1 and Tier 2 capital requirements).

2. Leverage Ratio

Monument Bank calculates its Leverage Ratio as its Tier 1 Capital divided by the sum of its total exposures and expresses the result as a percentage in accordance with Article 429 of the CRR. The Bank's Leverage Ratio is comfortably above Regulatory minimum of 3.00% and the Bank monitors a forward-looking view on its Leverage Ratio as part of the forecast planning process. The Bank will maintain a Leverage Ratio well in excess of the regulatory minimum for the foreseeable future.

Firms are required to have policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. As the Bank does not have any (other) assets or off-balance sheet items (e.g. derivatives, guarantees etc.), the risk of excessive leverage is deemed immaterial. Note, our leverage ratio does not fall below 14% in the base case and below 5% in our most severe stress.

Item		**2021** **CRR leverage Ratio Exposure** **£**
1	On-balance sheet items (excluding derivatives, SFT's and fiduciary assets, but including collateral)	45,557,014
2	Asset amounts deducted in determining Tier 1 capital	-9,479,735
3	Total on-balance sheet exposures (excluding derivatives, SFT's and fiduciary assets)	36,077,278
4	Off-balance sheet items, derivatives, SFTs and trading book	-
	Capital and total exposures	
5	Tier 1 capital	32,643,538
6	Leverage ratio total exposure measure	36,077,278
	Leverage ratio	
7	Leverage ratio – transitional definition of Tier 1 capital	90.48%
8	Leverage ratio – fully phased-in definition of Tier 1 capital	90.48%
9	Choice on transitional arrangements for the definition of the capital measure	Fully phased in

3. Overview of risk-weighted assets (RWA)

	2021	
Standardised Approach Exposure Classes	**Risk Weighted Assets**	**Capital Requirements**
	£	**£**
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral Development Banks	-	-
International Organisations	-	-
Institutions	3,322,447	265,796
Corporates	1,455,220	116,418
Retail	-	-
Secured by mortgages on immovable property	265,680	21,254
Exposures in default	-	-
Items associated with particular high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-
Collective investments undertakings (CIU)	-	-
Equity	-	-
Other items	1,129,857	90,389
Total Credit Risk	**6,173,204**	**493,856**
Operational Risk - Basic Indicator Approach	**23,778,032**	**1,902,243**
Total Pillar 1 Risk Weighted Assets / Capital Requirement	**29,951,235**	**2,396,099**

4. Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) - eligible instruments

Item	**Capital instruments main features**	**CET1**
1	Issuer	Monument Bank
2	Unique identifier	LEI: 213800OLF8OE1I3HVY91
3	Governing law(s) of the instrument	English law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1
5	Post transitional CRR rules	CET1
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	£0.03m
9	Par value of instrument	0.01
10	Accounting classification	Shareholders Equity
11	Original date of issuance	18 Aug 2017 - £0 7 Nov 2018 - 9,999 23 May 19 - 2,540 6 Nov 2019 - 444 19 Dec 2019 - 117 21 Sep 2020 - 1,166 5 Oct 2020 - 1,904 12 Oct 2020 - (25) 13 Nov 2020 - 209 23 Feb 2021 - 5,136 25 Oct 2021 - 3,987 31 Dec 2021 - 253 Total shares December 2021 - 2,573,107; Total value December 2021 - £0.03m
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	Not Applicable

5. Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements
	As at period end 31 Dec
	2021
	£
Assets	
Cash and balances at central banks	23,888,337
Financial investments - held to maturity	10,300,000
Loans and advances to customers	759,085
Prepayments, accrued income and other assets	989,827
Goodwill and intangible assets	9,479,735
Of which: goodwill	
Of which: other intangibles (excluding MSR)	9,479,735
Of which: MSR	
Property, plant and equipment	140,030
Total assets	**45,557,014**
Liabilities	
Customer accounts	2,093,036
Accruals, deferred income and other liabilities	1,340,704
Total liabilities	**3,433,741**
Shareholders' equity	
Paid-in share capital	59,733,522
Of which: amount eligible for CET1 capital	59,733,522
Of which: amount eligible for AT1 capital	
Retained earnings	(7,636,932)
Accumulated other comprehensive income	(9,973,318)
Total shareholders' equity	**42,123,273**

	2021 £
Common Equity Tier 1 capital: instruments and reserves	
Called up share capital and Share premium	59,733,522
Retained earnings	7,636,932
Accumulated other comprehensive income (and other reserves)	9,973,318
Common Equity Tier 1 capital before regulatory adjustments	**42,123,273**

6. Changes to Equity

	Called Up Share Capital	Share Premium	Shares To Be Issued	Retained Earnings	Totals
	£	£	£	£	£
Balance at 1 January 2020	13,099	6,928,158	1,499,595	(2,862,666)	5,578,186
Changes in Equity					
Loss for the Year				- 5,735,001	- 5,735,001
Employee Share Scheme Charge				347,175	347,175
Issue of Share Capital	3,255	11,468,912	- 1,499,595		9,972,572
Shares Issued - Not Allotted			15,034,157		15,034,157
Balance at 31 December 2020	16,354	18,397,070	15,034,157	- 8,250,492	25,197,089
Changes in Equity					
Loss for the Year				- 9,973,318	- 9,973,318
Employee Share Scheme Charge				613,560	613,560
Issue of Share Capital	9,376	40,585,906	- 15,034,157		25,561,125
Shares Issued - Not Allotted			724,816		724,816
Balance at 31 December 2021	25,730	58,982,976	724,816	- 17,610,249	42,123,273