MONUMENT

Monument Bank Limited

Financial Statements for the Year Ended 31 December 2021

Company registration number: 10921940

Contents of the Financial Statements
for the Year Ended 31 December 2021

DIRECTORS:	M Bhandari (resigned 9 March 2022) V Gupta N S K Booker S M Friedlos M Hagerty J A Likierman F A Pollard I D Evans (appointed 28 January 2021) M Rajaram (appointed 12 August 2021) I Rand (appointed 9 March 2022)
REGISTERED OFFICE:	33 Cavendish Square London W1G 0PW
REGISTERED NUMBER:	10921940 (England and Wales)
INDEPENDENT AUDITOR:	BDO LLP 55 Baker Street London W1U 7EU

The Directors present their Strategic Report on Monument Bank (the 'Company', 'Bank' or 'Monument') for the year ended 31 December 2021.

On 4 November 2021 Monument received its full Banking Licence following approval from the UK regulators (the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA)) to exit mobilisation.

OUR BUSINESS
Monument was founded to meet the needs of the mass-affluent community, one of the most overlooked segments in the UK banking market today. This poorly served community of circa 4.8m people deserves far more than they currently experience from their existing banks. These people work hard for their success and appreciate everything it enables them to do and become. Their loyalty is taken for granted rather than rewarded. Until now, they rarely receive the service they deserve, particularly as they tend to have little time to devote to their banking needs.

Having received our licence in November, Monument started taking deposits on 6 December 2021, and lending on 22 December 2021. Consequently, by the end of this reporting period on 31 December there was minimal growth in our balance sheet.

STRATEGY
The mass-affluent community is a highly valuable, growing and yet neglected segment. Legacy technology, increasing cost income ratios and regulatory change has meant that private banks have shifted their focus to high/ultra-high net worth individuals. At the same time, the ‘premier' banks have only been able to offer a very limited service proposition and products that do not address what the mass-affluent want or need. As a result, this community has been orphaned and forced to endure poor levels of service.

Our strategy focuses on delivering exceptional levels of service that cater to a time-poor, aspirational community who want to build their legacy. Their success is not bought, it is built. Our differentiation will be delivered through:

- Our focus: focusing everything we do on the needs of our target segment and building the Monument community.
- Our technology: leveraging best-in-class, cloud-based, microservices architecture to bring new digital experiences and innovative offerings.
- Our unrivalled service: All based on one belief - our client's time is more valuable than our own.

THE MONUMENT TEAM
To build a world class banking institution, we have assembled a driven, diverse Board & Management Team to lead, grow and manage the business.

BOARD MEMBERS

Niall Booker - Chairman
With a very successful career of over 35 years in banking, Niall brings a wealth of wisdom, knowledge and experience to Monument. He was the CEO who led the turnaround of The Co-operative Bank and prior to that was Group Managing Director at HSBC and CEO of HSBC North America during the period when HSBC managed its exit from Household International and rebuilt its relationship with US Regulators. Niall is also the Chairman of the College Council at Glenalmond College and a NED at Non-Standard Finance.

Niall was educated at Glenalmond College and at Gonville and Caius College, Cambridge.

Ian Rand – Chief Executive Office (appointed to the Board on 9 March 2022)
Ian has worked in finance for over 20 years, most recently leading Business Banking at Barclays, and during his career has developed 2 passions – for clients, and the technology that helps them fulfil their ambitions.

Vikash Gupta - Non-Executive Director
As a co-founder of Monument bank, Vikash brings a diverse range of knowledge and experience. He has significant experience with affluent clients, technology and entrepreneurship.

He is the CEO of VAR Capital, a multi-family office in London, focused on investment management and lending.

Prior to that, he spent 7 years at Barclays Wealth in the UK. He has also held roles at Booz & Company and at Sapient as a technologist.

Vikash is involved in several philanthropic projects, including a previous board membership of Spirit of 2012, a not-for-profit organisation set up to keep the spirit of the London 2012 Olympic Games alive.

Fiona Pollard - Remuneration and Nomination Chair
Fiona has a varied portfolio of Non-Executive Director roles including Melton Mowbray Building Society, Nexa Finance, and Visit England. She also runs her own business and property development company. In her banking career, Fiona worked for Barclays, Daiwa Europe Bank, NatWest Capital Markets, and most recently, Goldman Sachs.

She was on the Board of SEEDA with responsibility for Business and Tourism as well as being a founder member of the Kent Tourism Alliance, Chair of KM Radio, and one of the Trustees behind the building of the Turner Contemporary Art Gallery in Margate.

Sir Andrew Likierman - Audit Chair
A London Business School professor and former Dean, his past non-executive directorships include the Bank of England and Barclays plc.

Andrew has won the Sunday Times award for Non-Executive Director of the Year in the public/not for profit sector and is currently also a Director of Clinuvel Phamaceuticals Ltd

Martin Hagerty - Risk Chair
Martin held senior roles at a variety of large institutions as well as a number of recent Fintechs. He was the CRO at HSBC for the retail bank in Europe and latterly for Latin America and held similar roles at Marks & Spencer Money, MBNA, and Standard Chartered Bank. He was also the Chair of the Risk Committee for Chetwood Financial and helped Equifax go through the FCA Authorisation process following changes in the UK consumer credit regulations.

Martin was a NED at Oakbrook Finance until February 2021, and was Chairman of Castlight Financial until recently, when it was acquired by Experian. Martin is currently an advisor to fintechs, Dashly plc and Apari plc.

Steve Friedlos - Technology Non-Executive Director
Steve brings 30+ years of technology management experience to our Board. He has held CIO positions across investment banks, private banks, brokers and other financial services firms and has led the delivery of complex technology implementations and transformations.

Most recently Steve has been CIO at Bupa UK. Prior to that he was CIO and subsequently COO at The Co-operative Bank plc where he led a successful technology migration and was a key member of the Executive team which turned the Bank around.

Iestyn Evans - CFO (appointed to the Board on 28 January 2021)
Iestyn brings 20 years of diverse experience in Financial Services. Having started his career at Lloyds, he joined us from Target Group, where he held CFO and interim CEO positions. He was previously a partner and Group Finance Director at Omni Partners and Amicus Finance, and interim CFO and COO at Cambridge & Counties Bank. Iestyn was appointed as a NED at the Development Bank of Wales in March 2022.

Iestyn holds a BA in History from Aberystwyth University, an MBA from the University of Warwick Business School and is a qualified accountant.

Murugiah Rajaram – Non-Executive Director (appointed to the Board on 12 August 2021)
Murugiah started his professional career as a litigator in criminal and civil proceedings. In 1980, Murugiah was admitted to the Supreme Court of Singapore. He is a Fellow of the Singapore Institute of Arbitrators (FSIArb) and the Chartered Institute of Arbitrators (FCIArb).

M Rajaram received his training in mediation at the Singapore Mediation Centre and Harvard Law School.

MANAGEMENT TEAM

Steve Britain - Chief Operating Officer
With 30+ years in Financial Services, Steve has built, led and transformed businesses at HSBC, The Co-operative Bank and the fintech, 10x Future Technologies. He is also the Chair at Which? Financial Services. Having created HSBC Premier in the UK over 20 years ago, he readily identifies with, understands and is obsessed with serving our community.

Steve holds an MA in Economics from the University of Cambridge.

Mintoo Bhandari - Founder & Chief Global Corporate Development Officer
Mintoo spent most of his career as an investor, building teams, and developing forward thinking institutions. He left Apollo Global Management after nearly 12 years as a Senior Partner and Managing Director, working in New York, London and then successfully setting them up in India. He has also worked at the world's largest university endowment (Harvard University) as an investor and served on the boards of more than 20 companies across three continents.

Mintoo graduated from MIT with a S.B. in Mechanical Engineering and earned his MBA at Harvard.

John Saunders - Chief Commercial Officer
John has spent over 20 years in Private Banking. Having held senior roles at Coutts, Deutsche, Barclays Wealth and UBS, he has deep knowledge and experience of client service.

John holds an MA in Law from the University of Cambridge and is a qualified solicitor.

Wasim Khouri - Chief Strategy Officer
Wasim focuses on two elements as the Chief Strategic Officer: a client-first approach and the use of modern technology to deliver our strategy. Prior to joining, he spent most of his career at McKinsey working with clients on strategy, revenue growth management and large digital transformations, specialising in consumer-centric organisations and the use of data science.

Wasim holds a MEng in Electrical and Electronic Engineering from Imperial College, London.

Nihar Mehta - Chief Corporate Development Officer
Nihar brings deep experience of building and growing banks. He has interacted with many of the new UK entrants as either a regulator, advisor or investor. As a regulator (FSA and then PRA/FCA), he managed the ‘Change in Control’ team and was responsible for approving several high-profile new bank entrants, after which he was hired to grow PwC's Bank start-up team, making it a market leading practice.

Nihar holds an MSc in Finance with Distinction from the University of Strathclyde and a BSc in Finance from Pennsylvania State University.

Feike Brouwers - Chief Risk Officer
Feike has over 20 years of experience in retail banking with CRO roles at Kensington Mortgages, Tesco Bank, the Coventry Building Society and as CFO at ING Direct UK and ING Direct France. Feike is also an advisor with Cyber Rescue Alliance, a cyber security consulting firm.

Feike is a Dutch Chartered Accountant and holds a MSc in Economics from Vrije Universiteit Amsterdam and an MBA from William E Simon Business School in Rochester (NY). He is also Certified in Risk and Information Systems Controls (CRISC) by ISACA.

Simon Coles – General Counsel
Simon spent over 20 years advising financial services and banking clients both in-house and in private practice. Simon has been General Counsel at a number of financial services technology providers, including MarketFinance and Capital on Tap and was a partner at both TLT and Fieldfisher.

Simon holds an MA in Law from the University of Cambridge and is a qualified solicitor.

Dominique Ogilvie – Chief People Officer
Dominique brings 20+ years of financial services and regulated market experience as HR Director from ING Direct UK, Friends Life, Aviva and Entain. She has led some of the largest FTSE100 transformations in the City in recent years and has a passion for driving change and building high performing teams. She champions our people and drives the strategic agenda to ensure we value our people as much as our clients.

Dominique graduated with a BA Hons from Brunel University specialising in Economics and International Finance.

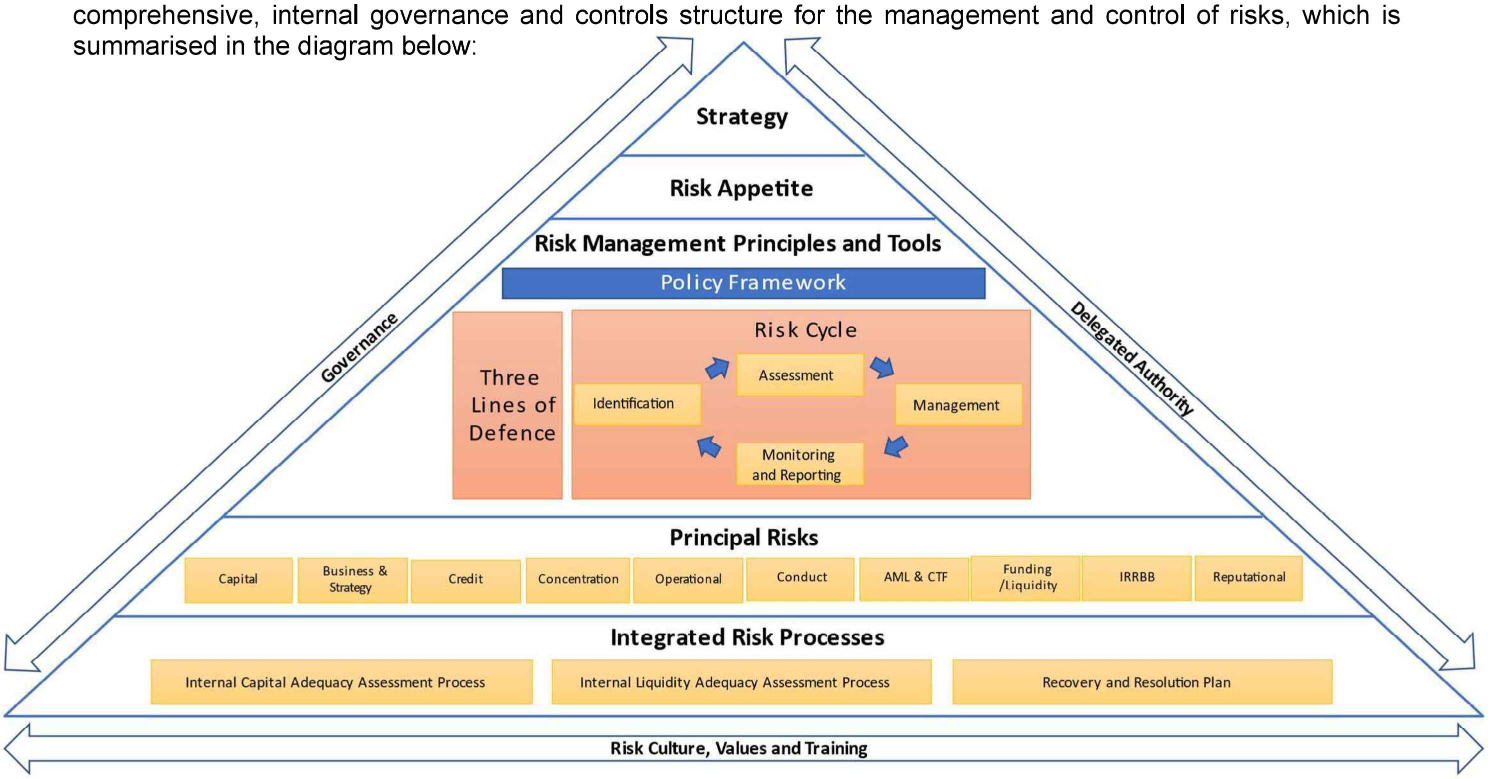
PRINCIPAL RISKS AND UNCERTAINTIES

The Risk Management Framework
Monument maintains 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.

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, whilst the second line is the Risk and Compliance function, and third line is Internal Audit (currently outsourced). 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 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. 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.

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 or we are unable to raise the capital required to support our business growth. This risk is managed directly by the ExCo reporting to the Board and the primary owner is the CEO.

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;
- Changes in business performance against targets;
- Competitor Activity;
- New Products; and
- Regulatory Change.

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

Credit Risk and Concentration 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 in terms of the security required. Concentration Risk is a specific type of credit risk which arises as a result of a large loss arising from a lack of diversification of the loan book. This could relate to a single counterparty, connected counterparties, geographic concentration and/or sector concentration. At the end of this reporting period, Monument does not consider there to be any material credit risk in its balance sheet, due to the low LTV on current lending. Concentration risk will be monitored as the banking book grows.

Operational Risk
This 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).

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.

Anti-Money Laundering (AML) & Counter Terrorist Financing (CTF) Risk
There is a risk that the Bank may be used to process funds from illegal sources, 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.

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. Given the size of the balance sheet at the end of the reporting period, the current funding/liquidity risk is minimal.

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 the size of the balance sheet at the end of the reporting period, the risk is currently minimal.

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 sanction, lost revenue, increased costs, and depletion in shareholder value. This may occur because of some of the above risks. The Bank will seek 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.

FINANCIAL REVIEW

Monument spent the majority of the year in the 'Authorisation with Restriction' phase of the mobilisation journey to launch the Bank, hence was largely incurring build costs as we set up the business.

Having received our full Banking Licence on 4 November, Monument started taking deposits on 6 December 2021 and originated our first Loan on 22 December 2021.

As such, the results for the business, as set out on page 23, show, as expected, a loss for the financial year of £9,973,318. The comparative loss for year ended 31 December 2020 was £5,735,001.

In building the Bank, we have had success in raising capital to date, with investors sharing and supporting our vision to create value in the mass affluent segment.

KEY PEFORMANCE INDICATORS (KPI's)

The Board monitors the progress of the Bank by reference to the following KPI's:

	2021	**2020**
Common Equity Tier 1 (CET1) capital	£32,643,538	£23,895,804
Cash	£23,888,337	£25,112,989
Total capital ratio (TCR)	529%	359%
Deposit to loans ratio	275%	N/A

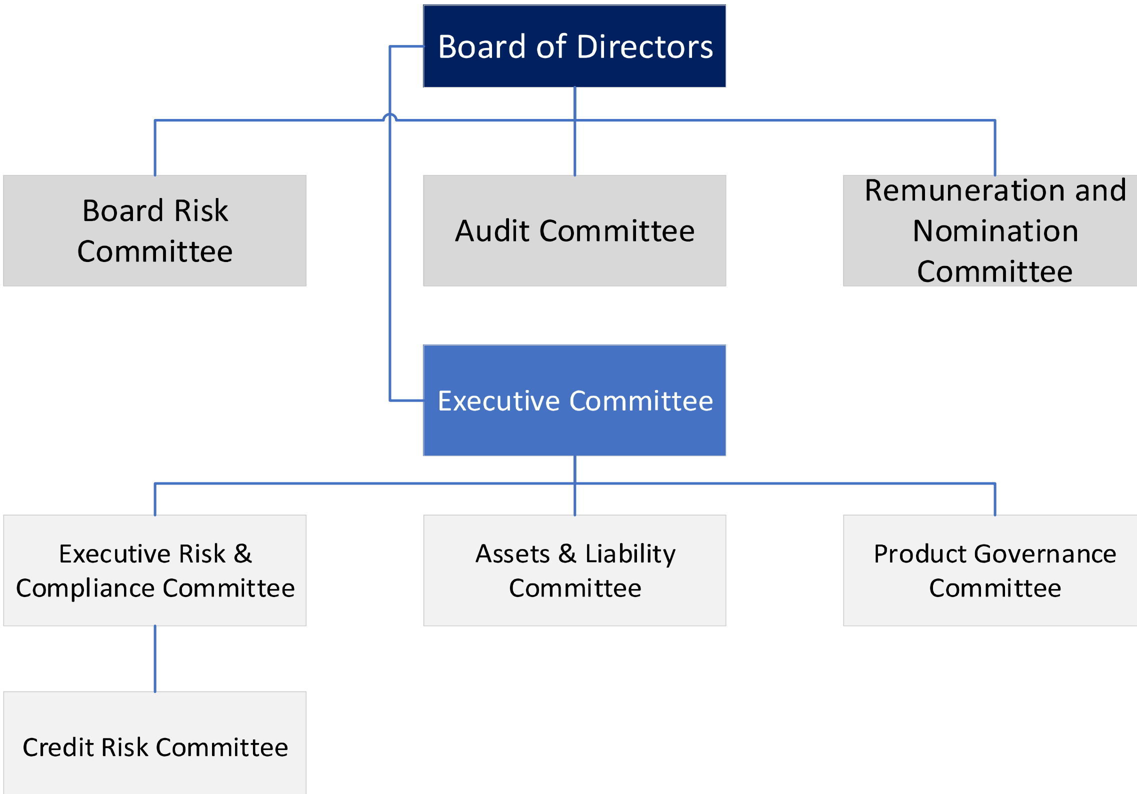
The Banks non-financial KPI's will come online as trading fully commences in 2022.

FUTURE DEVELOPMENTS

The Bank will continue to build on the strong foundations that have been put in place and will continue to build the Banking Book sustainably, whilst continuing to invest in its technology platform.

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. We have created a governance structure as follows:



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
- 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 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 recommending them to the 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 is responsible for the management and monitoring of risk management and compliance matters throughout the business, escalating issues as required to the Executive Committee and the Board Risk Committee.

The Credit Risk Committee

Within Board delegated authority levels, the Credit Risk Committee 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 approval. The Credit Risk Committee reviews credit performance across the credit portfolios, including a review of actual and estimated impairment provisioning and write-offs. The Credit Risk Committee reviews and approves all special cases as stated within the Credit Policy.

The Asset and Liability Committee

The Asset and Liability Committee 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 the company's strategy and risk appetite.

The Product Governance Committee

The Product Governance Committee 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 the Executive Committee where issues are identified.
- Ensuring that products are constructed for the benefit of clients

S. 172 STATEMENT

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the Directors' statement required under section 414CZA, of The Companies Act 2006.

The Directors consider that they have, in good faith, promoted the success of the Company for the benefit of its members, and in doing so, have regard (amongst other matters) to:

Long-term decisions

Monument is a long-term investment by its shareholders, and the management team of the Bank respect this in making assessments of the opportunities to deliver long-term commercial success. In doing so, the Bank appropriately balances the needs of all clients, shareholders, employees, regulators and other parties. Long-term strategic decision-making is conducted in a transparent fashion, with the full engagement of the Board and its sub-committees. Investment decisions are made in a considered and controlled fashion and the need to comply, at all times, with Prudential and Conduct Regulations.

Employees

Monument appreciates that our people are at the core of our strong foundations. With a growing team, we have successfully navigated the challenges of building a bank through a global pandemic and continued to thrive. Our technology, culture and ways of working have enabled us to build through the strength of our collaboration and teamwork. Our vision and values sit at the heart of all we do to ensure we are all aligned in putting our clients front and centre while acting with integrity and attentiveness, being innovative and creating a community for our clients and our colleagues. Diversity is inherent in our teams and our growth, truly reflecting who we are and who we represent, in an open and honest environment that enables all colleagues to bring their true selves to work every day. Monument’s innovative scope encourages growth and opportunities for all and our flexible approach to remuneration and development supports this. Our remuneration packages are externally benchmarked and then further built upon to support our colleagues. We do this through supporting both physical and mental health, as well as families and external interests, making Monument a place, our colleagues are proud to be a part of with a true sense of purpose.

Business relationships with suppliers, clients and others

As a bank set up to meet the needs of underserved segments of clients, we understand that long-term success is only possible with a business model that places the client at the heart of our business model, and therefore client experience and the ability to provide excellent service are critical to Board decisions. As we build our model, we have actively engaged our founder members in the design of our proposition, to ensure that we meet needs consistently, with a high level of service, and in a fair and transparent manner. The Board and Management team are aligned on this view, and we consistently focus on providing that experience.

As a SaaS business, we work in co-operation with our suppliers to provide the client experience and functionality to launch in our chosen segment. As key partners in our business, we believe that dealing with suppliers in the right way is the right thing to do.

In order to create the best business model, create the best value for clients in terms of price, quality and social impact, we aim to build deep, collaborative relationships with our suppliers to enable them to understand the environment in which we operate so that they can partner with us effectively. This also allows us to understand one of our priorities in understanding the emerging need for supplier risk and operational resilience in our supply chain.

Community and environment

Our vision is to build a financial experience and a community that creates more worth in the world. At Monument, we believe we can only achieve this by taking care of our community, colleagues and our environment. And our digital first strategy takes us a long way, enabling us to deliver superior client service with limited travel.

Our corporate social responsibility strategy continues to evolve and grow with us. We are committing to supporting charitable causes, seeking input from a wide range of colleagues and clients to support the causes that matter the most to our teams and communities.

During the year, the Bank established a climate change working group and is in the process of obtaining its ISO 14001:2015 certification.

Business conduct

The Board recognises the value of creating a reputation for high business standards, which is key in the highly regulated banking environment in which the Bank operates. The Board considers this a business conduct issue and discharges oversight of this principally through the governance structures and delegation of authority to the executive management of the Bank. Under the corporate governance framework of the Bank, business conduct matters are addressed through several activities. These include:

- The development of the Bank's strategy and business plan
- The monitoring of executive action relating to the business model creation
- The review and approval of client policies, including product design, process design and client interfaces
- Satisfying itself that emerging and principal risks are identified and understood; and that systems of risk management are being created to cover principal risks around culture, conduct and compliance, and that controls are in place to detect, prevent and mitigate key risks from the Bank's business activities
- The oversight of creating key frameworks and structures which promote high business standards, including culture and conduct risk management

Additionally, the Bank has a series of values to which staff are expected to adhere, and which drive behaviours, promulgating high standards of business conduct.

For further detail on the Bank's corporate governance structures, refer to the Corporate Governance Report within the Strategic Report.

Interaction between stakeholders

The Board acts to deliver fair outcomes for all stakeholders. As an example, the Bank allows membership from key shareholders on the Board, allowing a significant breadth of experience and judgement to be brought to bear in the creation of Monument Bank.

On behalf of the Board:

DocuSigned by:
Mall Booker
273E529873A949A...
....
N S K Booker - Director

Date: 27-Apr-22

The Directors present their report with the Financial Statements of the Company for the year ended 31 December 2021.

PRINCIPAL ACTIVITY
The principal activity of the Company in the year under review was that of banking services.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)
Pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the Bank Qualifies as a 'Low energy user' having utilised less than the 40Mwh qualifying energy threshold in the UK (including offshore areas) during the year.

During the year, the Bank utilised 30Mwh of energy.

During the year, the Bank established a climate change working group and is in the process of obtaining its ISO 14001:2015 certification.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2021 (2020: £nil).

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

QUALIFYING THIRD PARTY INDEMNITY INSURANCE
The Bank has arranged qualifying third-party indemnity insurance for all its directors.

DIRECTORS
The directors shown below have held office during the whole of the period from 1st January 2021 to the date of this report.

V Gupta
N S K Booker
S M Friedlos
M Hagerty
J A Likierman
F A Pollard

Other changes in directors holding office are as follows:

I D Evans was appointed as a director on 28 January 2021.
M Rajaram was appointed as a director on 12 August 2021.
I Rand was appointed as a director on 9 March 2022.
M Bhandari resigned as a director on 9 March 2022.

GOING CONCERN
Companies are required to adopt the going concern basis of accounting, except in circumstances where the directors determine at the date of approval of the financial statements either that they intend to liquidate the entity, or to cease trading, or have no realistic alternative to liquidation or cessation of operations.

The Board has assessed the appropriateness of the going concern basis of accounting when preparing the financial statements in accordance with accounting standards and guidance from the Financial Reporting Council ('FRC'). As part of that assessment, the Directors have considered whether there are any material uncertainties relating to events or conditions (other than those with a remote probability of occurring) that may cast significant doubt upon the continuing use of the going concern basis of accounting in the period 12 months from the date of approval of the financial statements, and the associated requirements to disclose these.

A material uncertainty is one relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern and that may, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The assessment below analyses the uncertainties facing the Bank.

In performing this assessment, the Directors have considered all available information about the future, the realistically possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the Directors.

During their assessment of the Bank's ability to continue as a going concern the Directors considered a broad range of information and scenarios, including the medium-term business plan, ability to raise capital, the economic recovery from Covid-19 and the potential impact on the wider global economy from the Russia/Ukraine conflict.

Below we have detailed the material uncertainty which the Directors have considered to be present in the going concern assumption of the Bank.

Regulatory Capital Requirements

The Bank will require access to further capital in the period 12 months from the date of approval of the financial statements to fund its ongoing operations and to enact its growth plans whilst meeting its regulatory capital requirements.

If the Bank cannot obtain further capital either from its existing shareholders or from third parties, it would potentially need to cease trading.

As well as assessing the Bank's capital requirements on a base case scenario, the Board has also considered the risks to the base case assessment.

The Directors acknowledge the risks involved in placing reliance on the receipt of future equity and the future actions of the Bank should additional equity not be received, and these have also been evaluated by the Directors.

However, an inherent risk of a new bank is that it may not be able to raise sufficient regulatory capital to meet its business plan and, at worst, to continue as an authorised institution.

As a result, the Board has concluded that, although the Bank is likely to secure the commitment of further equity from both existing and new investors, there remains a material uncertainty regarding its ability to source further additional equity during and beyond the period 12 months from the date of approval of the financial statements.

Specifically, future equity capital is not guaranteed, and the Bank is still at risk that the required capital may not be obtained from the wider market. Should future equity raises be unsuccessful, the Directors will need to consider all necessary actions.

However, the Directors remain confident that the Bank can raise the necessary capital and deliver the business plan. Therefore, the financial statements don't include any adjustments that would result if the Company was unable to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment by the shareholders via a shareholder resolution.

On behalf of the Board:

DocuSigned by:
Mall Booker
.....273E529873A949A.................................
N S K Booker - Director

Date: 27-Apr-22

Independent auditor's report to the members of Monument Bank Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Monument Bank Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of directors on 4 January 2021 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 2 years covering the years ended 31 December 2020 and 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by that standard were not provided to the Company.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial statements, which indicates that the ability of the company to continue as a going concern is dependent on further capital injections from its investors which is not guaranteed.

As stated in Note 2 these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above, we considered going concern to be a key audit matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Obtaining the Director's assessment of their going concern board paper and challenging the Director's assumptions and judgements made with regards to their forecast for the period during and beyond the period 12 months from the date of approval of the financial statements.
- . We have challenged this in light of our understanding of the Company's strategy and assessment of the impact of various stress scenarios;
- Reviewing the Director's forecasted position against capital requirements to evaluate the reasonability of the Director's assessment of minimum capital injections required and the point at which they would be required and;
- Reviewing the capital raise and lending pipeline against the Bank's actual performance for the year to date to assess for reasonability of the capital raise plan;
- In understanding the capital and liquidity of the Bank, we have reviewed the ICAAP, ILAAP and capital adequacy ratio with the help of our regulatory specialists. We have used this understanding to assess the Directors' capital and liquidity position and their ability to remain compliant with the required regulatory requirements.
- Reviewing the capital requirements and ensuring they are within the regulatory limits; and
- Enquiring with the Directors and assessing the continued economic impact of COVID-19, Brexit and developments in Ukraine on the business and whether the impact thereof has been adequately factored into their assessment of going concern.

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

Overview

Key audit matter		2021	2020
	Capitalisation of intangible assets	✓	✓
	Going Concern	✓	✓
Materiality	£124,000 based on 1.25% of Expenses (2020: £55,000 based on 1% of Expenses)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Intangible asset recognition and assessment for impairment

Note 2.4 (accounting policy: page 29) and note 16.</td><td>The capitalisation of software development expenses in respect of internally generated software is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

There is a risk that the software development expenses which include staff costs, are not capitalised in accordance with the accounting framework.

Management are required to assess whether capitalised assets are impaired. There is a risk that the impairment assessment is incomplete, due to the judgement involved.

Therefore, this was considered to be key audit matter</td><td>We tested a sample of third party software development expenses capitalised. For the sample tested, we assessed whether the costs capitalised met the capitalisation requirements of the accounting framework.

For staff costs, we performed audit procedures to confirm the existence and accuracy of payroll costs for the relevant employees through agreeing to payroll records, payment to bank statements and to signed employment contracts. We also obtained time analysis to support that the percentage of costs capitalised was in line with the actual time spent on the projects. For the sample tested, we assessed whether the costs capitalised met the capitalisation requirements of the accounting framework.

We reviewed the listing of purchases of intangible assets and agreed to supporting documentation to check the existence and accuracy of these at year end. We have considered the completeness of purchases of intangible assets through testing of post year end transactions.

For all development expenditure incurred, we considered the reasonableness of management's assessment of whether future economic benefits attributable to the capitalised software development costs will flow to the company, based on future business strategy and forecasts.

We have independently assessed whether there were any indicators of impairment of the intangible assets, in giving consideration to the indicators per the accounting framework and their applicability to the assets, in order to consider reasonability of management's judgement.

Key observations:

Based on the work performed, we consider development costs to have been appropriately capitalised and management's judgements regarding the absence of impairment to be reasonable.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2021	2020
Materiality	£124,000	£55,000
Basis for determining materiality	1.25% of Expenditure	1% of Expenditure
Rationale for the benchmark applied	The bank only commenced trading in the last month of the current year end and as such, the level of expenses of the business is a key metric for the users of the financial statements. The focus of stakeholders as the company develops its banking operations.	The focus of stakeholders as the company prepares for exit of mobilisation phase.
Performance materiality	£80,600	£35,700
Basis for determining performance materiality	65% of materiality	65% of materiality
Rationale for the benchmark applied	This level was selected on the basis of our risk assessment in light of the expected total value of known and likely misstatements given this being the Bank's first year of trading operations.	This level was selected on the basis of our risk assessment and expected total value of known and likely misstatements in consideration of the Bank in its mobilisation period.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £2,300 (2020: £1,100). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the, Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") regulations, pension and tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and in relation to accounting estimates such as the capitalisation of intangible assets as noted in the key audit matters section above.

We also focused on laws and regulations that could give rise to a material misstatement in the company financial statements.

Our tests included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, internal audit and the audit committee about compliance with relevant laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority for indication of any non-compliance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- in addressing the risk of fraud in accounting estimates, the procedures performed in the key audit matters section of our report, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- obtaining an understanding of the control environment that the Company has in place for monitoring compliance with laws and regulations.

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

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

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

Use of our report

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

DocuSigned by:

3A3C0AA9DC9943D...

Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU
27 April 2022

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

Statement of Total Comprehensive Income for the Year Ended 31 December 2021

	Notes	2021 £	2020 £
Interest receivable and similar income	4	730	8,260
Interest payable and similar charges	5	(1,102)	-
Net interest (expense)/income		**(372)**	**8,260**
Administrative expenses		(9,970,282)	(5,743,261)
Impairment charge on loans and advances	14	(2,664)	-
Operating loss before taxation	6	**(9,973,318)**	**(5,735,001)**
Tax on loss	9	-	-
Loss for the financial year		**(9,973,318)**	**(5,735,001)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(9,973,318)**	**(5,735,001)**

The above results are derived wholly from continuing activities.

The notes on pages 27 to 45 form part of these financial statement

Statement of Financial Position
31 December 2021

	Notes	2021	2020
Assets		£	£
Cash and balances with banks	11	23,888,337	25,112,989
Financial investments - held to maturity	12	10,300,000	-
Loans and advances to customers	13	759,085	-
Other assets	14	989,827	301,406
Tangible fixed assets	15	140,030	28,978
Intangible fixed assets	16	9,479,735	1,301,285
Total Assets		**45,557,014**	**26,744,658**
Liabilities			
Customer Deposits	17	2,093,036	-
Other liabilities and accruals	18	1,340,705	1,547,569
Total Liabilities		**3,433,741**	**1,547,569**
Equity			
Called up share capital	19	25,730	16,354
Share premium reserve		58,982,976	18,397,070
Shares to be issued		724,816	15,034,157
Accumulated losses		(17,610,249)	(8,250,492)
Total Equity		**42,123,273**	**25,197,089**
Total Liabilities and equity		**45,557,014**	**26,744,658**

The notes on pages 27 to 45 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2022 and were signed on its behalf by:

DocuSigned by:
Iestyn Evans
0F337F544DA446D... 27-Apr-22
I D Evans - Director

DocuSigned by:
Mall Booker
273E529873A949A... 27-Apr-22
N S K Booker - Director

Statement of Changes in Equity
31 December 2021

	Called Up Share Capital	Share Premium	Shares To Be Issued	Accumulated losses	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 to be issued	-	-	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	-	-	-	613,561	613,561
Issue of Share Capital	9,376	40,585,906	(15,034,157)	-	25,561,125
Shares to be issued	-	-	724,816	-	724,816
Balance at 31 December 2021	**25,730**	**58,982,976**	**724,816**	**(17,610,249)**	**42,123,273**

The notes on pages 27 to 45 form part of these financial statements

	2021	2020
	£	£
Cash flows from operating activities		
Loss for the financial year	(9,973,318)	(5,735,001)
Adjustments for non-cash items:		
Amortisation charges	128,659	-
Depreciation charges	28,517	11,655
Impairment charge on loans and advances to customers	2,664	-
Employee share scheme charge	613,561	347,175
Net changes in operating assets and liabilities		
(Increase) in loans and advances to customers	(761,749)	-
Increase in customer deposits	2,093,036	-
(Increase) in other assets	(688,421)	(182,842)
(Decrease)/increase in other liabilities	(206,864)	1,488,636
Net cash used in operating activities	**(8,763,915)**	**(4,070,377)**
Cash flows from investing activities		
Expenditure on internally generated intangible assets	(8,307,109)	(1,301,285)
Purchase of tangible fixed assets	(139,569)	(28,620)
Purchase of financial investments	(10,300,000)	-
Net cash used in investing activities	**(18,746,678)**	**(1,329,905)**
Cash flows from financing activities		
Share issuance	25,561,125	9,972,573
Cash inflows from shares to be issued	724,816	15,034,157
Net cash from financing activities	**26,285,941**	**25,006,730**
(Decrease)/Increase in cash and cash equivalents	**(1,224,652)**	**19,606,448**
Cash and cash equivalents at beginning of year	**25,112,989**	**5,506,541**
Cash and cash equivalents at end of year (note 11)	**23,888,337**	**25,112,989**

Contained within cash flow movement is £730 (2020: £8,260) of interest received and £1,102 (2020: £nil) of interest paid.

The notes on pages 27 to 45 form part of these financial statements

1. **Statutory information**

Monument Bank Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The principal activity of the company is that of a Bank.

2. Accounting policies

2.1 Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 ("FRS 102") in conjunction with IAS 39 'Financial Instruments: Recognition and Measurement' (via the option in FRS 102 para 11.2 (b)).

The presentation currency of these financial statements is sterling. All amounts in the annual accounts have been rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these annual accounts.

Going Concern

The financial statements have been prepared on the going concern basis.

The Board has assessed the appropriateness of the going concern basis of accounting when preparing the financial statements in accordance with accounting standards and guidance from the Financial Reporting Council ('FRC'). As part of that assessment, the Directors have considered whether there are any material uncertainties relating to events or conditions (other than those with a remote probability of occurring) that may cast significant doubt upon the continuing use of the going concern basis of accounting in the period 12 months from the date of approval of the financial statements, and the associated requirements to disclose these.

A material uncertainty is one relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern and that may, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The assessment below analyses the uncertainties facing the Bank.

In performing this assessment, the Directors have considered all available information about the future, the realistically possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the Directors.

During their assessment of the Bank's ability to continue as a going concern the Directors considered a broad range of information and scenarios, including the medium-term business plan, ability to raise capital, the economic recovery from covid-19 and the potential impact on the wider global economy from the Russia/Ukraine conflict.

Below we have detailed the material uncertainty which the Directors have considered to be present in the going concern assumption of the Bank.

Regulatory Capital Requirements

The Bank will require access to further capital in the period 12 months from the date of approval of the financial statements to fund its ongoing operations and to enact its growth plans whilst meeting its regulatory

2.1 Basis of preparing the financial statements (continued)

capital requirements.

If the Bank cannot obtain further capital either from its existing shareholders or from third parties, it would potentially need to cease trading.

As well as assessing the Bank's capital requirements on a base case scenario, the Board has also considered the risks to the base case assessment.

The Directors acknowledge the risks involved in placing reliance on the receipt of future equity and the future actions of the Bank should additional equity not be received, and these have also been evaluated by the Directors.

However, an inherent risk of a new bank is that it may not be able to raise sufficient regulatory capital to meet its business plan and, at worst, to continue as an authorised institution.

As a result, the Board has concluded that, although the Bank is likely to secure the commitment of further equity from both existing and new investors, there remains a material uncertainty regarding its ability to source further additional equity during and beyond the period 12 months from the date of approval of the financial statements.

Specifically, future equity capital is not guaranteed, and the Bank is still at risk that the required capital may not be obtained from the wider market. Should future equity raises be unsuccessful the Directors will need to consider all necessary actions.

However, the Directors remain confident that the Bank can raise the necessary capital and deliver the business plan. Therefore, the financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

The preparation of accounts in conformity with FRS102 and IAS39 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and assumptions are discussed in note 3 and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

2.2 Interest income and interest expense

Interest income and expense are recognised in comprehensive income using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes those transaction costs and fees paid or received, which are deemed to be an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

2.3 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2.3 Tangible fixed assets (continued)

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment at the following rates:

– Fixtures & Fittings 4 years;
– Computer Equipment 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Tangible fixed assets are reviewed for impairment annually.

2.4 Intangible fixed assets

Intangible fixed assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided to write down the intangible assets, on a straight-line basis over their expected useful economic lives. It is provided at the following range:

– Software Development 4-7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date. Intangible fixed assets are reviewed for impairment annually.

2.5 Financial Instruments

Recognition

The Bank initially recognises loans and advances, deposits, and debt securities on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

Financial assets

The Bank classifies its financial assets into one of the following categories:

Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method. Direct transaction costs include valuation, brokerage and arrangement fees.

Financial investments - held to maturity

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank positively intends, and is able, to hold to maturity. Held-to-maturity investments are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortised cost; less any impairment losses. Interest is recognised at the effective interest rate to the maturity of the asset.

Interest income is recognised at the effective interest rate over a debt security's expected life. Premiums and/or discounts arising on the purchase of dated debt securities are included in the interest recognised.

2.5 Financial Instruments (continued)

Financial liabilities

Customer deposits

Customer deposits are initially measured at transaction value and are subsequently measured at amortised cost, including accrued interest, using the effective interest rate method.

Trade creditors

Trade creditors are initially measured at transaction price plus attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Measurement

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

No items were measured at fair value during 2021 or 2020.

Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets, such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank considers evidence of impairment for loans and advances at both a specific asset and a collective level. All loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with an original maturity of less than 3 months. These are initially measured at fair value and subsequently recorded at amortised cost.

2.7 Share capital and equity

In accordance with FRS 102.22, financial instruments issued by the Bank are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Bank to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Bank; and
- where the instrument will or may be settled in the Bank's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Bank's own equity instruments or is a derivative that will be settled by the Bank's exchanging of a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Bank's own shares, the amounts that are presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.8 Operating leases: the Bank as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in comprehensive income over the term of the lease as an integral part of the total lease expense.

2.9 Pensions

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

Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Bank in independently administered funds.

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

All pension costs incurred relate to defined contribution expenses – see note 7.

2.10 Tax

Tax comprises current tax and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

2.10 Tax (continued)

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided in full using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised in the statement of financial position for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.11 Share Based Payments

Monument Bank issues equity-settled share options to certain employees of the Bank. Equity-settled share option payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The grant date fair value of a share-based payment transaction is recognised as an employee expense, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. In the absence of market prices, the fair value of the equity at the date of the acquisition is assessed based on the value of the Bank adjusted for factors such as illiquidity, control and exit conditions, and the option price is derived from the Black Scholes pricing model.

The expected life used in the model is based on management's best estimate, which considers non-transferability, exercise restrictions and behavioural factors. The volatility measure is also based on management's best estimate, as the shares are unlisted and there is no trading.

The amount recognised as an expense in the Income Statement is based on amortising the grant date fair value at a constant rate to the vesting date.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement, so is accrued at the balance sheet date.

3. Accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires management, from time to time, to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

These estimates are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Accounting estimates and judgements (continued)

Valuation of Share based payments

Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation method, which depends on the terms and conditions of the award. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option and volatility and making assumptions about them. The Bank uses a Black-Scholes option pricing model for the employee share scheme. The main assumptions are detailed in note 10.

Valuation of intangible assets

In determining the value of the intangible assets capitalised to the balance sheet the bank has made estimates with regards to the costs capitalised and the expected useful economic life of the underlying assets. The capitalised costs are based on the value of the relevant purchase invoices from external vendors, and an allocation of time from relevant salary costs.

The bank has also made judgements as to whether there are any indicators of impairment. Factors taken into consideration during this process include considering the economic viability and expected future financial performance of the underlying assets.

Deferred tax

The Bank has performed an analysis of the recoverability of deferred tax assets. In doing so has considered the following;

- The availability of sufficient taxable temporary differences;
- The probability that the entity will have sufficient taxable profits in the foreseeable future, in the same period as the reversal of the deductible temporary difference, or in the periods into which a tax loss can be carried back or forward;
- The availability of tax planning opportunities that allow the recovery of deferred tax assets

It is not considered appropriate to recognise a Deferred Tax Asset as at 31 December 2021.

4. Interest receivable and similar income

	2021	2020
	£	£
Interest on loans and advances	499	-
Interest on bank balances	221	8,260
Origination fees	10	-
	730	**8,260**

The Bank only operates within the UK.

5. Interest payable and similar charges

	2021	2020
	£	£
Interest on customer deposits	1,064	-
Origination fees	38	-
	1,102	**-**

6. Operating loss

The operating loss is stated after charging:

	2021	2020
	£	£
Staff costs*	5,350,047	2,858,663
Operating lease charges	118,161	132,611
Audit fees payable to the Company's auditor	85,000	55,000
Depreciation	28,517	11,655
Amortisation	128,659	-
Impairment of loans and advances to customers	2,664	-
	5,713,048	**3,057,929**

*Total staff costs less amounts capitalised.

7. Staff Costs

	2021	2020
	£	£
Wages and salaries	4,784,696	2,328,159
Social security costs	614,293	342,222
Pension costs	370,316	144,092
Share based payments	613,561	347,175
Total Staff Costs	**6,382,866**	**3,161,648**

Of the total staff costs, £1,032,819 (2020: £302,985) were capitalised (note 16).

Of the total pension costs incurred, £89,405 (2020: £nil) formed part of the capitalised staff costs and £280,911 (2020: £144,092) were expensed to the profit and loss account.

The average number of employees during the year was as follows:

	2021	2020
	No.	No.
Non-Executive Directors	6	6
Executive Committee	7	6
Staff	29	12
	42	**24**

Directors Remuneration:

	2021	2020
	£	£
Wages and salaries	1,122,311	695,097
Pension	29,340	-
	1,151,651	**695,097**

7. Staff Costs (continued)

During the year retirement benefits were accruing to 1 Director (2020: Nil Directors) in respect of defined contribution pension schemes.

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Directors' remuneration	**339,377**	**312,704**

The value of the Bank's contributions to a defined contribution pension scheme in respect of the highest paid Director amount to £nil (2020: £nil).

Monument believes that 'key management personnel' are the Board Directors, whose remuneration is disclosed above.

8. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditors and their associates for the audit of the company's financial statements	**85,000**	**55,000**

9. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

The total unused taxable losses carried forward are £21,183,995 (2020: £9,617,689)

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Loss before tax	(9,973,318)	(5,735,001)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,894,930)	(1,089,650)
Effects of:		
Expenses not deductible for tax purposes	4,820	1,679
Capital allowances in excess of depreciation	(424,064)	(199,068)
Share based payments	116,576	65,963
Unused tax loss	2,197,598	1,221,076
Total tax charge	-	-

In March 2021, it was announced that the main rate of UK corporation tax will rise to 25% from 1 April 2023.

10. 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.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the Beginning of the Year	21	98,143	21	98,143
Granted during the Year	59	78,313	-	-
Forfeited during the Year	59	(3,750)	-	-
Outstanding at the end of the Year	**37**	**172,706**	**21**	**98,143**

Weighted average remaining contractual life:

	Years	Number of Options
2019 CSOP	0.65	98,143
2021 CSOP	3.16	74,563

The Black-Scholes option pricing model was used to value equity-settled share-based payment awards and it was considered that this approach would result in a materially accurate estimate of the fair value of the options granted. The following information was used in this valuation:

	2021 Tranche	2019 Tranche
Option pricing Model Used	Black-Scholes	Black-Scholes
Weighted Average Share Price at Grant Date	59p	21p
Weighted Average Contractual Life	4 Years	3 Years
Expected Volatility	10%	10%
Risk free Interest Rate	0.06%	2%

The share-based remuneration expense comprises:

	2021	2020
	£	£
Equity Settled Schemes	**613,561**	**347,175**

Monument did not enter into any share-based payment transactions with parties other than employees during 2021 or 2020.

11. Cash and balances with banks

	2021	2020
	£	£
Cash and balances at central banks	-	-
Cash and balances at other banks	23,888,337	25,112,989
	23,888,337	**25,112,989**

All amounts are due on demand.

The table below presents an analysis of cash and balances with banks by rating agency designation as at 31 December, based on Moody's long term ratings.

	2021	2020
	£	£
Baa1	8,818,130	-
Baa2	7,794,106	25,106,859
Unrated	7,276,101	6,130
	23,888,337	**25,112,989**

Unrated amounts represent funds held at Clearbank.

On 25 January 2022, the Bank became an SMF participant with access to the BOE reserve account facility. The majority of cash will be held in the facility moving forward.

12. Financial investments - held to maturity

	2021	2020
Quoted investments	£	£
Treasury bills	**10,300,000**	**-**

The fair value of the treasury bills at the balance sheet date was £10,304,223

13. Loans and advances to customers

	2021	2020
	£	£
Gross loans and advances	761,749	-
Less: allowances for impairment on loans and advances	(2,664)	-
	759,085	**-**
Amounts Falling due:		
- More than one year but not more than five years	**761,749**	**-**

The above analysis is based on contractual maturity and may not reflect actual experience of repayments, since loans can be repaid early.

Total impairment provisions:

	2021	2020
	£	£
Individual impairments	-	-
Collective impairments	2,664	-
	2,664	**-**

13. Loans and advances to customers (continued)

Individual impairment provision:	2021	2020
	£	£
Balance brought forward	-	-
Increase recognised in the income statement	-	-
Utilised during the year	-	-
As at 31 December	**-**	**-**

Collective impairment provision:	2021	2020
	£	£
Balance brought forward	-	-
Increase recognised in the income statement	2,664	-
Utilised during the year	-	-
As at 31 December	**2,664**	**-**

Impairment losses taken to the income statement:	2021	2020
	£	£
Individual impairments	-	-
Collective impairments	2,664	-
	2,664	**-**

14. Other Debtors

	2021	2020
	£	£
Prepayments and accrued income	879,827	244,241
Rental deposit	110,000	57,165
	989,827	**301,406**

15. Tangible fixed assets

	Fixtures & Fittings	Computer Equipment	Total
Cost	£	£	£
At 1 January 2021	10,662	35,957	46,619
Additions	31,360	108,180	139,540
At 31 December 2021	42,022	144,137	186,159
Depreciation			
At 1 January 2021	4,709	12,932	17,641
Charge for year	5,294	23,194	28,488
At 31 December 2021	10,003	36,126	46,129
Net book value			
At 31 December 2021	**32,019**	**108,011**	**140,030**
At 31 December 2020	**5,953**	**23,025**	**28,978**

16. Intangible fixed assets

	Software Development
Cost	£
At 1 January 2021	1,301,285
Additions	8,307,109
At 31 December 2021	9,608,394
Amortisation	
At 1 January 2021	-
Charge for year	128,659
At 31 December 2021	128,659
Net book value	
At 31 December 2021	**9,479,735**
At 31 December 2020	**1,301,285**

As per FRS 102 s18.22 amortisation has been charged from the date from which the intangible assets have been available for use.

Individual material assets within Software Development:

	Carrying amount	Remaining Amortisation period
	£	Years
Front End User Interface - (Web, IOS & Android)	4,402,743	3.9
Banking Ecosystem	5,076,992	6.9

During the year, £1,032,819 (2020: £302,985) of staff costs were capitalised (note 7).

17. Customer Deposits

	2021	2020
	£	£
Instant Access	9	-
Fixed Term deposits	2,093,027	-
	2,093,036	**-**

Agreed maturity dates or period of notice by remaining maturity:

	2021	2020
	£	£
Not more than three months	168	-
More than three months but not more than one year	1,106,852	-
More than one year but not more than five years	986,016	-
	2,093,036	**-**

18. Other liabilities and accruals

	2021	2020
	£	£
Trade creditors	626,775	926,968
Other creditors	423,922	-
Accruals and deferred income	290,008	620,601
	1,340,705	**1,547,569**

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class	Nominal Value	2021	2020
			£	£
2,573,107	Ordinary	0.01	**25,731**	**16,354**

937,707 ordinary shares of 0.01 each were allotted and fully paid for cash during the year, with a further 14,494 shares fully paid for pre-year end but allotted on 26 January 2022.

Ordinary shares are non-redeemable and have attached to them full voting rights, dividend rights and capital distribution (including on winding up) rights.

20. 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;
and capital risk

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%. 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. Monument has only made one loan and therefore does not carry any material credit risk in its balance sheet. Concentration risk will be monitored as the banking book grows.

20. Risk Management (continued)

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

*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.

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 an excessive cost. The Bank's liquidity is managed 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 2,861,111,111% (2020: N/A) and the deposit to loan ratio was 275% (2020: N/A).

20. Risk Management (continued)

The table below analyses the Bank's contractual undiscounted cash flows of its financial assets and liabilities:

2021	Carrying amount	Less than 3 Months	3 months to 1 year	Greater than 1 year but not more than 5 years
Assets	£	£	£	£
Cash and balances at other banks	23,888,337	23,888,337	-	-
Loans and advances to customers	761,749	5,614	39,300	851,078
Treasury bills	10,300,000	10,300,000	-	-
Rental deposit	110,000	-	-	110,000
Total Assets	**35,060,086**	**34,193,951**	**39,300**	**961,078**
Liabilities				
Customer deposits	2,093,036	168	1,120,191	1,067,774
Trade creditors	626,775	626,775	-	-
Accruals	290,008	290,008	-	-
Total Liabilities	**3,009,819**	**916,951**	**1,120,191**	**1,067,774**

2020	Carrying amount	Less than 3 Months	3 months to 1 year	Greater than 1 year but not more than 5 years
Assets	£	£	£	£
Cash and balances at other banks	25,112,989	25,112,989	-	-
Rental deposit	57,165	-	57,165	-
Total Assets	**25,170,154**	**25,112,989**	**57,165**	**-**
Liabilities				
Trade creditors	926,968	926,968	-	-
Accruals	620,601	620,601	-	-
Total Liabilities	**1,547,569**	**1,547,569**	**-**	**-**

Interest rate and basis risk

Interest rate risk is the risk of loss arising from adverse movements in interest rates that cause a mismatch between the rates banks set on client loans and on deposits. 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. Given the size of the balance sheet at the end of the reporting period, the risk is currently minimal.

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.

20. Risk Management (continued)

The bank has no exposure to LIBOR.

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**

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.

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.

20. Risk Management (continued)

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 Bank's Internal Auditors.

The results of Internal Audit reviews are discussed at the Audit Committee.

Capital risk management

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 529% (2020: 359%) 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 the Capital Requirements Regulation (CRR) and the 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.

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' capital requirements. 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.

As at 31 December 2021, the Bank's capital base was made up of £32.6m of Tier 1 capital (2020: £23.9m). The Bank's regulatory capital consists of the following:

Regulatory capital	**2021**	**2020**
	£	£
Ordinary share capital and share premium	59,733,522	33,447,581
Accumulated losses	(17,610,249)	(8,250,492)
Deductions: intangible assets	(9,479,735)	(1,301,285)
Total Tier 1 capital	**32,643,538**	**23,895,804**

21. Commitments under operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	85,265	85,500
Between one and five years	19,389	-
	104,654	**85,500**

During the year, £118,161 (2020: £132,611) was recognised as an expense in the statement of profit and loss in respect of operating leases.

22. Other financial commitments

The Bank had no other financial commitments at 31 December 2021 or 31 December 2020.

23. Related party transactions

The Bank did not have any related party transactions to declare in 2021 or 2020.

24. Post balance sheet 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 2022 (£2,689,700) and 10 February 2022 (£50,000) as ordinary shares. The total number of ordinary shares issued was 54,794.

25. Ultimate controlling party

There is no ultimate controlling party.