Money never felt like Monzo

Monzo Bank Holding Group Limited
Annual Report 2025

Contents

Monzo Bank Holding Group Limited
Registration number: 14785367

Registered Office: Broadwalk House
5 Appold Street, London EC2A 2AG

Strategic report

Our year at a glance

Profit before tax

£13.9m FY2024*
£60.5m FY2025

£60.5m

Customers

67% from word of mouth

9.8m FY2024*
12.2m FY2025

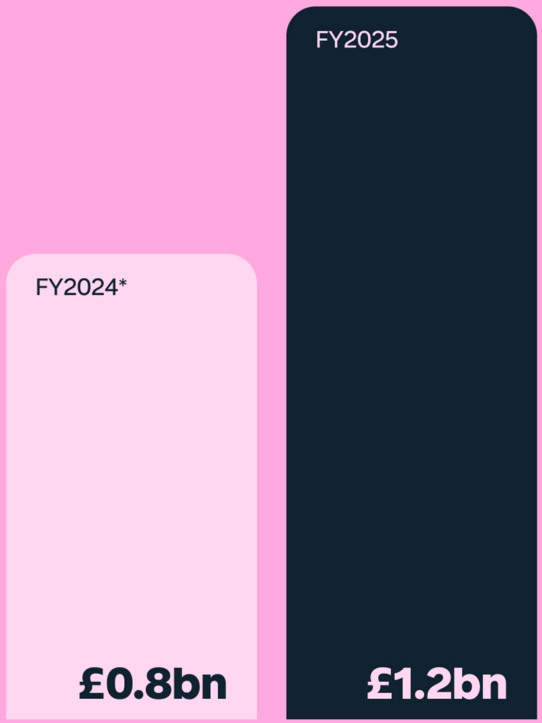
+25%

Adjusted profit before tax‡

£113.9m

Revenue growth

+48%



Card spend

£43.2bn FY2024*
£55.2bn FY2025

+28%

Average Net Promoter Score†

+70 FY2024*
+70 FY2025

+70

*We changed our year end in FY2024, from 28 February to 31 March. As a result we had a 13 month reporting period. To ensure comparability with the prior period, 2024 results are shown as the 12 months to 31 March 2024 (unaudited). We refer to this period throughout the Strategic Report to aid comparability.

†Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. The Net Promoter Score is calculated based on responses to a single question: How likely is it that you would recommend our company/product/service to a friend or colleague? The scoring for this answer is most often based on a 0 to 10 scale. The score is given on a scale from lowest, -100, to highest, +100.

‡FY2025 profit before tax excluding the impact of the secondary share sale which was £53.4m. There's more information on this cost on page 28.

Best British bank

Winner at the 2025 British bank awards as voted for by customers

Total assets

£13.0bn FY2024
£18.3bn FY2025

+41%

Customer deposits

£11.2bn FY2024
£16.6bn FY2025

+48%

Colleagues

3,736 FY2024
3,934 FY2025

+5%

Best banking app

Winner at the 2025 British bank awards as voted for by customers

Best children's financial provider

Winner at the 2025 British bank awards as voted for by customers

Who we are and why we're here

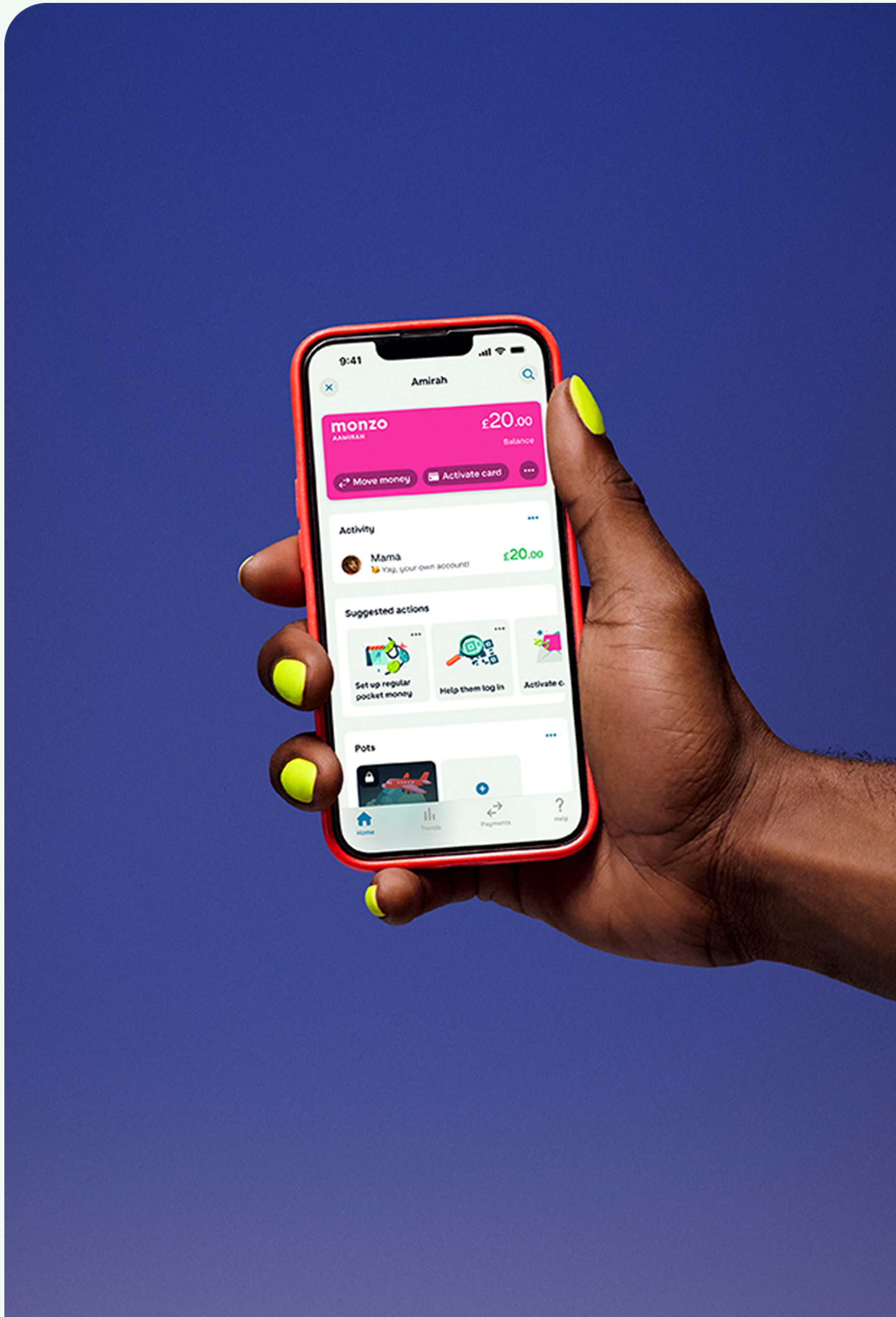
We're Monzo, the digital bank that's making money work for everyone.

We're working hard to connect you with your money in clever ways. We remove complexity, level up financial know-how and help everyone move forward whether you're new to managing your money, or one of our more financially savvy customers. The more you use Monzo, the more capable and confident we hope you feel about your money, changing your relationship with it for the better.

We're not just interested in helping individuals and businesses with their financial wellbeing either. We know we have a role to play in the wider communities we're part of, like lobbying the government on gambling reforms, or starting a savings movement by encouraging a million people to join the 1p Saving Challenge.

While we've achieved a lot in our first 10 years, you won't find anyone sitting on their hands at Monzo HQ. Oh no.

We've only just scratched the surface, the real adventure is ahead.



Our values

Our company values are so much more than words on a wall. (No, really. We don't have them printed on a wall anywhere.) They influence the hundreds of day-to-day decisions we make, from helping prioritise what we build next and how we build it, to the criteria we use for hiring new colleagues.

Our values guide everything we do, they keep us focused, honest and true to the things we care about. Celebrating our successes is an important part of that, and so is being honest about where we've got room to improve.

Default to transparency

We're open with each other and customers unless we have good reason not to be.

Make a difference

We solve real problems, working on things that have the biggest impact for our customers and each other.

Be hard on problems, not people

We create supportive communities to help people thrive.

Think customer first: grow Monzo safely

We always do what's best for customers. It's the right thing to do and the safest way to grow.

Think big, start small, own it

We're ambitious and shoot for the moon, working iteratively to get the best results.

Help everyone belong

We're building a bank for everyone. We embrace differences and make sure everyone feels welcome.

Group Chair's statement

I'm incredibly proud to be writing this statement reflecting on Monzo's tenth year — a milestone that not only marks a decade of progress, but a decade of redefining what banking means for millions of people. As we reflect on another transformative year for Monzo, I'm pleased to report that FY2025 has been a period of remarkable growth, innovation, and profitability.

Gary Hoffman
Chair of the Board of Directors

Our mission remains to make money work for everyone. In an ever-evolving financial landscape for people in the UK and around the world, we're harnessing technology and embracing transparency to help people everywhere to feel a sense of financial wellbeing.

Our success has always been built on the strength of our engagement with our customers. Over 2.2m personal and 200k business customers joined us last year, which means we now serve an increasingly diverse group of 12m+ people and businesses. We've introduced new products to expand the number of customer problems we're committed to solving, deepening that engagement with our customers even further. With many more products coming soon, we expect this trend to continue.

As a Board, we're hugely encouraged by Monzo's results in another record year of revenues and profitability in the UK, which provides the platform to keep building our UK business and bring Monzo to millions of new customers in Europe and the US. We're proud to have built on our momentum this year, with performance significantly improving, as it has over the past decade. This has come during challenging conditions. Conditions that we expect will continue over the next 12 months. Conflicts and geopolitical tension across the world have the potential to produce major macroeconomic instability. Volatility coming from the US government's commitment to higher international tariffs may also have implications for economic growth, inflation and interest rates which could impact our customers. Despite this, I'm confident that this past year has reinforced the strength of our business model, and we're well positioned to succeed.

We recognise that with growth comes responsibility and at the heart of our success is a relentless focus on customer experience and product innovation. To continue meeting the high expectations of our customers, regulators and shareholders, we'll continue to invest in our people and platform. We deepened our commitment to responsible growth even more by further strengthening our controls, enhancing our risk management and growing our team.

We led the industry with innovative security technology to fight certain types of fraud and keep customers' money safe. With our roots in technology, we're uniquely placed to apply the latest generation of AI to make us more efficient and customers' money even safer. By leveraging machine learning to be even better at customer risk assessments, credit decisioning and real-time fraud detection we're already starting to see the benefits. But with high growth and an evolving environment there's a lot of work to do to keep pace. We recognise we need to do more to improve how we deal with complaints, to identify and protect our vulnerable customers, and to prevent more of our customers falling victim to fraud. So, we've invested to improve how quickly and effectively we deal with complaints, and identified ways we can continue to improve. Particularly in making sure that vulnerable customers get the services they need. We'll keep learning and investing all the time to stay true to our mission.

We're pleased to report that our average employee net promoter score (or eNPS for short) has stayed above 50, a score we're hugely proud of. It's a measure of employee satisfaction and loyalty. Recognising our hardworking, mission-led team has always been at the core of our reward structure. We were delighted to offer a secondary share sale to Monzonauts this year, allowing many of them to release some of the value they've created through Monzo's success. It allowed us to welcome new global investors, increase our valuation and meet some of the on-going investor demand for our mission and strategy. We were also named Company of the Year at the British Diversity Awards, which I'm incredibly proud of. As we expand further in the UK and beyond, building on the inclusive culture that has got us to where we are will only mean positive things for our colleagues and customers.

As we push forward with our ambitious plans and structure ourselves to become a global business, we will inevitably see changes at our Executive and Board levels, as discussed in our Governance section. I'd like to personally thank the significant contributions made from those who moved on to new opportunities, and also welcome new executives and Board members who bring deep expertise across our UK, EU and US businesses.

As we enter our second decade, our ambition remains as bold as ever. Our unique connection with our customers is what has driven our success for the past ten years, and it's what will propel us forward for the next ten and beyond. A heartfelt thank you to TS and the Executive Committee, my fellow Board members, and our Monzonauts for their commitment and hard work both so far, and for what's to come.

Gary Hoffman
Chair of the Board of Directors
29 May 2025

Group Chief Executive Officer's review

A decade ago, Monzo started with a bold idea: use technology to build a very different kind of bank from scratch. One that truly works for customers. One that would bring positive change to an industry that was failing to meet its customers' needs. Since then we've done something few thought possible in banking – we've created a scaling, profitable, digital bank, with a world-class user experience that customers don't just like, but love.

TS Anil
Group Chief Executive Officer

We've grown from a startup challenging the status quo, to a household name, a leading brand and the UK's 7th largest bank by customer numbers. In FY2025 more than 2.4m personal and business customers joined Monzo. Revenues surpassed £1bn for the first time, and adjusted profit before tax (PBT) increased 8x to £113.9m[1]. All of this was achieved in pursuit of our mission to make money work for everyone. What brings me the most pride as we scale and evolve, is that our customer-centric DNA remains as deep-rooted as ever. When I walk through the office, the energy and animation of teams solving real customer problems is always special.

Our tenth anniversary is a moment to reflect. Not just on the milestones we've reached, but on the momentum we've built. All the while, we've navigated and weathered many challenges that impacted our customers, team and business, from recessions to political unrest, high inflation and COVID. We've shown our resilience as a business and as a team, over and over again. We remain humble enough to know there are more challenges and learnings to come, and areas we can always improve on. With a relentless focus on our customers, we have the team and foundations to keep winning and drive our future growth and ambitions.

Another year of significant growth

In FY2025 we continued our trajectory of strong, sustainable growth, reporting another year of profitability with adjusted PBT at £113.9m. Revenue increased 48% from the 12 months to 31 March 2024, demonstrating that our diversifying business model has positioned us for sustainable revenue growth, profitability and free cash flow generation over the long term. Today, three of our revenue streams – deposits, transactions and lending – annually generate more than £200m of revenue each.

Our growth across FY2025 is reinforced by the growing trust customers have in Monzo as they bring more and more of their financial lives to us. Customer deposits increasing 48% to £16.6bn is particular proof of that. As is 33% of customers using Monzo as their primary bank. The more our customers enjoy the benefits of having Monzo in their lives, the more our average revenue per user (ARPU) for both business and personal accounts increases. This year, ARPU increased to £187 from £163 for retail and £542 from £469 for business accounts. Our existing products continued to evolve and scale as customers looked to make their money work harder, and they turned to our Instant Access Savings with more than 2.3m customers now growing their money with us. This was boosted by the launch of Instant Access ISAs, and overall in FY2025, we paid more than £250m in interest to customers.

It was another year of great momentum for product and feature launches. Our new personal account subscription plans, Monzo Perks, Monzo Extra and Monzo Max, have been a huge success. They led to over 600k signups in the first year, contributing to a 38% increase in fee and commission revenue which grew to £329.2m in FY2025. We welcomed a new generation with the arrival of Monzo for Under 16s, a product that attracted over 180k waitlist signups in its first week. We're hearing from parents about how valuable this product is already proving to be as children across the country take their first steps into money.

Monzo Business continues to go from strength to strength, now making up 12% of

[1] Adjusted PBT excludes the costs associated with our employee share sale, see the financial performance overview (page 28) for more information on this cost. Unadjusted PBT was £60.5m, a 4x increase on FY2024.

our overall revenues, and is a key strategic growth area. Last year we said we'd grow business customers by 25% and we did, with customer numbers topping 600k before the financial year end – 205k of those joining in FY2025 alone. Our business banking subscription plans Monzo Pro and Monzo Team have been a great success since launch. These added new features support more complex businesses as we set out to welcome more mature, growing businesses to Monzo. Supporting small and medium-sized companies is a priority for us. We'll bring new and innovative services to this segment, bringing the best of Monzo to our business banking customers who make a crucial contribution to the economy.

In January, the launch of our 1p Saving Challenge led to a savings movement as more than 1m customers signed up to take part within the first week, making it one of our most successful launches ever. For me, this captures so many of the things that make Monzo special. A simple idea with big impact that showcases the best of banking and technology, executed brilliantly from engineering to design and marketing. We hear from customers that saving anything when budgets are stretched is hard, even impossible. So far, those who signed up have collectively saved more than £30m. What a brilliant example of the Monzo mission hard at work.

We continued to support our customers with their borrowing needs, offering flexible and transparent options through Monzo Flex, overdrafts and personal loans. This is testament to our lending business maturing well as we learn more from customers, continue to develop risk assessment capabilities and reduce credit risk. I'm extremely happy with the performance of our borrowing business this year. Revenues and balances increased over 30% to £271m and £1.9bn respectively, while credit loss expenses reduced by 10%, demonstrating how significantly credit and recoveries performance has improved. Importantly, we've continued to scale our lending business safely, making sure we're supporting customers in building and understanding their credit scores, with Monzo Flex and Credit Tracker. With these, we're allowing customers to actively manage their debt and in turn helping them access financial services they might otherwise be shut off from.

In FY2025 we continued to invest for the future so, as expected, operating costs increased 47% as we supported our growth and expansion. We chose to invest more in marketing than in previous years to further raise brand awareness, launching our first retail and business banking brand campaigns in 5 years, an investment that won us the coveted Brand of the Year[2] award. While this resulted in marketing costs increasing by 77% to £97.4m, we kept customer acquisition costs low. Adjusted personnel expenses (excluding our secondary share sale) increased 24% to £299.5m as we welcomed almost 200 new Monzonauts in the UK and internationally to support business growth and our expanding global footprint. It was also the right time for us to recognise our dedicated staff and absorb the costs of our first employee secondary share sale. This resulted in a £53.4m charge to personnel expenses, while seeing another increase in our valuation as we continued to see investor confidence in our business.

The power of tech

Our successes to date are built on a relentless focus on customer experience, powered by leading technology. FY2025 was no exception to this approach. Our teams built Monzo Stand-In, a pioneering cloud-based system, that can take over and continue to provide service even in cases of large disruption to parts of our systems. In an industry where platform outages cause mass disruption and worry for customers, we've invested in a solution for the millions of people who bank with us. By enhancing our overall resilience, we're giving ourselves an edge and our customers the trust that they need in their bank.

Being a digital bank with our own in-built tech platform, and without branches, we have a lower cost business model and can remain nimble. To maintain this advantage and provide the highest levels of service over the long-term, we've invested into our AI-driven self-service system that customers can use to resolve non-complex queries and tasks. On average, customers are now able to resolve 42% of simpler queries themselves.

We also further invested in our use of AI to tackle financial crime and fraud. Led by our expert financial crime teams, our real-time fraud detection and prevention system is using machine learning to trigger a range of interventions. In FY2025, we prevented 2.9 times the value of unauthorised fraud compared to last year. Despite all the progress we made, the cost of fraud rose by 91% as we continue to meet new regulations and balance identifying and preventing fraud with meeting our customers' day-to-day needs. This is an area we are investing in as a priority as fraudsters continuously change their tactics and create harm across the industry.

In FY2025 we launched Added Security, bringing a trio of industry-first security tools to the market, giving customers a choice of brilliant fraud-preventing features at their fingertips. Building and launching such game-changing tools is made easier, faster and more cost effective by our in-house technology stack. Continuous innovation to protect our customers and business from fraudsters will remain a priority as we continue to learn from our mistakes and double down on areas we can improve.

[2] The Marketing Society, in partnership with Epam Systems and in association with Campaign magazine, recognises brands that have demonstrated excellence in marketing and innovation.

We continue to invest into our technology platforms and this includes the use of AI to improve how we build and secure our products. In FY2025, an estimated 1.5m lines of source code were written using AI, letting our engineers focus their time on solving for more complex customer needs.

During the year, we identified opportunities to improve the service we provide to our customers, particularly those who are vulnerable. Work is underway to resolve these customers' complaints faster and more effectively, giving them the support they need and staying true to our mission.

New heights, new places

I truly believe the need for Monzo is greater than ever and not just in the UK, but for millions of people around the world. FY2025 saw us welcome new, global tech investors in support of this ambition.

This past year, we've made meaningful strides in our international ambitions, including a number of significant hires to lead our expansion and make our global vision a reality, particularly in our Finance team. The deep experience we're adding from leading banking and technology businesses will be invaluable as we continue to scale, grow and diversify further. While we welcomed new leaders, we've also said goodbye to others. I thank all those who have contributed to our success to date and wish them the best of luck for the future.

We've laid the groundwork for our European expansion and our plans are progressing well to bring everything Monzo to Europe. Michael Carney and a growing leadership team are driving those efforts through our gateway in Ireland. These are the first major steps on our journey to becoming a global banking disruptor. In the US, we've launched multiple new features and products including interest-earning Savings Jars to our growing customer base, with the team continuing to grow and invest in the product under Conor Walsh's leadership.

As we continue to grow, the countries may be different, but the approach is the same: customer-first thinking, genuinely innovative products, a best-in-class tech platform and world-beating delivery.

Looking ahead

The past ten years of Monzo have proven that by leveraging technology and being truly customer-centric, banking can be different. It's proven that customers can have a financial partner they trust. And it's proven that a company can operate brilliantly as a technology leader and fully regulated business. It's also proved that growth, profitability and staying true to our mission can go hand in hand. In fact, our mission drives our growth and our profitability. But, we're not complacent. We know that our customers are facing challenges and the economy in the UK and internationally is volatile for both individuals and businesses. Expansion and continued rapid growth also increase our operational risks, making our relentless focus on growing safely and working positively within our changing regulatory environment even more important.

To every customer, investor and member of the Monzo team: thank you. You've turned a bold idea into a thriving, category-defining business. And the best part? We're just getting started.

TS Anil
Group Chief Executive Officer
Monzo Bank Holding Group
29 May 2025

Our business model and strategy

Making money work for everyone

At Monzo, our mission has always been to make money work for everyone. People often find money complicated and stressful, but we don't think it needs to be. Using the power of technology, we're building a digital banking platform that gives customers instant control over their money, helping them budget, save and invest better, avoid unfair fees and other unpleasant surprises. We wrap all of that up in a genuinely enjoyable app experience, with authentic support and engagement. Our ambition is huge: we want to be the bank that serves millions of customers across many countries. We know it's not possible to build a globally impactful company without carefully considering the impact we have on society, though. Which is why we want to use that impact to leave the world better than we found it.

The huge opportunity in front of us

We do business in a large and expanding market, with financial services generating over £200bn in revenues in the UK and more than £25tn globally. Digital financial services are benefiting from significant tailwinds as people move away from the traditional, branch-based model and embrace app-based financial services.

Part of this is driven by changes in consumer habits, but a significant part is due to the better service offered by tech-powered finance firms. Globally, traditional banks tend to have an average Net Promoter Score (NPS) far lower than digital banks. That's a measure of how likely your customers are to recommend you to a friend or family member, and the UK industry average is around 30. Our competitors' services are often complex, poorly explained and full of hidden fees.

By comparison, our NPS held at 70 this year. And despite having more than 12m customers and being the 7th largest retail bank in the UK, we still have so much to go after.

Solving problems for customers

Using mobile-first and cloud-native technology, and customer-centric product development, we've created a version of financial services that's transparent, simple and clear, and actually enjoyable to use. Many of our customers are using particular financial products for the first time through us and tell us they feel better equipped to budget, save, invest and grow their businesses because of it.

Cementing Monzo as the best place for your full financial life

We're building a full-service tech-powered bank with products that help our customers address their financial needs, helping them budget, save, pay, borrow, invest, and insure; and there's more to come.

Having all of these services available in one single platform means customers have better visibility over their financial lives, making our product even more useful, and in turn leading to deeper engagement with us, but also their money. For example, the more customers concentrate their spend in our app, the more useful the insights are that we show them around things like sticking to their monthly budget and building up their credit score. Over time, we expect to see customers bring more of their financial lives into Monzo.

Our platform's a social one too. Our average personal banking customer (that's banking for individuals rather than businesses) has over 40 friends who also have Monzo and many of our most popular features are inherently social. Monzo Split lets you split, track, pay and chase one-off or ongoing costs, all in Monzo – even if your friends don't bank with us.

The app that brings all of this together is built to be highly intuitive and very easy-to-navigate. Customer journeys in the app are made to be as easy as possible, whilst delighting the customer with engaging design. For example, our recently launched home contents insurance product requires only 5 questions from customers to generate a quote, whilst typically when getting a quote from a price comparison site customers have to answer in excess of 40 questions.

Our Monzo brand is one that's well recognised and loved across the UK.

Literally. The Marketing Society named us 2024's Brand of the Year, which we see as recognition of how big a role we're playing in people's lives. Especially when you know that the other nominees were Ikea, M&S, Heinz and Lidl.

That love for the Monzo experience is backed up by the high levels of activity and engagement we see from customers too. By the end of FY2025, 56% of customers were interacting with us every week and on average, transacting >80 times a month. In FY2025, the average number of products that our active customers held with us increased by 11%. And the number of customers that pay for a subscription, unlocking a range of great benefits like added budgeting features, higher interest rates and partner perks, climbed to 1m (16% of our weekly active customer base).

Focusing on what sets us apart

So much of our success so far is thanks to our hard-to-replicate approach to designing and building. An approach that we've refined over the last year.

The speed at which we ship customer-centric products is one part of that. Over the past year, we've launched many new products. One of those was Flex Build: a credit card that opens up credit to people who may have struggled to get it elsewhere by offering low initial limits that increase only after customers show they can make repayments regularly and on time.

We launched Monzo for Under 16s, giving children as young as 6 the tools to develop healthy financial habits early. We launched interest-earning Saving Jars in the US, helping customers to grow their savings effortlessly. And we only plan on accelerating the rate that we bring new, genuinely innovative products to customers. Looking ahead to FY2026, we're very excited with our product pipeline, expanding our investments, business banking and personal account offerings, and our soon-to-launch insurance products.

We'll continue building on our proprietary, cloud-native financial services technology stack. By creating our technology in-house, we continue to offer an unmatched level of stability and reliability, as well as readiness for 1) expanding into new geographies and 2) using new machine-learning and AI applications to improve our products and increase our efficiency.

Throughout the year, we've invested more in customer service to handle complaints faster and more effectively. We also plan to invest more in identifying vulnerable customers, who are going through challenging times, making sure that we give them the help and support they need. During FY2025 we built unique new controls to protect our customers, including a trio of industry-first security tools for safer payments: Known locations, Trusted contacts and Secret QR codes. We've invested heavily in Financial Health to enhance the support we offer to customers who may be struggling.

We'll keep attracting the best talent from both the technology and financial services worlds. In FY2025 we attracted top talent to Monzo from companies including Apple, Meta, Nubank, and Barclays, and focused hiring on technology, data, product and design. Our unique culture and focus on creating an amazing workplace meant that our employee satisfaction remained in the top 10% of tech companies.

Driving growth and profitability

In FY2025 over 2.2m new personal customers and 200k new business customers joined Monzo. And, amazingly, the strength of our product and brand meant that more than two-thirds of the people who joined Monzo joined us because of word of mouth recommendations. In addition to customer growth, as our customer engagement deepens and we add more products, our existing customers are migrating more of their financial lives to Monzo. In FY2025, our ARPU - Average Revenue per (Active) User - increased by 15% for personal customers and 16% for business customers.

While our ARPU is growing, on the cost side, our mobile-first and cloud-native model brings significant cost advantages vs. traditional banks and other tech-powered firms. Here are some of those advantages.

We have a digital-first model, without physical branches, meaning we can deliver high quality customer service at costs below the financial services industry average, even as we invest more in this area.

By delivering products and services that customers love, we continue to benefit from low customer acquisition costs as organic, word-of-mouth growth has reduced the need for high marketing costs.

Having our own, cloud-native technology stack allows us to be flexible, scalable and resilient, keeping technology costs low and positioning us well to maximise the use of machine learning in things like customer risk assessments, credit underwriting and fraud detection. Large language models (LLMs) are also benefiting our engineers, with 85% of our engineers using Copilot to increase coding productivity.

Our retail deposit base means that we have a low cost of funding relative to non-bank financial technology companies.

Running a business feels like a walk in the park

It's been 5 years since we launched Monzo Business and today, over 600k UK businesses bank with us. A statistic we're really proud of is that 1 in 6 new UK businesses choose us for their business banking needs. Small and Medium Enterprises (SMEs) in the UK and other markets have many of the same frustrations as personal customers – the services offered by traditional banks are often not well suited to their needs and can come with hefty fees. We're on a mission to change that.

Whilst we began our business banking journey by offering many of our same simple, intuitive personal banking products to sole traders, we now offer products useful to SMEs of different sizes. For example, in FY2025 we launched Monzo Team, a brand new subscription plan for bigger businesses with more complex needs. It's packed with features like expense cards, bulk payments for salaries and suppliers, automated tax saving and accounting integrations to help hardworking teams spend less time on financial admin. We also introduced loans and overdrafts for businesses to help sole traders and limited companies access credit if they need it.

In business banking, we see many of the same proof points and trends as in our personal banking business: a high NPS of 60 across FY2025 with 54% of our business banking customers active on a weekly basis. Plus, customers are adopting more products and growing ARPU by 16% year over year. The year ahead is gonna be a really exciting one for Monzo Business Banking.

Taking Monzo to the world

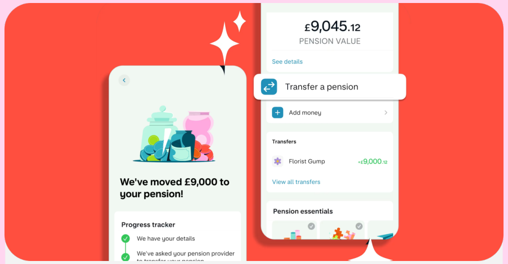
Possibly the most exciting thing about the year ahead is scaling our customer-centric digital banking platform to markets outside of the UK. In the next 12 months, we'll continue to expand both in the US and Europe. In the US, we'll continue to grow our product offering for our customers there, such as our launch of Savings Jars, offering competitive interest rates, and giving US customers the same seamless savings experience that Monzo is known for in the UK. In Europe, we've selected Ireland as our EU base and continue to build out our team at pace, laying the groundwork for Monzo's expansion across the continent.


hummel
monzo

In focus: Personal and joint banking

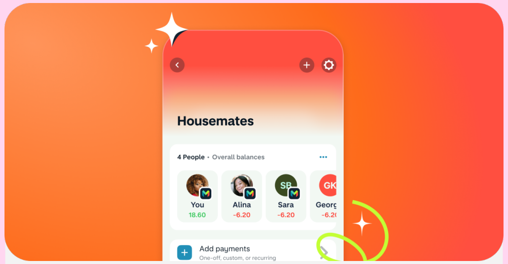
We continued to launch exciting new products over the course of FY2025, expanding Monzo into new spaces and for new customers.

We really believe in developing delightful new products and getting them into customer's hands quickly. Our product teams are mission led, data driven, and focused on solving specific customer problems with everything they build. Teams work closely with our customers to get right to the heart of real-world financial problems, testing different ways to solve them as effectively as possible.



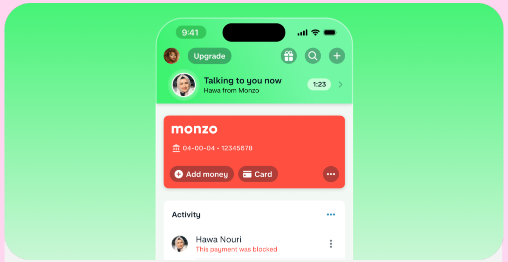
Pensions

In summer FY2025 we started helping customers find and combine their old pensions for a clearer view of their money for later in life.



Split

We've continued investing in ways to pay and get paid with Monzo Split – helping you split, track, pay and chase payments.

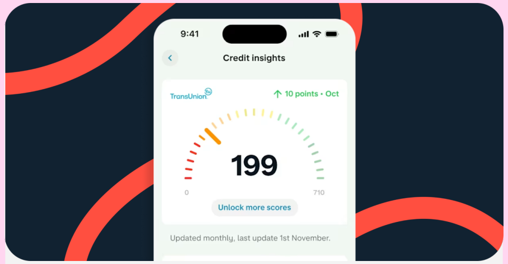


Added security

We're keeping customers' money safe with industry-first security features, 24/7 support, and advanced fraud protection.

Extra, Perks, Max and Max Family

We introduced three new upgrade plans, including things like our best money management features, worldwide travel and phone insurance, and our best rates on Instant Access savings.



Flex Build and Credit Insights

Following the success of our award-winning credit card, this year we launched Flex Build to help customers build credit who might otherwise struggle to access it.

Monzo for families

We've continued to invest in making Monzo for families, launching Monzo for Under 16s – a bank account for 6-15 year olds with no subscription or top-up fees.

In focus: Business banking

Monzo Business is on a mission to make life easier for small businesses and their customers. Our teams work closely with our customers to understand their pain points and use these insights to shape what and how we build things that really make a difference.

We make it easier for businesses to get paid

Customers who use Monzo payment links or add them to their invoices get paid on average 10 days quicker than those who don't. They can use QR codes, invoices or payment links that make it easy to pay via Open Banking or by card. And we were one of the first in the UK to let businesses turn their phones into card terminals with Tap to pay.

We help businesses maximise their money

Whether it's for taxes or salaries, Tax Pots let businesses automatically take a percentage of all incoming payments and put it aside for when they need it later.

Additionally, Instant Access Savings Pots let businesses earn interest on the money they can afford to put aside and help it grow.

We help businesses manage their finances with confidence

Integrations with accounting tools, connected bank accounts and our insights feature give them full visibility of their cashflow and help them (and their teams) spend less time on financial admin.

We introduced products that support a broader range of businesses

In FY2025, we increased our focus on building solutions for more complex, mature and growing small businesses. We launched Monzo Business Team in October to make light work of small businesses' admin and let them claim back lost time with expense cards, bulk payments and payment approvals.

New

Limited company loans

We're giving small businesses the financial firepower to achieve their goals or overcome cash flow crunches.

New

Payment approvals

Businesses can approve their team's payments when they go over certain limits so they can do their jobs, and business owners keep some control.

New

Expense cards

Employee expense cards that let selected team members spend up to limits that the business sets for them to save everyone from endless expense admin.

New

Bulk payments

Bulk payments help businesses pay multiple salaries and suppliers in one go, making sure everyone gets paid on time, every time. It avoids costly mistakes made by entering data manually and time spent copy and pasting.

"Monzo Business is a game changer. It's allowing us to be quicker so we can spend time on the value add."

REPUBL/C of CATS

Building the UK's most loved cat food brand with Monzo Business

Richard Darlington is CEO of Republic of Cats, a London-based direct-to-consumer cat food brand focused on personalised nutrition. Since launching in 2020, the business has grown to around 20 employees and wants to be the UK's most loved cat food brand.

Richard, already a fan of Monzo for personal banking, turned to Monzo Business after frustrations with traditional banks. He said the fully digital application process was super straightforward and now he's set up, he recommends it to everyone for the speed and customer service. "I can review spending while making a coffee – it's become a side-of-desk activity, not a chore."

Republic of Cats uses Monzo's Team plan, valuing the reasonable cost and built-in tools that mean Richard doesn't need extra apps. Features like in-app payment approvals let Richard approve spending from anywhere, even on holiday, keeping the business moving. As a fast-moving business, his teams also need the freedom to spend. Before, they used a separate expense card app. Now everyone gets a Monzo Business expense card. "It gives everybody the ability to spend money, but it gives me the ability to control how much they're spending and set limits", says Richard. "It's making it very transparent for me without slowing the business down."

For Republic of Cats, Monzo Business is more than a bank, it's a "scalable tool" for "speed, transparency, and control". As Richard puts it: "I see it growing with us."

[1] According to an independent survey of 19,400 customers of the 16 largest business current account providers in Great Britain between January 2024 and December 2024 by BVA BDRC for Overall Service Quality and an independent survey of 18,000 customers of the 15 largest business current account providers in Great Britain between January 2023 and December 2023 by BVA BDRC for Overall Service Quality.

Most recommended business banking provider

for overall service quality for the last 2 years[1]

Market share

as a percentage of UK businesses in line with ONS

11%

Total customers

625k

Customers added

49% year on year

205k

Accounts opened same day as application

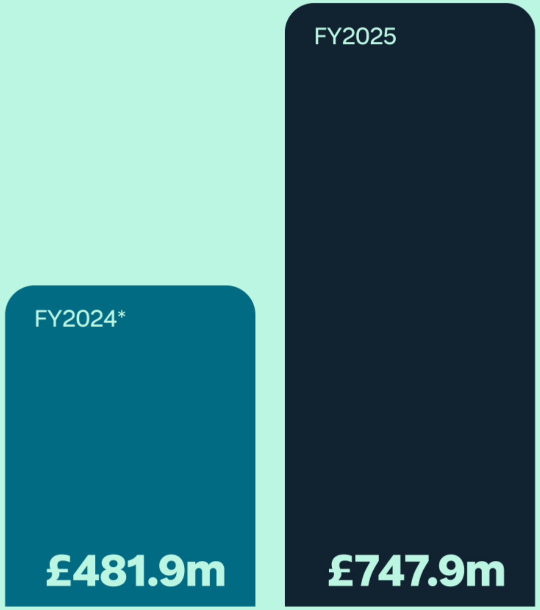
91%

Financial review

Key results

Gross profit

+55%



Cost to income ratio (CIR)

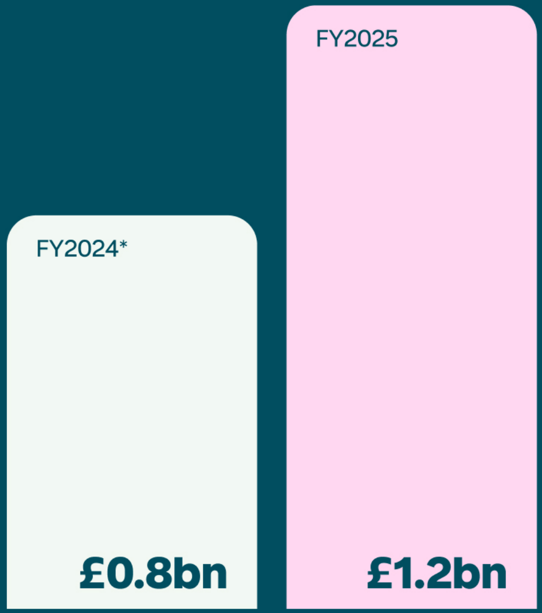
Decreased from
74% FY2024*

Adjusted for the
impact of the
secondary share sale

73%

Gross revenue growth

+48%



Total expenses

£467.9m FY2024*
£687.4m FY2025

+47%

Common Equity Tier 1 capital (CET1)

Increased from
55% FY2024

56%

* We changed our year end in FY2024, from 28 February to 31 March. As a result we had a 13 month reporting period. To ensure comparability with the prior period, 2024 results are shown as the 12 months to 31 March 2024 (unaudited).

Group Chief Financial Officer's review

I'm privileged to have joined Monzo at such an exciting moment in its journey, when I can report on both the strong results and foundations that have been built, whilst also looking forward to all of the opportunities in front of us.

Tom Oldham
Group Chief Financial Officer

FY2025 has been another year of exceptional growth and our second year of profitability. We set ourselves the goal of passing £1bn in annual net revenue by March 2025 and exceeded that well ahead of target. Our revenue growth with improvements in our credit risk meant we reported £747.9m in gross profit, up 55% year over year. We invested in new products, capabilities and expertise while controlling operating costs, allowing us both to grow quickly, while ensuring profits grew faster than revenue. This resulted in our profit before tax growing 4x from £13.9m to £60.5m (8x to £113.9m when adjusted for our employee secondary share sale costs).

Our personal banking business has exceeded our expectations. We welcomed over 2.2m (+24%) new personal banking customers and in this financial year, our customers used Monzo to spend £57.6bn across debit and credit cards. We now hold £16.6bn of deposits on behalf of our customers. This consists of £7.7bn in current account balances and £8.9bn in Instant Access deposits. Over 2.3m Instant Access customers now trust us with their savings, growing the amount they save with us by 66%, and benefiting from fair and transparent savings rates available to all our customers, new and existing alike. Our subscription products continue to be popular, with almost 900k personal banking customers benefiting from a host of valuable features and perks, especially our new subscription plans. Over 300k customers are now investing with us, with over £400m of assets under management and further product enhancements to come.

We continued to grow our lending portfolio, increasing gross balances by 36% to £1.9bn, and growing revenues by 37%, while our expense from expected credit losses (ECLs) decreased year-on year, even as balances grew. We achieved this by making significant improvements to our credit risk decisioning, with our realised loan loss rate falling from 8.9% in FY2024 to 7.5% in FY2025 as a result.

At Monzo we're obsessed with finding ways to better meet our customers' needs. In FY2025, our customers increased the number of Monzo products they use – for new and existing products and features. By the end of the financial year, customers that use Monzo on a weekly basis held on average 2.1 products with us, up 11% year over year. Customers tend to use more and more Monzo products the longer they are with us.

Business banking is going from strength-to-strength as we accelerate growth in the UK. This year we welcomed 205k (+49%) new customers across a broad mix of industries and larger companies, bringing our total to 625k businesses. Those business banking customers that use Monzo on a monthly basis held an average of 3.9 products, up 5% year over year.

We launched a number of new products for our business customers in FY2025, improving our offering for sole traders as well as larger businesses with multiple employees. This has boosted their use of our products and services, with over 36% of our business customers now paying for our Pro and Team plans, current account balances increasing from £1.6bn to £2.6bn and Average Revenue Per User (ARPU) increasing by 16% to £542. Business banking now generates 12% of our revenues and will be a key lever of future growth in the UK and internationally. As well as personal customers opening business accounts, we're delighted to see more and more business customers joining Monzo and then going on to open a personal account with us.

Cost management continues to be an area of focus to make sure we benefit from efficiencies as we scale, while continuing to invest in growth. These investments include expanding our customer base, technology platform and team as we prepare to launch further new products and enter new markets. We also continue to invest in ways to make our customers safer, like reducing some of the impacts of fraud and financial crime in this ever evolving, and challenging, area. Even with significant investments in growth in FY2025, once you adjust for the financial impact of our secondary share sale, our cost to income ratio improved from 74% to 73% this year.

As our customer deposits and balance sheet grow, our Treasury function has both enhanced the return we make on excess liquidity, and significantly expanded our structural hedging activities, to help reduce volatility in the income we earn from interest over time. Over 40% of our deposit balances are now structurally hedged, representing the core of our interest rate risk exposure. Because of this, we believe we're well positioned for a falling interest rate environment. It's also important that we're able to put excess deposits to work, where currently our lending book represents 9% of our balance sheet. To do this, we've started to invest excess deposits into a new credit investment portfolio of very high quality, investment grade, assets.

Our FY2025 performance was achieved against a backdrop of ongoing external pressure. There continues to be significant uncertainty across the political environment, global trade and broader macroeconomic performance, with an uncertain unemployment path, and elevated inflation persisting in the UK that continues to impact our customers. The BoE is expected to continue cutting interest rates and, as mentioned, we are comfortable with our hedging strategy against that outcome. While the competitive environment remains challenging, we believe we are well positioned through our innovations and strategy to continue to benefit from the ongoing shift to digital banking.

Financial performance overview

Group consolidated profit and loss

	Audited 12 month period ended 31 March 2025 £'000	Unaudited 12 month period ended 31 March 2024 £'000	Audited 13 month period ended 31 March 2024 £'000	Audited 12 month period ended 28 February 2023 £'000	Audited 12 month period ended 28 February 2022 £'000	Audited 12 month period ended 28 February 2021 £'000
Interest income	861,673	549,991	575,974	167,956	37,809	23,950
Fee and commission income	329,165	238,662	255,531	169,095	103,270	54,051
Other operating income	44,517	46,178	48,452	18,582	13,161	2,490
Revenue	**1,235,355**	**834,831**	**879,957**	**355,633**	**154,240**	**80,491**
Interest expense	(262,833)	(136,003)	(138,002)	(3,709)	(3,727)	(1,564)
Fee and commission expense	(72,000)	(46,796)	(50,696)	(36,212)	(22,481)	(12,265)
Credit loss expense on financial assets	(152,595)	(170,174)	(176,868)	(101,203)	(14,013)	(3,821)
Cost of revenue	**(487,428)**	**(352,973)**	**(365,566)**	**(141,124)**	**(40,221)**	**(17,650)**
Gross profit	**747,927**	**481,858**	**514,391**	**214,509**	**114,019**	**62,841**
Personnel expenses	(352,929)	(241,003)	(256,913)	(175,325)	(130,151)	(105,269)
Other operating expenses	(334,520)	(226,908)	(242,030)	(155,525)	(102,888)	(88,952)
Total Expenses	(687,449)	(467,911)	(498,943)	(330,850)	(233,039)	(194,221)
Profit/ (Loss) before tax	**60,478**	**13,947**	**15,448**	**(116,341)**	**(119,020)**	**(131,380)**
Tax (expense)/ credit	34,090	(6,739)	(6,739)	—	—	303
Profit/ (Loss) for the year	**94,568**	**7,208**	**8,709**	**(116,341)**	**(119,020)**	**(131,077)**

Key results (continued)

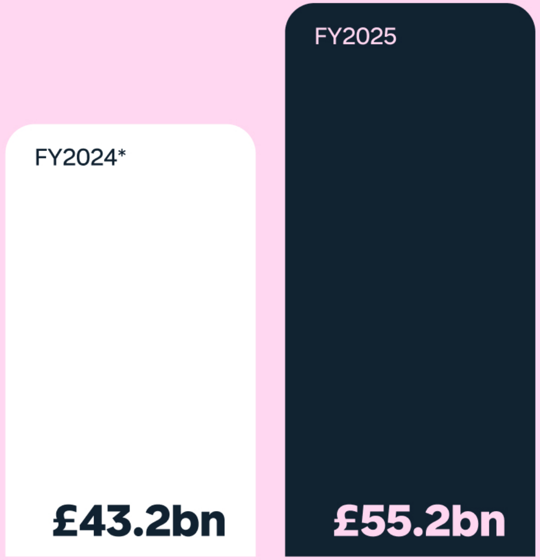
Gross lending

+36%

£1.4bn FY2024
£1.9bn FY2025

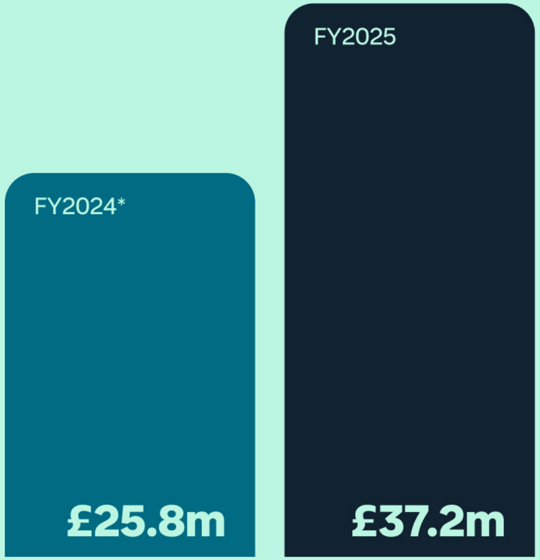
Increase in customer spend

+28%



Net subscription income

+44%



Net interest margin

4.09%

decreased from 4.41% in FY2024

Loan loss rate

7.5%

decreased from 8.9% FY2024

* We changed our year end in FY2024, from 28 February to 31 March. As a result we had a 13 month reporting period. To ensure comparability with the prior period, 2024 results are shown as the 12 months to 31 March 2024 (unaudited).

Interest income increased 57% to £861.7m

A £311.7m increase from £550.0m

This increase was driven both by growth in our lending book from £1.4bn to £1.9bn, and in current account and Instant Access balances from £11.2bn to £16.6bn. This was due both to more customers and the popularity of our products, and led to higher average deposit balances. Average deposit balances per retail and business customers grew from £1.0k to £1.2k and from £3.8k to £4.2k respectively.

Interest income from lending increased £73.2m (37%) to £271.3m, as gross lending increased 36% and the number of customers borrowing from us increased by 86%.

Interest income from deposits held with the Bank of England increased £173.3m (71%) to £418.6m driven by higher balances, which was partly offset by the impact of the base rate decreasing from 5.25% to 4.50%.

Interest income from our Credit Investment portfolio (more details below) and hedging activities increased £66m (63%) to £170.3m. We're also prepared for cyclical changes to interest rates and have expanded our structural hedging activities from £4.8bn to £7.3bn during the year.

Fee and commission income increased 38% to £329.2m

A £90.5m increase from £238.7m

More and more customers made purchases using Monzo, made use of our partner-offered products and paid for the added features that come with our refreshed personal account subscription plans.

Transaction income increased £57.5m (32%) from £177.5m to £235.0m, as more customers (25% higher than last year) used more products, and spent over £55bn on their cards, an increase of 28% on last year.

Income from our subscriptions products increased £25.0m (50%) from £50.2m to £75.2m. The launch of Extra, Perks and Max personal account subscription plans in April was a hit, with more than 870k personal customers now paying for added benefits. This is a 64% increase from last year. We saw over 480k customers joining these plans to upgrade their accounts with us for the first time, while 175k people made the move from our original plans Plus and Premium. This was boosted in January by the success of the 1p Saving Challenge, which generated an estimated 100k incremental upgrades.

Partnership commission increased £8.0m (73%) to £19.0m from £11.0m. We earned £7.4m of commission (up from £5.8m) from customers using our partners to make payments abroad. With the recent launch of international outbound payments powered by our platform in February, customers have already sent over £100m abroad. Providing this service ourselves increases our margin by over 40%.

The number of customers using our third party savings products increased this year, earning us £8.7m of commission, £4.0m (86%) higher than £4.7m. Savings balances held with those third parties grew to £5.0bn from £3.4bn. We took the decision to focus our product development efforts on our own, on-balance sheet products and so we removed third party Savings Pots from sale on 28 February 2025.

Since the launch of our Monzo Investments product in partnership with Blackrock last year, more than 300k customers are now investing with Monzo, growing to over £400m assets under management. We expect to see our investment proposition grow as we expand the investment products available to customers. We also partnered with Raindrop to launch Monzo Pensions, which allows customers to find and combine their old pensions into a single retirement fund managed by Blackrock for a transparent fee.

Other operating income decreased 4% to £44.5m

A £1.7m decrease from £46.2m

This includes business-to-business innovation and co-development grants. As expected, grants from some of our partners to develop our investment platform have not been repeated since we launched Monzo Investments last year explaining the decrease on last year.

We recognised an unrealised fair value gain of £2.3m from credit spread tightening on asset swapped bonds within our credit portfolio.

Interest expense increased 93% to £262.8m

A £126.8m increase from £136.0m

More than 2m Instant Access customers are trusting us with their savings, growing the amount they saved with us by 66% to £8.9bn as we kept fair and transparent savings rates. This increase resulted in us paying £126.6m (96%) more interest to customers, reaching £258.8m compared to £132.2m.

Our overall net interest margin (NIM) decreased slightly to 4.09% from 4.41% last year due to the greater mix of lower margin Instant Access balances partly offset by growth in our lending portfolio and the extension of our credit investment portfolio.

Fee and commission expense increased 53% to £72.0m

A £25.2m increase from £46.8m

These costs increase with customer growth and higher engagement with our personal account subscription plans. Our transaction expenses, for things like Apple Pay, were up £11.3m (51%) to £33.3m from £22.0m as we paid for higher transaction volumes. Our subscription plan expenses were up £13.5m (55%) to £38.0m from £24.5m as we paid for the products and services our customers enjoy as part of their upgraded personal account plans.

Credit loss expenses decreased 10% to £152.6m

A £17.6m decrease from £170.2m in the 12 months to 31 March 2024

Loan balances increased 36% year over year, with total drawn balances reaching £1.9bn compared to £1.4bn in FY2024. We saw strong growth across all products with Monzo Flex and loans growing 41% and 31% respectively. Flex now has over 1 million customers, a milestone achievement.

Introducing new products that solve different problems for different people is a big part of our mission to make money work for everyone. For example, in FY2025 we launched Flex Purchase, for lower risk, more spend-oriented customers, and Flex Build, designed for new-to-credit customers and near prime customers. We've also seen demand for credit products from our business borrowing customers, and responded by launching limited company loans in November 2024. These complement our existing sole trader overdrafts and loans.

We've achieved strong credit performance alongside our portfolio growth, with our Loan Loss Ratio decreasing from 8.9% to 7.5% this year. Arrears balances decreased to 4.71% from 5.98% in FY2024, driven by credit tightening in Flex and Loans. The significant enhancements we made to our financial health tools, for example budget assessment tooling and ways for customers to access forbearance in the app, have allowed us to better serve customers in need of financial support early on in their credit journey.

	FY2025	FY2024
% Balance in arrears*		
Loans	3.60 %	4.87 %
Flex	5.63 %	7.34 %
Overdrafts	5.91 %	6.67 %

*Excluding payment plans

We believe we're well-positioned against an uncertain macroeconomic backdrop, with a total impairment allowance of £251.2m compared to £204.0m in FY2024. This represents a reduction in balance coverage from 14.6% in FY2024 to 13.6% in FY2025, reflecting the credit quality improvement of our lending book. This is broken out by product in the following table.

Impairment adequacy summary	FY2025	FY2024
ECL	£251m	£204m
Loans	£81m	£76m
Flex	£87m	£66m
Overdrafts	£83m	£62m
Drawn Balance	£1853m	£1394m
Loans	£897m	£684m
Flex	£553m	£391m
Overdrafts	£403m	£319m
Portfolio Coverage	13.60 %	14.60 %
Loans	9.10 %	11.10 %
Flex	15.70 %	16.90 %
Overdrafts	20.60 %	19.40 %

Strong portfolio performance, lower arrears and better financial health support have resulted in a £17.6m (10%) decrease in the impairment charge for the year to £152.6m from £170.2m. This has been achieved even against 36% balance growth year-on-year.

Personnel expenses increased 46% to £352.9m

A £111.9m increase, from £241.0m in the 12 months to 31 March 2024

We continue to hire to support our growth, aiming to pay on average within industry benchmarks. Average customer operations headcount across FY2025 grew 22% to

2,485 (FY2024: 2,044) to improve service levels, particularly in addressing complaints and giving vulnerable customers the appropriate level of support. Average non-customer operations headcount was up 21% year over year to 1,336 during FY2025 (FY2024: 1,101). We've focused on filling critical roles that will support expansion in the EU and invested in senior leadership as we grow in complexity and to support group organisational changes.

A big moment for us this year was our secondary share sale, inviting Monzonauts to sell some of their hard-earned share options to our investors. Our progress, profitability and future growth prospects allowed us to complete this successfully in December, at a £4.5bn company valuation. The transaction resulted in a one-off cost of £53.4m, broadly equal to the difference between the value at which we account for new share option grants and the price achieved with investors for this transaction. £45.2m was a non-cash expense and due to the exercise price paid for some of the options totalling £11m, the transaction was broadly capital neutral. The sale demonstrates our commitment to our people and the contribution they make to our continued success. See Note 32 of the financial statement for more details.

Our other operating expenses increased 47% to £334.5m

A £107.6m increase from £226.9m in the 12 months to 31 March 2024

Our customer account operating costs increased by £25.5m (36%) to £96.2m from £70.7m. As expected, card production and distribution and customer onboarding costs grew in line with increased customer numbers and transaction volumes. We processed a total of 938m Faster Payments in FY2025 compared to 765m in FY2024, leading to higher payment processing costs.

Included in our customer account operating costs are the amounts we compensated customers for fraud and other dispute losses, which increased by £15.8m (84%) to £34.6m from £18.8m. Online scams, particularly authorised push payment (APP) fraud, remain a concern for the industry as a whole. We recognise the importance of reimbursing customer losses that happen through no fault of their own and try to prevent them from falling victim to fraud in the first place. We also made sure we were ready for the Payment Systems Regulator's (PSR) mandatory reimbursement rules, which came into effect in October 2024. We'll continue working hard to protect customers by investing in our fraud operations team and making full use of new technology to create things like our industry first Call Status service and added security features. We know we have work to do and we'll keep learning so we can protect even more of our customers from fraud and serve our customers more effectively, especially those that are vulnerable.

Our marketing costs increased £42.4m (77%) to £97.4m this year from £55.0m. In May 2024 we launched our first customer-facing brand campaign in over 5 years, painting the UK Hot Coral as we brought our brand to life on TVs, billboards and even taxis. In February 2025, we launched a similar brand campaign for business banking. We used digital platforms to raise awareness of key launches, for example our new Pensions product. We also ran several advertising campaigns during the year, including the ever-popular Year in Monzo in December 2024.

Our technology costs grew £13.8m (30%) to £59.3m from £45.5m, broadly in line with customer growth. The consequences of system downtime and outages can be significant, so we invest in building incredible, pioneering technology like Monzo Stand-in to maintain a reliable and stable in-app experience for our customers. It's so important that our platform is able to scale to support higher volumes and different geographies, now more than ever.

Our remaining operating expenses increased £25.8m (46%) to £81.6m from £55.8m. These relate to things like outsourcing, legal and other admin and office expenses.

Our total tax expense decreased by £40.8m to a £34.1m credit

We recognised a net deferred tax asset for the first time

We've recognised a £13.5m current tax expense based on our FY2025 profits. We also recognised a £47.6m deferred tax credit in relation to our brought forward tax losses, as we can use these to offset taxable profits in future periods.

Our effective tax rate is the Group's tax charge as a percentage of its profit before tax. It's lower than the main UK corporate tax rate as it includes deferred tax. In Note 10 we explain how we calculate our tax charge.

Group consolidated balance sheet

	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	11,021,763	7,624,300	3,101,242	3,134,540	2,977,368
Treasury investments	5,381,870	3,634,401	2,727,520	1,675,478	376,641
Loans and advances to customers	1,602,470	1,190,215	653,733	235,083	87,147
Deferred tax asset	45,788	—	—	—	—
Other assets	211,960	516,897	205,281	173,328	188,551
Total assets	**18,263,851**	**12,965,813**	**6,687,776**	**5,218,429**	**3,629,707**
Customer deposits	16,599,371	11,197,622	5,945,947	4,440,650	3,124,046
Subordinated debt liability	15,421	15,113	14,823	14,593	—
Other liabilities	**436,116**	**890,933**	**251,356**	**200,918**	**283,767**
Total liabilities	**17,050,908**	**12,103,668**	**6,212,126**	**4,656,161**	**3,407,813**
Equity	1,212,943	862,145	475,650	562,268	221,894
Total liabilities and equity	18,263,851	12,965,813	6,687,776	5,218,429	3,629,707

Increase in treasury investments

£3.6bn FY2024
£5.4bn FY2025

+48%

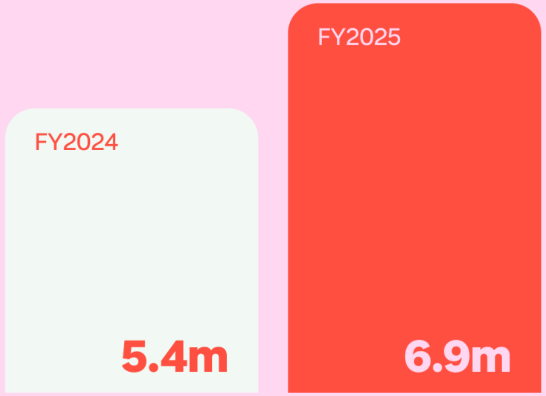
Customer deposits

£11.2bn FY2024
£16.6bn FY2025

+48%

Weekly active users

+28%



We've grown and diversified our treasury investment portfolio to £5.4bn

A £1.7bn increase (48%) from £3.6bn in FY2024

This year, we established our wholesale credit portfolio with the aim of increasing our risk management tools and optimising our net interest income safely. Through the course of the year, we've invested £3.2bn into investment grade asset classes earning a spread over Bank of England base rates with minimal incremental capital.

As discussed earlier, effectively managing the impact of cyclical interest rate changes is a key element of our hedging strategy. The core of our interest-rate sensitive deposit balances is now hedged with a mixture of UK Treasuries, Supranationals and increasingly interest rate swaps which together amount to £7.3bn notional.

We've grown net lending safely and sustainably to £1.6bn

A £0.4bn increase (35%) from £1.2bn in FY2024

Loans and advances to customers (after impairment loss allowance) increased by £0.4bn (35%) from £1.2bn to £1.6bn. The total number of retail customers borrowing from us increased by over 1.1m to 2.6m, with growth across all our lending products. We now have over 1m Monzo Flex customers, with the launch of features like Flex on Apple Pay and Monzo Flex Build bringing the best of Monzo to a credit card. We launched the Flex Build credit card this year to help customers build up their credit score over time.

We're also expanding our lending products for small businesses, with loans to limited companies launching as a pilot in October 2024.

Customer deposits increased with higher engagement and customer growth

A £5.4bn increase from £11.2bn in FY2024

Customer deposits increased 48% to £16.6bn as our Instant Access savings product grew from strength to strength, staying competitive in a decreasing rate environment. Deposit balances were boosted by the launch of Instant Access ISAs and the success of our 1p Saving Challenge. We're delighted that over 2m customers now choose to save with us.

We're managing capital and liquidity robustly for long-term success

Moving into our 11th year, we're continuing to become an even more diversified, stable, and capital generative business. Our revenue model is well balanced across transaction, subscription and fee income, and we know that cost efficiencies are key to running a profitable, agile and capital-efficient bank. We've built solid capital and liquidity management foundations.

As our balance sheet grew, particularly with the growth in our lending book, so did our risk weighted assets. However, even with the growth and investment in the business, due to the final round of Series I capital in April 2024 and our increased profitability and internally generated capital, our Common Equity Tier 1 [3](CET1) ratio increased slightly to 56% (FY2024: 55%). Our capital position remains well above both our internal and regulatory minimum requirements.

We use stress testing across a number of different scenarios to make sure we're comfortable with the amount of capital we're holding and the sustainability of our business model.

The Liquidity Coverage Ratio (LCR) is a critical measure to ensure we hold sufficient high quality assets to manage our liquidity risk. At year end this was 1,226%, which is also well above both our internal and external minimum requirements. We further improved our access to liquidity this year by extending our repo capabilities, with new external counterparties and our internal systems, in addition to our access to the Bank of England's SMF facilities.

We remain well capitalised for a range of scenarios which we plan for regularly as we grow. And alongside changing MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements, we'll continue closely monitoring the impact of proposed changes and what they mean for our capital, growth and resolution strategies.

[3] We calculate the ratio by dividing our equity that qualifies as regulatory capital (CET1 capital resources), by our 'Risk Weighted Assets', a regulatory measure of our exposure to market, credit and operational risk.

Preparing for the road ahead

Against a challenging economic and geopolitical backdrop, our diversified revenue model allows us to continue growing sustainably and operating strongly. Keeping this performance up in the UK is as important as ever as we expand into the EU and bring Monzo to millions of new customers.

To thrive under current challenges and future headwinds, we must be world-class and benchmark ourselves against global standards. This involves a range of initiatives: scaling up our operations, focusing on cost efficiency, investing in our control environment and exploring new growth segments, to name a few. And as we move towards a truly global offering, ready for future market access, it's important we deepen our sustainability impact in the societies, economies and countries we serve.

My thanks and congratulations go to the dedicated teams across Monzo on these results. They reflect a year of focused, hard work and excellence in general across the business.

Tom Oldham
Group Chief Financial Officer
29 May 2025

Non-financial and sustainability information

Non-financial reporting statement

The bank is a Public Interest Entity (PIE) and Large Business so we comply with the Non-Financial Reporting requirements from sections 414CA and 414CB of the Companies Act 2006.

In this section we'll set out our policies and achievements, and for any areas where we're still developing policies or the due diligence on them, we'll explain the progress we're making.

Reporting requirement	Description	References and sample policies
Colleagues	We truly care about our colleagues and their wellbeing. We're transparent with them, building a strong, motivated and diverse team. We have a number of policies, training programmes and approaches to make sure everyone feels like they belong and has a voice.	Our approach to people, p35 People Policy. Health and safety. Conflicts of interest. Recruitment and selection. Remuneration Policy.
Community and social matters	Focusing on community and society is what our mission to make money work for everyone is all about. Our policies and statements outline how we help our customers and have a positive social impact.	Our community and social matters, p42. Vulnerable Customers Policy. Financial Difficulty Policy. Accessibility statement. Bereavement Policy.
Environment	We've built a digital bank with lower greenhouse gas emissions than the high street banks. But, as one of the fastest growing banks in the UK, and with our expansion plans in the EU and US, we recognise that our carbon footprint will grow rapidly if we don't make a conscious effort to reduce it. We've measured and reported on our carbon footprint and are developing a plan to shrink our emissions.	Our approach to the environment, p46. Environmental and Climate Risk Policy.

Reporting requirement	Description	References and sample policies
Anti-corruption and anti-bribery	Preventing financial crime is a key responsibility and commitment for us as a bank. Our teams pay close attention to these key risks with the help of our policies on a daily basis.	Respect for human rights, anti-bribery and anti-corruption, p57. Outsourcing and Third Party. Risk Management Policy. Procurement Policy. Anti Bribery and Corruption Policy. Market Abuse Policy. Whistleblowing Policy. Financial Crime Policy. Gifts & Entertainment procedure.
Human rights	Our commitment to human rights and the ethical treatment of our colleagues, third parties and customers is woven into our core values. You can find our latest Modern Slavery and Human Trafficking Statement on our website. We're always developing our policies and processes to strengthen our approach to human rights.	Respect for human rights, anti-bribery and anti-corruption, p57.
Description of our principal risks and impact of our business activity		Our current risks, p68.
Description of our business model and strategy		Business model and strategy, p13.

Our approach to people

With a mission as ambitious as ours, you need a team of passionate, capable people.

As our customer numbers grew in FY2025, so did the number of people on our team. We have more than 3,900 people working at Monzo now, with more than 72% of them working from home full time. Allowing people to work in ways that suit them means that we get to hire the best people no matter where they live. No matter where they are, we help them stay connected with lots of opportunities to get together.

Our culture's special and we're proud of what we've built together. We want it to evolve and stay special as we grow. In the last year we've been working on that by doing things like building out our leadership academy, maintaining our industry-leading employee engagement scores and getting creative with how we bring our team together, whether virtually or in person.

Bringing Monzo MAGIC to life

In last year's report we wrote about the launch of our employee value proposition, Monzo MAGIC (Mission, Action, Growth, Inclusion, Care). It reflects the commitments we've had since Day 1 to diversity, equity and inclusion, as well as committing to action while caring deeply about our people.

It's a way for us to show anyone who's thinking about joining Monzo what's important to us. It's also a good guide for us to reference when we're setting goals, growing the business and growing the 'people experience'.

People's experiences are important to us and it's something we've always taken a data driven approach to. To measure how well we're doing, we regularly ask our team for feedback on how we're doing. We use this feedback to produce an eNPS (employee Net Promoter Score – a measure of how likely your team are to recommend you as a place to work), listing out areas that are going well, and where we can improve. This year our average score over 12 months was 51, meaning we held our place in the top 10% of the technology industry.

There are lots of opportunities for our teams to get together throughout the year but the biggest is our Monzo Mela. It happens every summer and this year we added a new date to the tour, travelling to Manchester for the first time, with stops at London, Cardiff and Glasgow too. A total of 1,250 people relaxed, celebrated and spent time together. We also invested in a number of online Mela events so everyone had an opportunity to get involved and celebrate.

94% of people we surveyed were excited about the next Mela event and 83% of people said the events they attended made them feel more connected to their teammates and Monzo.

The Leadership Academy celebrated its first graduates

Last year, we launched the Leadership Academy to help Monzo managers and leaders strengthen key skills and better support their teams.

In FY2025, we scaled the Academy, with an initial batch of 49% of managers joining 15 in-person sessions on topics like emotional intelligence, coaching, and strategic thinking – topics we chose based on feedback from leaders. We designed the sessions to be practical and adaptable so that all our leaders could apply what they learned in ways that worked best for the teams they're responsible for.

98% said the programme was valuable and 95% said they'd already applied the learnings from the training. 96% of the senior leaders that have attended specialised workshops so far agreed that they helped them to identify habits to inspire high performance.

Connecting people to new, better rewards

Rewards and benefits for all stages of life are a key part of the 'Care' in our MAGIC employee value proposition. In FY2025 we focused on connecting our team to those rewards and benefits so they're making full use of them.

We've given our team two extra days' holiday each year and in January we introduced paid Neonatal Leave so parents can have more time with their families at a time when they need it most. We updated our sabbatical policy too. Now, every Monzonaut can enjoy an 8-week paid sabbatical every 5 years.

Throughout the year, we celebrated multiple wellness days covering mental health, financial wellbeing, men's and women's health, and more, including menopause training for managers.

We welcomed three new faces to our executive team

This year, we brought in Mark Newbery (CFO, MBL) and Tom Oldham (Group CFO) as heads of our Finance Collective as we enter into our next phase of growth. Michael Carney (CEO, EU) also joined us to lead Monzo EU. Between them, they bring a significant amount of knowledge and expertise to our team as we expand further.

We invested in our in-house executive hiring team this year, wanting to source and recruit our most senior team directly and provide a Monzo experience from the point of first contact. We also spent a good chunk of time improving our hiring processes by building out tools that make the overall experience more efficient and generally just better for candidates.

Our People policies

Policy	Summary	Due diligence
People	Our People Policy helps us keep a happy, high performing team who can have an impact for our customers. It's also there to address people risk. That's the risk of financial, operational or reputational loss due to our team as a whole, or individuals in it, not working as they should.	See individual Policy due diligence below.
Health & Safety	This Policy sets out our high-level approach to Health and Safety to protect our colleagues and any visitors to our offices.	We appoint and train first aiders, mental health first aiders and fire marshalls. For all new joiners, we explain what people should do in the event of a fire as part of their mandatory training. We review our risk assessments and policies annually to make sure we're providing the safest environment for Monzonauts and visitors possible. We respond to feedback and incidents quickly and have multiple ways to give feedback so Monzonauts can report any issyes or raise concerns.
Conflicts of Interest	This Policy helps us avoid any conflicts of interest in the way we make decisions and go about our work.	The People team reviews our conflict of interest register every week, and follows up on any potential conflicts with the person individually. Our Second Line of Defence and the Risk and Compliance team also review this. Every year we share a company-wide announcement reminding our colleagues to log any conflicts.

Policy	Summary	Due diligence
Recruitment and Selection	We try to attract and hire the most talented people. We do this through a transparent, fair and non-discriminatory hiring process.	Finance and ExCo approve the final headcount plan. We've launched interview and bias training and track interviewers to confirm they've completed training. The People team determines pay ranges by level and function. The Reward team reviews and approves a limited number of offers outside of the salary and share options frameworks. We review our new starters the week before they start to confirm that their pre-employment checks are complete and have an escalation process in place for failed checks.
Remuneration	This Policy sets out our approach to remuneration for all colleagues. It's designed to help us attract, motivate and keep the people we need for each phase of our growth, while making sure we stay compliant with all regulatory requirements that apply to us. The Group RemCo recommended the Remuneration Policy to the MBHG and MBL Boards for approval, which they approved on 6 December 2024.	All Monzonauts can access the Remuneration Policy. It sets out our main regulatory requirements including but not limited to our approach to material risk taker pay, our approach to personal investment strategies, our remuneration risk adjustment framework and our Malus and Clawback Policy. The Reward team reviews the relevant regulatory requirements and updates any practices to make sure we stay compliant.

Diversity and inclusion

With a mission of making money work for everyone, diversity and inclusion is baked into who we are and what we stand for. We believe that by creating an environment where people feel a sense of belonging we're able to do better work for our customers.

Our latest Diversity and Inclusion score keeps us in the top 10% of technology companies, and it's something we track throughout the year. You can find detailed information about our work over the last year in the latest Diversity and Inclusion Report on our website.

We're pleased to say that between April 2023 and April 2024 our median gender pay gap shrunk from 8.1% to 6.3%, and women now make up 66% of our Board and 37% of our leadership roles. Find out more in our latest Gender Pay Gap Report.

While we've made progress in areas, we've also stayed in the same position in areas and we know there is more to do as we grow.

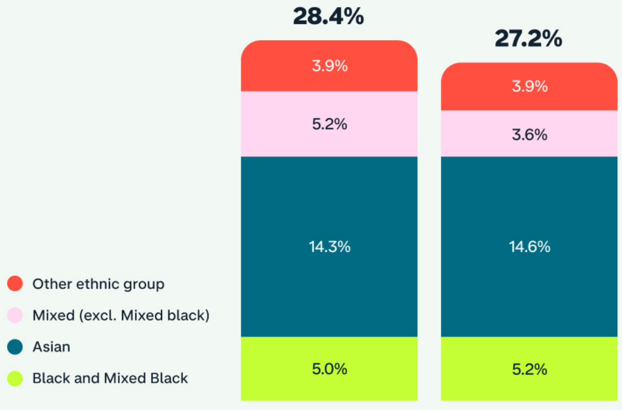
Diversity and inclusion stats

People of Colour† in leadership roles

Decreased 1.7%*

29.3%

People of Colour† in technical roles



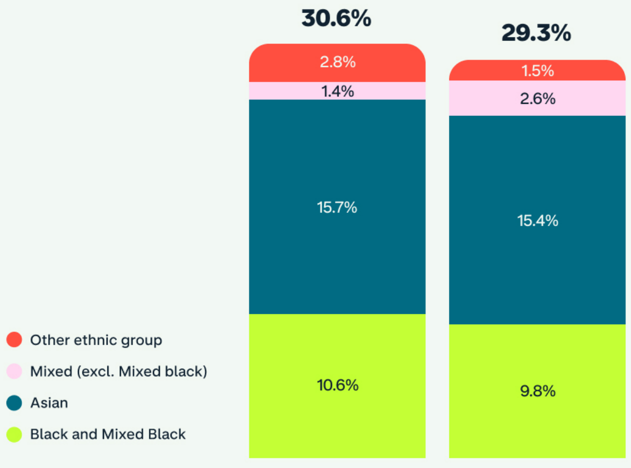
Decreased 0.8%

Women‡ at Monzo

Increased 0.2%

49.2%

People of Colour†



Decreased 1.7%

Women‡ in technical roles

Decreased 0.6%

28.9%

Staff who identify as LGBTQ+§

Decreased 1%

17%

Women‡ in leadership

Increased 0.4%

37.4%

Women‡ on the Board

Increased 10%

66%

*The 2023 figure has been restated.

† Refers to all people identifying as Black, Asian, Mixed or any other non white ethnic group (People of Colour)

‡ Refers to all women i.e. all people who identify as women

§ This is a sexual orientation data point, we collect trans identity and gender identity data separately.

Our community and social matters

For a number of years now, we've been opening this section of the report by saying money's tight for people. Sadly this year isn't any different. Which means we have to work even harder than we have before to make banking with us as straightforward as possible.

Because of this, we've continued investing time and money into making our services and support even more accessible, particularly for our most vulnerable customers.

Every person who joins Monzo – no matter how senior they are or which area of the business they work in – completes Vulnerability and Accessibility training in their first two weeks. And we're working closely with UK Finance and the Government's Financial Inclusion Committee all the time to make sure the support we're offering customers is the best, most inclusive support it can be.

Focusing on the most vulnerable customers

Sharing information about your vulnerabilities can be difficult, so we've made it as easy as possible to get in touch with us. You can reach us through in-app chat, over the phone, with text relay or through our British Sign Language (BSL) options. We also want to make it even easier for customers to share when things are tough. That means continuing to make our in-app tool to disclose vulnerabilities, Share With Us, even easier to use.

We've had a dedicated Vulnerability, Accessibility, Inclusion, and Bereavements (VAIB) team since Monzo started in 2015. Proactively supporting those who need us most has been something we've cared about from the very start. As we've seen more customers impacted by Fraud we're continually looking at ways we can adapt to the changing external landscape.

Today, the VAIB team's made up of more than 130 trained experts. They work with organisations like Surviving Economic Abuse, Money & Mental Health Policy Institute and Gamcare all year round to make sure we're always providing the best support for vulnerable customers.

Just as important as customers telling us about their vulnerabilities is our teams being able to spot signs of those vulnerabilities. We've created comprehensive new training for our support teams that really help put them in the customer's shoes, teaching them how to respond with empathy and offer the right way forward for people experiencing a wide range of vulnerabilities.

Although we've really led the way with some app based examples of supporting vulnerable customers, we know we can do more. The service we're offering today isn't meeting the high standards we set for ourselves. We're in the process of making changes to our servicing and support for vulnerable customers that will bring us up to best in class in the near future.

Making accessibility a priority

Every single one of us will experience a temporary or situational disability at some point in our lifetime, whether through injury or just being in a loud environment. Which is why it's important that we create an accessible experience for everyone.

Introducing British Sign Language (BSL)

This year we partnered with SignLive to offer customers real-time video relay services, letting BSL users communicate with our support team in their first language. SignLive, a Deaf-owned business, has highly trained interpreters who can bridge the communication gap between ourselves and our customers.

Making in-app Chat even more accessible

Our revamped in-app chat provides a streamlined support experience, especially for visually impaired customers. New features include plain English screen reader directions and horizontal orientation options, giving people different options for how they see in-app chat.

Protecting customers from gambling harm

Through our conversations with customers and charities, we know that people are struggling with gambling addiction and need support. We've continued our industry-leading work to lobby the government and give customers the option to curb and then recover from gambling addictions.

Record use of our gambling block

In calendar year 2024, our gambling block – a tool that lets customers prevent themselves from betting – stopped more than £9m in gambling payments. An 8% increase from 2023. New features like personalised cooldown periods and note-to-self reminders have helped more than 70,000 customers to take control of their gambling and develop better financial habits. The average cooldown period increased from 3 months to 10, thanks to features that encourage thoughtful reflection whenever you're tempted to gamble.

Working with the rest of the industry through the Gambling Harms Lab

This year, we joined the Gambling Harms Action Lab to collaborate with other banks and financial services firms to create brand new tools for gambling harm prevention. With the 2023 Gambling Commission's survey revealing that 58% of those experiencing gambling problems hadn't accessed any support, we're committed to working with the rest of the industry to increase protection measures not just for Monzo customers, but everyone.

Empowering customers to make changes

We're committed to helping customers ride out life's bumpier financial moments and generally just feel better about their money. For example, this year we've introduced new ways for customers to manage the financial difficulties they might be experiencing. They can decide on and set up their own repayment journey completely independently, or get help from our team if they want it.

We increased the impact the spending block

Our spending block lets customers block payments to specific shops, brands or websites for the first time. This helps customers curb impulsive spending. Since its launch in 2023, customers have blocked 170,255 transactions with a total value of more than £3.1m. And just like with our gambling block, they can write a reminder message to themselves when they turn the block on to show up if they ever try to spend somewhere they've blocked. Research shows that including this sort of friction really helps when it comes to financial decision-making.

We launched the 1p Saving Challenge

We know saving can feel big and scary, so we created the 1p Saving Challenge to give people a way of starting small, but saving big. If they choose to join the challenge we move 1p from their balance into their savings on Day 1, then 2p the next day, 3p the next day and so on until they save their way to £667.95.

The take-up has been enormous. To date, more than 1.4m people have joined the challenge and are building up their savings.

Social policies and statements

Policy	Summary	Due diligence
Vulnerable Customers	This policy aligns with the FCA's Consumer Duty and Guidance for firms on the fair treatment of vulnerable customers and covers our approach to understanding the needs of our customers, how we support our staff, our approach to product and service design, communications and how we monitor and evaluate outcomes for our customers. This helps us identify and support customers who are more likely to have difficulties managing their money or interacting with us, so we can deliver good outcomes.	While our policy on vulnerable customers is strong, how we're applying it today is falling below our expectations. We'll focus on building robust methods to identify vulnerable customers, make sure the training of our teams is happening as we expect it to, and help governance and management oversee our progress to shape how we offer specialist support in the future.
Financial Health	This policy covers how we support customers that owe us money in a way that's fair, transparent and focused on delivering good customer outcomes.	We regularly review these areas. · Customer support interactions, to make sure we've complied with all relevant regulations and guidance, and resolved customers' issues. · Our processes and guidance, to make sure they're still fit for purpose and delivering good customer outcomes. · Our forbearance toolkit to make sure we're meeting the needs of our customers. · Development of our self-serve options for customers who don't wish to speak to us. · Our 'money worries' web page, which has information on how we can support or signposting to organisations that can support.

Policy	Summary	Due diligence
Accessibility Statement	This statement sets out our opportunities to improve accessibility and applies to both physical and mental health. We're committed to considering accessibility, inclusive design and usability, making our products and services as inclusive and accessible to everyone whatever their ability.	We regularly review these areas. · Customer support interactions to make sure we're providing a tailored and flexible service to customers with disabilities. · Our processes and guidance, to make sure they're still fit for purpose and delivering good customer outcomes. · Internal and external trends to spot foreseeable harm, and to understand where we can make improvements to our product and service design and delivery.
Bereavements	This policy covers how we manage customer accounts after we've been told about their death across all of our products and services.	We're doing a lot of work at the moment to make sure we're handling bereaved customers appropriately. This is currently below the standards we set for ourselves but we're working to address this and make the process as simple and automated as possible at a difficult time for people

Our approach to the environment

Everyone has their part to play in fighting the negative impacts of climate change. As a responsible business, we're taking steps now to transition to a sustainable, low carbon future. We've set ourselves the goal of reaching net zero emissions by 2030 and are developing our decarbonisation plan and embedding climate change into our strategic decision making to help us get there.

We have lower greenhouse gas emissions than the high street banks because we don't have branches, which means we avoid the emissions associated with running a large network of buildings. We also don't directly fund carbon emitting or polluting industries. When we launched Monzo Investments, we decided to offer our customers a range of funds, to help customers consider Environmental, Social and Governance (ESG) factors when selecting the investments they make.

Our Sustainability Working Group (SWG) is headed up by our Director of Sustainability and made up of colleagues from different areas of the business, including Governance, Legal, Finance, Product, People, Risk and Operations. The SWG is responsible for hitting the environmental goals of our Board-owned sustainability commitments. We update our Boards on the progress we're making every 6 months.

As one of the fastest growing banks in the UK, and with expansion plans for the EU and US, we know that our Greenhouse Gas (GHG) emissions will grow quickly. We also know that the majority of emissions in our GHG emissions inventory come from our supply chain. So, we're talking with our suppliers to understand their environmental goals and how we can work together to reduce our collective impact on the environment.

Recycled cards

Issued 7.7 million recycled PVC cards with solvent free ink, representing 93% of the total of cards we issued this year.

Targets

Reviewed our 2030 net zero emissions goal and agreed quantitative reduction commitments in line with the goals of the Paris Agreement.

Treasury

Revised our Treasury ESG framework, which we'll incorporate into our risk appetite in July. We evaluate investments on ESG components so they align with our goals.

Reporting

Made further improvements to our environmental reporting framework for monitoring our reporting commitments.

Data enrichment

Invested in creating higher quality emissions data for ourselves and our suppliers.

Engagement

Spoke to our colleagues about our environmental goals and the progress we're making regularly at whole company meetings and through internal messaging.

Climate-related Financial Disclosures (CFD)

Governance

Our governance arrangements for assessing and managing climate-related risks and opportunities.

We have a comprehensive sustainability governance framework which includes the Boards, their associated Committees, the Executive Committee and the SWG. Our CEO owns Strategic Risk. In 2025, we transferred the ownership and accountability of Climate Risk from our CRO to our CFO. The Boards continue to be responsible for all sustainability matters, including climate-related risks and opportunities. At least once a year, the SWG completes a climate risk assessment to inform the Boards. Please see our section on Risk management page 68 for how climate-related financial risks and opportunities are included in our overall risk management processes.

What we did this year

- The SWG gave the Boards and Executive Committee updates every 6 months on our progress against our environmental commitments, including key priorities for the year.
- Got approval from the Boards on our decarbonisation strategy and the steps needed to start actioning it.
- Appointed our external auditor to perform a limited assurance engagement on our environmental reporting disclosures.
- Assessed and approved the improvements to the framework we use to monitor current and future environmental reporting requirements.
- Monitored our progress on the agreed environmental goals and commitments, and how we were performing against targets.
- Approved recommended changes to goals and commitments.

Looking ahead

- The Boards will continue overseeing our environmental commitments and 6-monthly progress of our decarbonisation strategy.
- We'll run quarterly review sessions on our compliance with existing and future climate-related reporting requirements.
- The Group Board Risk Committee (GBRC) will continue overseeing how we assess climate risk.
- We'll continue to use our group enterprise-wide risk management framework to oversee our climate-related risks and opportunities.
- The SWG will continue to deliver our net zero reduction plans and other sustainability-related initiatives.

Risk management

How we identify, assess and manage climate-related financial risks and opportunities, and how we include these in our overall risk management process.

To identify and assess climate-related risks and opportunities our Boards set specific risk appetite which embed climate risk in our overall risk management framework. This means climate risk is included in our annual ICAAP (Individual Capital Adequacy Assessment Process), our annual climate risk assessment and as part of our Environmental and Climate Risk Policy. More on those below.

We describe how we identify and assess risk in our existing risk management processes in Our Approach to Risk Management section (see page 64). For example, we report the outcomes of our annual Risk Control Self Assessment (RCSA) and emerging risk horizon scanning processes to the Group Board Risk Committee. We also consider climate risk when deciding which Strategic Risks we should escalate to ERCC and GBRC in monthly risk reporting.

Climate Risk is classified as a Level 2 Risk in our Strategic Risk Taxonomy, making it a key part of our Strategic Risk Framework under our Enterprise Risk Management Framework (ERMF). The principal risk of Strategic Risk is owned by our Chief Executive Officer. Historically, the Chief Risk Officer (2nd Line Of Defence (2LOD)) was responsible for climate risk. This year, we transferred ownership and accountability to the CFO as climate risk is most closely aligned with financial risk.

The 2LOD strategic risk team monitors our approach to climate risk and supports the development of key risk indicators. The Head of Strategic Risk is a member of our SWG. The 3LOD independently validates and assures the effectiveness of 1LOD controls and 2LOD oversight.

As we continue to further embed and mature climate risks and opportunities into our operations we're involving more individuals and teams across Monzo. Increasing capacity, in the constantly evolving climate landscape, will help us better understand our risks. This will help us identify additional opportunities to thrive as we transition to a low-carbon economy, such as developing more sustainable products

What we did this year

- We continued to identify, assess and manage climate-related financial risks and opportunities in line with our Group Enterprise Risk Management Framework (ERMF), with climate risk being considered a Level 2 risk in our Group risk taxonomy since 2021.
- In line with our principal risks and ERMF, we identified potential climate related risks over the short (within 1 year), medium (within 3 years) and long-term (longer than 3 years).
- We completed an operational risk scenario analysis to assess our climate risk capital requirements as a result of exposure to extreme weather events.

Looking ahead

- We'll continue to embed climate risk management and reporting in our business as usual risk management.
- We'll improve the considerations and detail of our scenario analysis.
- We'll develop climate risk key risk indicators for lending and financial risk.
- We'll monitor business growth and our new products to assess developing climate risks or opportunities.

Strategy

Our principal climate-related risks and opportunities, the time periods we assess them over, how they impact our business and strategy, and our resilience to them.

We recognise that climate change impacts our customers, colleagues, suppliers and society. For this reason, we do an annual climate risk assessment to determine the impacts of climate-related risks and opportunities on our business strategy and activities.

Our annual climate risk assessment assesses our climate risks for each risk category over a longer time horizon. Our climate related opportunities focus on reducing our impact on the environment, primarily with our suppliers, and in the longer term reduce the financial risk of buying removals to help meet our net zero goals. The assessment considers risks and opportunities over the short (within 1 year), medium (within 3 years) and long-term (longer than 3 years).

We define climate change risk as the risk of unexpected exposures to Monzo caused by deteriorating climate conditions or transitioning to a lower carbon economy leading to an unplanned financial outcome. Our scenario analysis uses the Bank of England's 2021 Biennial Exploratory Scenario, considering Early Action, Late Action, and No Additional Action scenarios. This approach is deemed proportionate given the current limited data specific to our business model.

We've identified the following two key risks.

Physical Risk: Financial risks arising from the increasing severity and frequency of climate and weather-related events.

This risk is considered low due to our business model which has no physical branches and no long term mortgage lending, meaning we have low exposure to the physical risks associated with climate change. We mitigate physical risks like disruptions to hardware and infrastructure with controls and backup services.

Transition Risk: Financial risks which could result from the process of adjustment towards a lower carbon economy.

We're more focused on mitigating the impacts of transition risks, including the costs of evolving to a low carbon economy and potential impacts on our suppliers and partners. The increasing cost of carbon is expected to impact the cost of goods and services in the long term and we'll mitigate this risk by working with suppliers to reduce their impact on the environment. We've also identified opportunities beyond just reducing our footprint with our suppliers, like developing more sustainable products that support our aspirations and what our customers desire.

We also consider the expected increase in the cost of funding carbon removals as the market matures and more companies seek good quality removals to offset their residual emissions. We're mitigating this risk with our decarbonisation strategy and reducing the volume of removals we need.

Similar to last year, we've concluded that our core business activities (current accounts, deposits, and unsecured lending) currently pose low material financial risks from climate change.

Our risk appetite defines the type and size of risks we're willing to take. We have specific Board Risk Appetite statements for climate risk.

- Achieve net-zero carbon emissions for our business by 2030.
- Only make new investments in entities committed to net-zero by 2050 or sooner, or meet specific ESG scoring criteria.

We monitor quantitative key risk indicators, including emissions intensity, supplier emissions, and legal risk, through the SWG. We'll develop further metrics to monitor financial risks associated with climate change.

Our Group Environmental and Climate Risk Policy makes sure we're meeting our responsibility in managing the impacts of climate change by understanding and mitigating our impact on the environment. Specifically, to meet our goal of reaching net zero emissions as a business by 2030 and meeting all relevant climate-related disclosure rules and regulations

Our Finance team assesses our lending and Treasury portfolios for their environmental impact in line with our Environmental and Climate Risk Policy annually, concluding that the direct impact is low due to the relatively short duration of our assets and liabilities. We have also conducted an operational risk scenario for extreme weather events as part of our Internal Capital Adequacy Assessment.

Strategy (continued)

To assess our exposure, resilience and potential capital needs at a Group level, we conduct a qualitative scenario analysis as part of our annual ICAAP. This process is expected to evolve as our business and data availability improves, particularly for our unsecured lending and treasury portfolios. The ICAAP assessment also includes a quantitative estimation of the potential costs to buy carbon removals to meet our net zero goal. While removals are only part of our planning, the calculation illustrates the financial impact we could face if all of our emissions had to be offset by buying removals.

What we did this year

- An annual climate risk assessment, using our Group impact matrix, to assess our climate risks for each risk category over a longer time horizon.
- We completed our annual climate risk appetite review.
- Aligned our time horizon to our emerging risk horizon scanning and financial planning processes. This time horizon considers risks both over the short (within 1 year), medium (within 3 years) and long-term (longer than 3 years), recognising that the further away the timescale, the less certainty there is of how the risk could manifest.
- ERCC and GBRC discussed and approved the emerging risk horizon and financial planning assessment, including which risks we should pass to our first line teams to consider as part of the ongoing RCSA process. We can also input these risks into our financial planning, stress testing and scenario analysis processes.
- Developed and started monitoring climate risk key risk indicators

Decarbonisation strategy

This year we've focused on agreeing quantitative reduction actions towards our 2030 net zero goal. Our scope 1 and scope 2 reduction actions are focused on renewable electricity and avoidance of refrigerant leakage in our offices and co-working spaces. Our UK offices already run on renewable energy. This year we added this requirement to the selection criteria of our Dublin office.

Our scope 3 reduction actions are focused on a supplier engagement and selection strategy, particularly for services across the GHG categories of Goods & Services, Marketing and Cloud. This year we continued to work with our card suppliers on developing and issuing recycled PVC cards. We've issued just over 8 million cards this year, and 93% of these issued cards were made from at least 95% recycled material and use solvent free ink.

Any emissions we can't reduce by 2030, we'll remove through the use of high quality carbon removals. We'll define robust quality criteria to follow when we're deciding on those removals. Beyond our 2030 net zero goal, we'll continue to make science-aligned emission reductions, reducing our use of carbon removals over time.

Looking ahead

- Actively engage with existing suppliers to understand their environmental goals so we can assess the impact they have on our footprint in line with our decarbonisation strategy.
- Proactively buying goods and services that have less impact on the environment, like buying more efficient and sustainable chips for our Cloud storage.
- Increase our understanding of carbon removals to make sure we buy high quality removals at cost effective or less volatile prices, leveraging our new Group CFO's expertise.

Metrics and targets

The targets and key performance indicators (KPIs) we use to manage and assess climate-related risks and opportunities.

We're committed to achieving net zero emissions by 2030. We'll do this in these ways:

- Reducing scope 1 and 2 emissions in line with the goal of the Paris Agreement.
- Reducing emissions intensity per customer across our supply chain.
- Neutralising residual emissions by funding high quality accredited carbon removals.

We've focused on having high quality emissions data to make sure our emissions inventory measurement and emission reduction metrics are accurate. It also helps us assess the impacts from industry science and methodology updates that impact how we calculate our emissions footprint. [5]

We've used our improved emissions data to decide on quantitative reduction commitments that help us achieve net zero by 2030. Our scope 1 and scope 2 reduction commitments focus on all our offices and coworking locations running on 100% renewable energy and avoiding refrigerant leakage. Our scope 3 reduction commitment focuses on reducing our supply chain emissions, using what's called an emissions intensity lens. This method measures the volume of emissions against another relevant unit and we've decided to measure our scope 3 emissions per number of Monzo customers.

Climate reporting

Environmental reporting encourages transparent and consistent emissions reporting. This year we've continued to make improvements to the framework we use to monitor current and future environmental reporting requirements. We're currently required to report against the UK CFD* and SECR† requirements, but as we grow in size and geography we're also preparing to meet the incoming IFRS S1‡ and S2 standards and CSRD§.

We measure and share our full emissions inventory as we make progress towards our net zero goal so that we're transparent about the environmental impact we're having and how we plan to reduce it. Our full emissions inventory measurement, shared below, includes our scope 1, 2 and 3 emissions, with scope 3 emissions across categories 3.1 to 3.14 of the Greenhouse Gas Protocol (GHG). We don't yet include category 3.15, which covers our financed emissions. It's something we're assessing and hope to include in future.

*Climate-related Financial Disclosures (CFD).

† Streamlined Energy & Carbon Reporting (SECR).

‡ IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures from the International Sustainability Standards Board (ISSB).

§ Corporate Sustainability Reporting Directive (CSRD) from the European Sustainability Reporting Standards (ESRS)

Our GHG emissions inventory

By improving the quality, and our understanding, of our emissions data, along with developments in climate science, we reviewed our FY2024 GHG emissions inventory. This showed us opportunities for improved accuracy across our emissions inventory, particularly in our emissions from cloud computing and paid-for marketing services.

We've therefore updated our FY2024 emissions inventory in this report for full transparency and in commitment to environmental responsibility. The improvements resulted in our FY2024 gross emissions decreasing 272 tonnes of carbon dioxide equivalent, or tCO2e to 20,146 from the 20,418 tCO2e we shared in last year's report.

Metrics and targets

What we did this year

- Shared our full emissions inventory for FY2025, page 53.
- Set quantitative emission reduction targets, aligned with the goals of the Paris Agreement.
- Increased transparency on our emissions against each GHG category.
- We completed and reviewed our emissions inventory half way through the year to better understand our emissions and its intensity ratio.

Looking ahead

- Continue to develop metrics that track our emission reduction commitments.
- Further improve the data we use and automating the reporting process.
- Explore more real-time tracking and reporting of our footprint as we set up a new ERP system.

Our GHG emissions inventory for FY2025

Our total gross emissions for FY2025 ere 23,641 tCO2e. This is an increase of 3,495 tCO2e compared to our overall updated emissions for FY2024. This is mainly a result of increased spending on marketing, professional services and colleague travel. We've reduced our emissions from card production by switching 93% of our cards to recycled materials. After removing emissions that were covered by high quality carbon removals we bought, like reforestation removals in Kenya from TIST[4], our net emissions for FY2025 were 20,945 tCO2e. This is an increase of 2,766 tCO2e compared to our updated emissions for FY2024.

As a growing business it's important to track our footprint by its intensity, which measures our emissions in relation to the size of our business. Our customer intensity, which is tCO2e per million customers, was 1,890 which is 10% lower than FY2024. Over time, as our revenues and customer numbers grow, we expect our intensity metrics to reduce as we deliver our decarbonisation strategy.

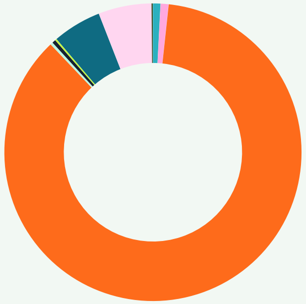
Our climate advisor, Watershed, measures our emissions inventory in line with the Greenhouse Gas (GHG) Protocol promoted by the World Resources Institute and the World Business Council for Sustainable Development.

Under the GHG Protocol, the majority of our FY2025 emissions (98.3%) fall under Scope 3. These are indirect emissions that come from our activities, but happen at sources we don't own or control. They're typically from our supply chain. The table below shows a high-level breakdown of our gross emissions by GHG category.

We don't generate emissions that would be recorded under GHG scope 3.4, 3.9, 3.10, 3.11, 3.12, 3.13, and 3.14. For scope 3.15, Investments, while we recognise that this category is a material area for the financial service industry we haven't calculated any emissions for Financed Emissions yet. This is a complex and evolving area, which along with our advisors, we aim to better understand as the data and methodologies improve. While we don't believe they'll form a material part of our footprint, we'll continue to understand them better and follow industry best practice to support future disclosures.

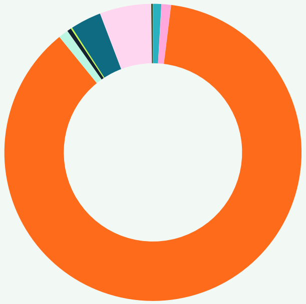
GHG Scope	Description	tCO2e FY2025	tCO2e FY2024
Scope 1	Direct emissions	194	184
Scope 2	Purchased electricity, steam, heat and cooling	207	209
Scope 3.1	Purchased goods and services	20,381	17,573
Scope 3.2	Capital goods	67	212
Scope 3.3	Fuel and energy related activities	94	95
Scope 3.5	Waste generated in operations	41	29
Scope 3.6	Business travel	1,256	679
Scope 3.7	Employee commuting	1,364	1,130
Scope 3.8	Upstream leased assets	37	35
Scope 3.15	Investments	0	0
Total emissions		**23,641**	**20,146**

[4] The International Small Group and Tree Planting programme



Emissions FY2025

- Direct emissions
- Purchased electricity, steam, heat and cooling
- Purchased goods and services
- Capital goods
- Fuel and energy related activities
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets



Emissions FY2024

- Direct emissions
- Purchased electricity, steam, heat and cooling
- Purchased goods and services
- Capital goods
- Fuel and energy related activities
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets

SECR report

The table below shows our Streamlined Energy and Carbon Reporting (SECR) report, greenhouse gas (GHG) emissions and energy use data. Specifically, our energy use in Kilowatt Hours (KWH) converted into tCO2e, and emissions intensity ratios. The SECR requirements focus on a subset of our carbon footprint, compared to our total carbon footprint shared above, which includes all of our Scope 3 emissions.

		FY2025		FY2024[5]
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Energy consumption used to calculate emissions	1,848,221 kWh	0 kWh	1,795,942 kWh	0 kWh
Emissions from combustion of gas tCO_2e (Scope 1, location-based)	156.4 tCO_2e	0.0 tCO_2e	143.0 tCO_2e	0.0 tCO_2e
Emissions from combustion of fuel for transport purposes (Scope 1, market-based)	0.0 tCO_2e	0.0 tCO_2e	0.0 tCO_2e	0.0 tCO_2e
Emissions from purchased electricity, heat, steam, and cooling (Scope 2, location-based)	207.3 tCO_2e	0.0 tCO_2e	208.6 tCO_2e	0.0 tCO_2e
Emissions from business travel in rental cars or colleague-owned vehicles where we're responsible for buying the fuel (Scope 3.6, location-based)	8.0 tCO_2e	0.2 tCO_2e	4.9 tCO_2e	0.0 tCO_2e
Total gross tCO_2e based on above fields	**371.7 tCO_2e**	**0.2 tCO_2e**	**356.5 tCO_2e**	**0.0 tCO_2e**
Intensity ratio: Worldwide gross tCO_2e per £ million of worldwide revenue based on the above fields		0.3		0.4
Intensity ratio: Worldwide gross tCO_2e per colleague based on the above fields		0.1		0.1
Intensity ratio (gross emissions): Full Scope 1, market-based 2, and 3 tCO_2e per £ million of revenue		19.0		22.7
Intensity ratio (gross emissions): Full Scope 1, location-based 2, and 3 tCO_2e per £ million of revenue		19.1		22.9
Intensity ratio (gross emissions): Scope 1, market-based 2, and 3 tCO_2e per colleague		6.1		6.3
Intensity ratio (gross emissions): Scope 1, location-based 2, and 3 tCO_2e per colleague		6.2		6.4

[5] FY2024 represents the 12 months 1 April 2023 to 31 March 2024 reported in last years' report.

	FY2025	FY2024[5]
Energy efficiency actions from the last year	We've continued to work with our supply chain to develop and issue recycled PVC cards and used DHL GoGreen for deliveries.	
Methodology	Watershed calculated the emissions following the GHG Reporting Protocol (Corporate Standard). They collected or estimated energy use data based on building square-footage for all facilities, and combined it with emissions factors from the US Environmental Protection Agency (USEPA), the Department for Environment, Food & Rural Affairs (DEFRA), Ecoinvent, The Climate Registry and other data sources to calculate GHG emissions. Watershed chooses electricity emissions factors based on geography to reflect the emissions intensities of the facilities' local grid. In our report, we use the market-based Scope 2 emissions numbers, while the SECR report needs location-based Scope 2 emissions. The location-based method reveals the intensity of the local grid area where the electricity use is, while the market-based method shows emissions based on the electricity that we buy (like clean energy).	

Respect for human rights, anti-bribery and anti-corruption

Anti-bribery and anti-corruption

Financial crime impacts the lives of people every day, and we take tackling it seriously.

We have a moral and social responsibility to prevent bribery, corruption and human rights abuses from ever happening, and to spot them if they do. This includes senior management setting a zero-tolerance approach to bribery, corruption and human rights violations.

It's everyone's responsibility at Monzo to prevent financial crime

We have clear lines of internal accountability, responsibility and reporting in place that make it possible for anyone at Monzo to flag financial crime where they see it. This year, we've spent a lot of time strengthening our policies and embedding them into our ways of working.

What we've been doing to reduce the risk of bribery and corruption

We reviewed our Anti-Bribery and Corruption Policy to make sure we're taking the right steps to protect our customers, colleagues and society in general.

To make sure that we're tackling bribery and corruption risks across the board, we support our Anti-Bribery and Corruption Policy with the following policies.

- Conflicts of Interest Policy.
- Whistleblowing Policy.
- Outsourcing and Third Party Risk Management Policy.
- Procurement Policy.
- Market Abuse Policy.
- Financial Crime Policy.
- Fraud Policy.
- Gifts & Entertainment Process.

It's important to us that we treat all customers fairly by taking a proportionate approach to risk management.

This year we reviewed our gifts and entertainment limits to make sure they're still appropriate for the risks we face. We also expanded the scope of our gifts and entertainment procedures to include all the non-UK jurisdictions we operate in, and made changes to our third party due diligence triggers to make them even more risk-focused.

We completed a bribery and corruption risk assessment

The risk assessment found the following things.

- Our inherent bribery risk is still low.
- We've started making charitable donations and have gone through a new investor funding round. These changes marginally increased our bribery and corruption risk, but not enough to move our inherent risk position from low.
- Our controls are effective, meaning we have a very low residual risk rating.

Everyone's aware of the risks and what they need to do

Everyone at Monzo completes onboarding and annual training on anti-bribery and corruption as part of our gifts and entertainment module. We review the training material regularly to make sure it's still fit for purpose. During the course of the year, everyone at Monzo, including our Board members, completed training appropriate for their role.

To keep bribery and corruption front-of-mind, we send regular company-wide messages to remind our team of their responsibilities when giving or being offered a gift or entertainment.

We check that third parties are reputable and share our values

Any third parties we work with must comply with all applicable laws, regulations and standards, and confirm that they (or any 'associated party') haven't been involved in human trafficking or slavery activity as defined by the Modern Slavery Act 2015.

Before entering into a contract with a new supplier, we ask them to attest to the standards in our Third Party Code of Conduct, which we launched in March 2022. Where we contract with third parties on our standard contract terms, we include modern slavery provisions. Where this isn't possible we take a risk-based approach on whether to add a modern slavery provision.

Transparency is one of our company values, and we encourage colleagues to speak up with confidence, either to their managers or our whistleblowing champion, if they have any concerns. We review our Whistleblowing Policy annually to check it's up to date and that it's clear how our team can speak up if they need to.

Our plans for FY2026

We'll continue to risk assess, review and develop our anti-bribery and corruption control framework as normal but more specifically, we plan to do these things.

- Continue to improve awareness of gifts and entertainment risks to reduce the risk of bribery and corruption happening. We'll support this by reviewing and updating the Anti-Bribery and Corruption Risk Assessment annually.
- Review our political and charitable donations processes to make sure they're still appropriate.
- Continue to test and evaluate how effective our controls are on an ongoing basis, including second line assurance of the gifts and entertainment process.

Human rights

Our commitment to human rights and the ethical treatment of our colleagues, third parties and customers is fundamental to what we stand for.

We report under the requirements in the Modern Slavery Act. You can find our most recent Modern Slavery and Human Trafficking statement on our website. We continue to develop our policies and processes to strengthen our approach to human rights, whether in the workplace, across our customer community or our third parties.

Human rights in our supply chain

We work with a variety of third parties, predominantly technology companies and service providers, like payment processors and debit card manufacturers, as well as professional services like marketing and legal. The majority of these are based in the UK, Europe and the USA where there are low levels of modern slavery according to the Global Slavery Index. We perform checks on our third party suppliers to make sure they comply with the Modern Slavery Act 2015 before we start to work with them. To the best of our knowledge, there have been no incidents of modern slavery or human trafficking associated with the businesses we work with.

All third parties we work with have to comply with applicable laws, regulations and standards, and confirm that they (or any associated party) haven't been involved in human trafficking or slavery activity as defined by the Modern Slavery Act 2015. We assess this risk as part of our third party onboarding and oversight processes, which we support with our internal policies. Where we identify a risk, either through our onboarding process or in reassessing our existing third parties, we make a plan and commit to managing it.

Third parties play active roles in our successes so we see them as part of our 'extended enterprise'. It's important that we don't work with third parties that undermine our control environment, negatively impact our customers or our reputation. We have to stick to our values and offer a high quality service, making responsible decisions and actively managing social and environmental impacts. To help with this, we ask third parties to attest to our code of conduct.

Human rights and our customers

We've built on our financial crime risk assessment and transaction monitoring controls this year to help spot customers who are falling victim to human rights abuses like sexual exploitation, human trafficking and modern slavery. This also helps us spot when someone might not be in control of their account or finances.

Our financial intelligence unit has partnerships with various law enforcement agencies to do the following things.

- Share intelligence that could be linked with modern slavery and organised crime with law enforcement.
- Investigate law enforcement intelligence that can lead to arrests and freezing criminal assets.
- Contribute to law enforcement efforts to increase awareness of sexual exploitation indicators, labour exploitation and the risk of modern slavery.
- Spot new trends in how organised crime gangs exploit victims linked to adult services and labour exploitation.

The feedback we've received from various law enforcement agencies has been extremely positive, highlighting the motivation of our team and the quality of the intelligence we hand over as particular strengths.

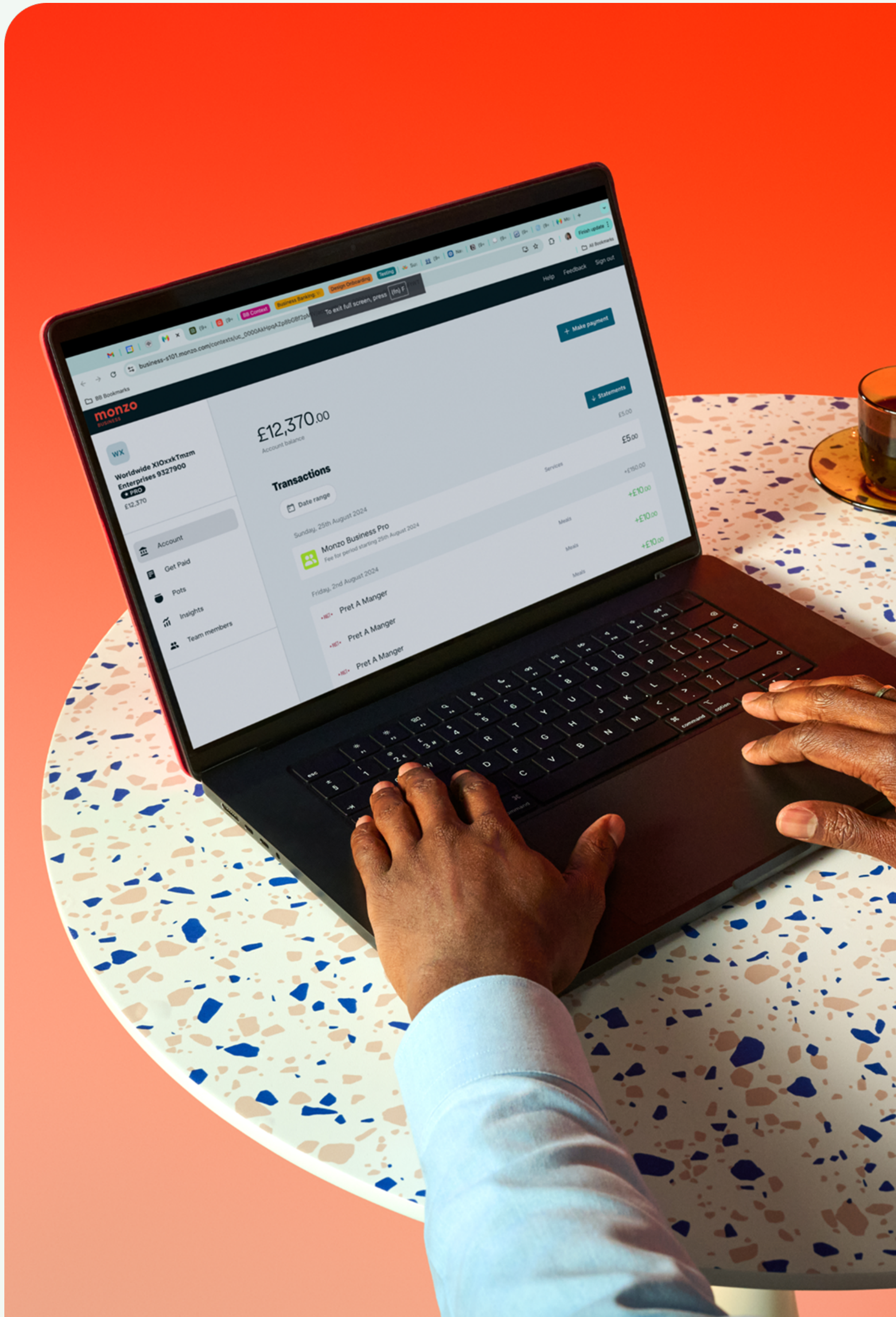
Here are some examples of other related work we've been doing.

- Expanding our exploitation work to include child sexual exploitation, completing a strategic assessment of child sexual exploitation typologies.
- Proactively engaging with specialist units in law enforcement, both in the UK and abroad, including a trip to Romania with

the UK government to attend a panel on modern slavery and human trafficking.

- Everyone at Monzo completes onboarding and annual training on crimes linked to human rights and law enforcement engagement.

We continue to invest heavily in our Financial Crime Framework to make sure that everyone at Monzo has the tools they need to stop modern slavery, human trafficking and all financial crimes.



Section 172 at Monzo

Doing what's right for us and our stakeholders

By stakeholders, we mean our customers, the wider communities we operate in and our colleagues, but also our investors, regulators and the environment. Without them, there would be no mission and no Monzo.

We want to do what's right for these groups and that includes making sure we meet our legal responsibilities to them. Section 172(1) of the Companies Act 2006 states that our Board has to do things that will promote our long-term success and to make decisions which take the interests of our stakeholder groups into account.

Our Boards do this by working with the Group Executive Committee to make sure that the proposals they review are challenged at management level first, including the potential impact of those proposals on stakeholder groups. We do our best to balance the interests of our different stakeholders and keep our decision-making processes under review as we grow and evolve as a business. In this section, we talk about the different ways our Boards took the interests of our stakeholder groups into account throughout the year.

Our customers

People everywhere want to feel like they're improving and making progress towards their goals. Every decision we make is to help our customers do exactly that.

Last year, we spoke about the role that Consumer Duty considerations played in decision-making processes across the business, including at Board level. We continue to make sure the customer voice is at the heart of what we do and that the decisions we make lead to better customer outcomes. In launching some major products, like Pensions, our Boards worked with management to make sure that we designed something that met customer needs in a safe and accessible way.

Both the Group Board Risk Committee (GBRC) and the Boards pay close attention to the impact our growth has on our customer experience. This year, they were part of deep dives on our plans to scale our customer service operation in line with our strategic goals. They'll stay close to these plans and continue to track how we're doing.

Our people

Our people are what make Monzo special. They keep the business running and make our mission of making money work for everyone possible.

Our Group Remuneration Committee (Group RemCo) plays a vital role in supporting the Boards and management on people and reward strategy. This year, that included overseeing the huge reward moment of our secondary sale, which we completed in December 2024. The secondary sale, together with the introduction of new benefits (like paid neonatal leave) and the launch of our employee Hot Coral Council,[6] are all examples of where management has worked with the Group RemCo to make sure we continue to be a great place to work. You can read more about our people and related initiatives on page 35.

The Group Nomination and Governance Committee (Group NomCo) also works with the Group RemCo to oversee our talent plans at the most senior levels. At the same time, GBRC supports the Boards in protecting our culture to make sure our behaviours and the way we do things continue to reflect our values. Together, our Boards and their committees put our people at the forefront of their decision-making.

[6] The Hot Coral Council is a forum for Monzonauts to discuss and give feedback on the things that matter most to them. It was launched to enhance how the company listens and engages at a Monzo-wide level.

The communities we serve

We want to make money work for everyone and that means embracing our wider role in society.

Having a positive impact on wider society is just as important to us as helping the people that we come into direct contact with. Our Vulnerability, Accessibility & Inclusion team, together with our Public Policy team, continue to build on the progress from last year to push for change on issues that affect society and the communities around us.

Our Boards also get regular updates on the work we're doing in both the vulnerable customer and public policy space. You can find out more about the work we do for the community on page 42.

Our investors

From institutional, venture capital and crowdfund investors to past and current colleague investors.

Where would we be without our investors? Certainly not where we are today. In the last year they've supported our most recent fundraise and the secondary sale.

We have one investor-director on our Boards, Eileen Burbidge MBE, on behalf of Passion Capital. We also have a Strategic Advisory Group in place, made up of representatives from our major investors. These governance mechanisms are really helpful for making sure that the Monzo Bank Holding Group Limited (MBHG) Board has direct contact with our major investors when making key decisions. They also mean our strategic plans benefit from our investors' expertise and insights regularly throughout the year.

Maintaining and growing profitability over the last year is a huge milestone for us, especially given our ambition to be sustainable over the long-term. We want to deliver a return to our shareholders. To make sure we continue generating value for everyone, our Boards challenge management on our strategy and listen to shareholders' views on the direction of the business.

The environment

We care about the impact we have on the environment and do what we can to reduce our carbon footprint.

We might be a digital bank but we still need to reduce the impact we have on the environment, especially as we expand globally.

In the last year, we've invested even more into protecting the environment and reducing our carbon footprint. The Boards oversee our environmental sustainability commitments which they approved last year, and get updates from us on our progress towards reaching Net Zero by 2030. In these updates, the Boards hear about the work we're doing to meet our legal and regulatory reporting responsibilities as well as the practical steps we're taking to make a meaningful change.

You can find out more about our sustainability commitments and initiatives on page 46.

Our regulators

We're committed to an open and collaborative relationship with all our regulators.

Under our Group structure, MBHG - the group financial holding company - is Prudential Regulation Authority (PRA) approved. Its UK-based subsidiary Monzo Bank Limited (MBL) is dual-regulated by the PRA and the Financial Conduct Authority (FCA).

The Chair of the Boards, Group Audit Committee Chair, and GBRC Chair meet with the PRA and FCA regularly. We also keep our Boards up to date with management's interactions with regulators through regular financial, risk and strategic reporting.

Our Boards were especially pleased with the progress we made with sustainable profitability throughout the year. As well as the PRA and FCA, we also work closely with a number of other financial and non-financial regulatory bodies, like the Bank of England, Financial Ombudsman, Competition and Markets Authority, Information Commissioner's Office and the Financial Reporting Council

Our third parties

Without these organisations we wouldn't be able to run the bank as effectively. To us, they're part of the team.

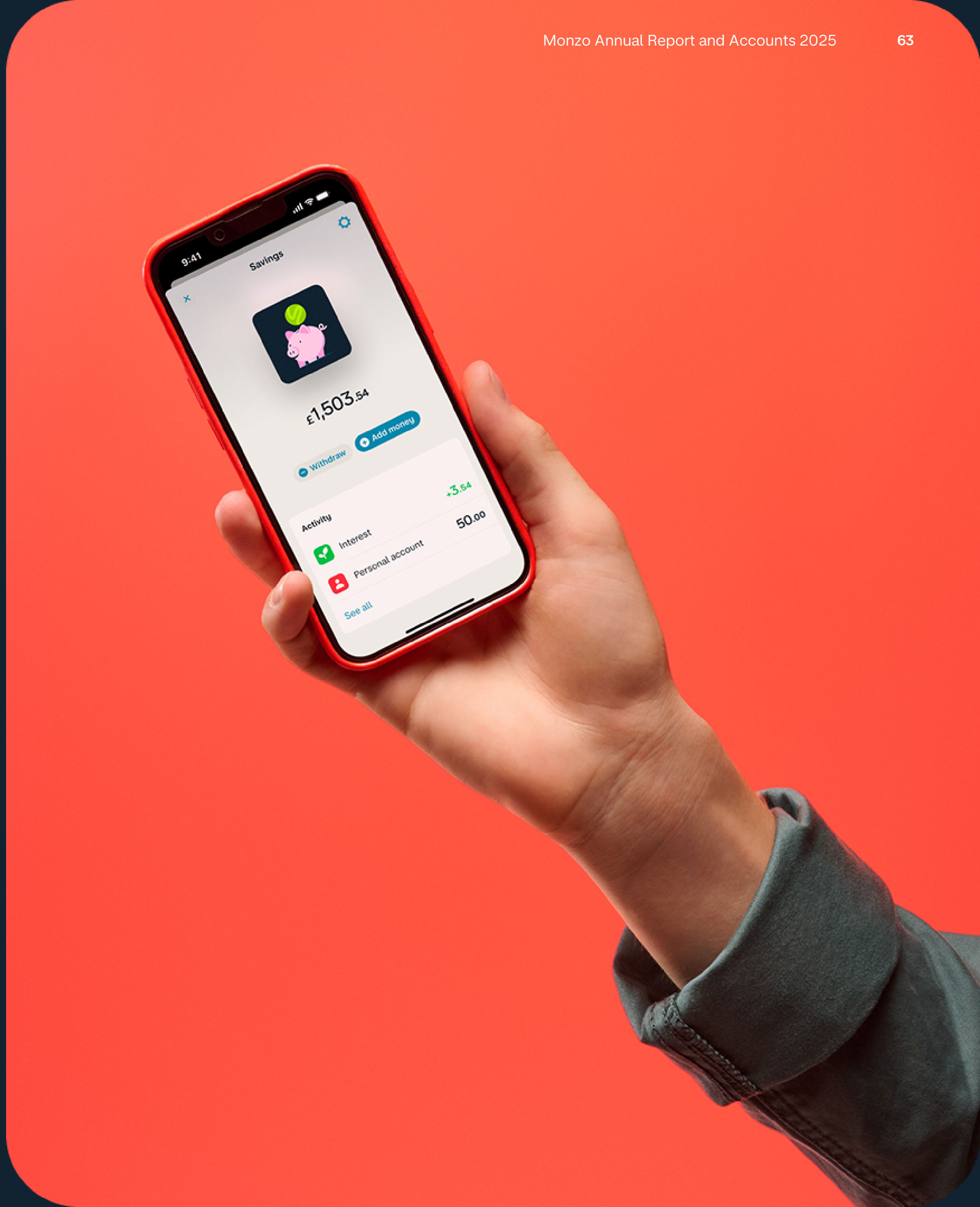
As we grow, we continue to work with third parties both locally and internationally to achieve our goals. Third parties provide us with a range of services that help us serve customers effectively and scale safely, from important partnerships, to platform and internal communication tools.

Our Boards, on recommendation from the GBRC, approve the Outsourcing and Third Party Risk Management Policy which sets out our approach to assessing and choosing the third parties we work with.

The Policy governs how we work with third parties throughout the entire lifecycle of our relationship. It outlines how we carry out due diligence as part of our initial engagement and the controls and processes we have, like incident management, contract controls (including access, audit and information rights in our material contracts), operational resilience and risk management, to make sure our relationships with third parties are effective and compliant.

This year our Boards and GBRC reviewed a number of material contracts for approval, and received regular updates on how we manage third party risk.

Risk management



Our approach to risk management

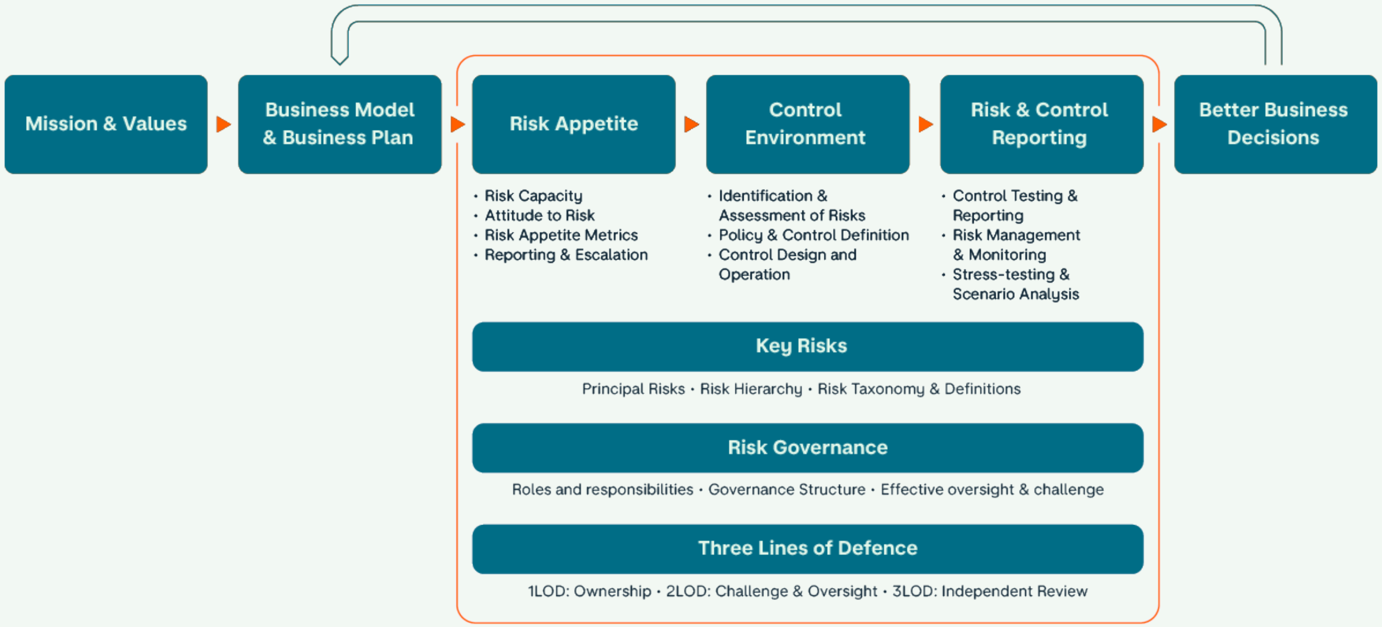
We manage our risks using a Group Enterprise Risk Management Framework (ERMF)

The ERMF helps us make risk-based decisions consistently and efficiently in every corner of the business to support our mission of making money work for everyone.

It supports our high growth, customer-focused business objectives and it helps leaders make well controlled decisions by setting minimum standards for managing any risk. It's not just leaders though. All Monzonauts know to make decisions that help us grow safely.

Our customers, our colleagues, Boards and regulators all expect us to manage risk well. The ERMF helps us make well-informed decisions that help us build trust. In fact, our entire risk culture is built on the spirit and the wording of the ERMF.

Our ERMF has standards and practices that we follow to help us with everything from identifying, assessing, managing, monitoring and reporting risks. Understanding key risks gives us a clear view of any uncertainties we might face so we can decide how to manage them. The ERMF sets principles for the overall culture, roles and responsibilities, and tools for managing all risk types across Monzo. This diagram shows you how the framework's structured.



Our principal risks and uncertainties

We have 6 key risks and each one has:

- a risk appetite that the Boards set
- its own risk framework, including how the Boards wants us to manage the category
- an executive owner.

The risks may also have specific subsidiary risk committees that monitor performance where the risk is material for that subsidiary, for example in MBL.

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

Each principle risk has these things.

- A risk appetite statement set by the Board.
- Its own Group risk framework, setting out how the Board expects us to manage the category.
- An executive owner.

The risks may also have specific subsidiary risk committees that track performance where the risk is material for that subsidiary, for example in Monzo Bank Limited (MBL).

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

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

The Three Lines of Defence and what each one does

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

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

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

- **First Line (1LoD):** the majority of our team – designs and runs business operations, by owning and operating most controls to manage our risks to stay within risk appetite and meet regulatory requirements.
- **Second Line (2LoD):** oversees, through support and challenge of the effectiveness of risk management by 1st line, to reassure management.
- **Third Line (3LoD)**: assures the Boards on the effectiveness of controls.

Each line of defence's activities

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

We want to promote the right risk culture

Our values are essential to how we operate. They influence everything we do and are articulations of the culture across the whole Monzo Group. Risk culture is a subset of our values, it isn't standalone – all of the values are important in helping us to grow safely. You can find our values on page 7.

We have an established risk appetite

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

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

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

How we oversee our risks

We've set clear risk ownership and reporting lines through our risk committees across the Group structure, which align with our subsidiaries and cover our key risks. The Group Board is ultimately responsible for the effectiveness of our risk management framework and the Group Board Risk Committee operates on behalf of the Board to oversee the effectiveness of risk management in Monzo.

Each committee is responsible for monitoring our risk profile and challenging exposures across the relevant risk type in line with the subsidiary and Group Board's risk appetite. This committee structure means we can make decisions quickly and efficiently, and escalate risk to senior management and our Board.

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

Our top and emerging risks

We've listed our top current and emerging risks below, with key mitigating actions. We identify and measure risk consistently across all our risk categories. We identified these risks using both a 'bottom-up' risk assessment approach and 'top-down' strategic assessment with the Executive team and the Boards.

Inherent risk description	Mitigation and control	Change in risk	Risk category
Current risks			
Business process risk			
The risk that our business processes don't operate to an appropriate standard, negatively impacting our customers, our financial position, our reputation, or compliance with regulation.	We continue to review and improve our processes and focus on all of our customer facing processes and third parties to make sure we meet service levels and don't negatively impact our customers as we grow. We use Risk and Control Self Assessments to spot process risks and associated controls that need management attention. We constantly aim to improve the efficiency of our operations to make sure that we can continue to meet customer needs and regulatory obligations and provide regular progress updates to the Board.	**Increasing** Making sure that our processes continue to deliver and don't negatively impact our customers as we grow is a key focus area as we scale. We closely monitor service levels and have comprehensive planning and governance to manage operational support needs.	· Operational

Inherent risk description	Mitigation and control	Change in risk	Risk category
Risks associated with operational scaling			
The risk that we don't invest enough in processes and controls as we scale, leading to mistakes or over-reliance on third parties and/or future incidents.	We recognise that our business is growing fast and we now service over 12m customers. To support this growth, we've committed to a programme of work to review our processes and controls, particularly for customer servicing, to make sure that they stay fit for purpose as we continue to grow.	New	· Operational · Conduct
Risks to the effective control of financial crime and fraud			
The risk that we, our products or our services are used to facilitate/advance criminal activity, terrorist financing or avoid sanctions.	We recognise that the inherent fraud and financial crime risk continues to evolve and increase and we closely monitor developments to make sure our controls remain adequate. This year, we've continued to scale up our fraud detection and prevention capabilities with additional subject matter experts and the number of engineers, product and data support dedicated to the fight against fraud. We've made considerable improvements in our fraud controls and customer communication, and have adopted a preventative, rather than reactive approach. We've also completed our Financial Crime programme which improved our controls, policies and operational practices to combat increasing threat levels and improve Financial Crime compliance.	**No change** While our financial crime risk exposure has reduced after the material control improvements we made this year, overall, our financial crime and fraud risk exposure has remained stable. We continue to invest in reducing the risk of fraud to our customers.	· Financial crime and Fraud · Financial

Inherent risk description	Mitigation and control	Change in risk	Risk category
Increased credit losses			
The risk that our credit risk losses will be bigger than expected.	We closely monitor the quality of our lending portfolios and compare loss expectations to revenue expectations. During the year, we've matured our credit strategy and tightened our lending criteria to improve the quality of the portfolio and we remain focused on supporting our customers through any financial difficulties. We also note that the economic environment may cause increased defaults on lending due to affordability pressures on our customers. Further detail on our impairments can be found in Note 4.	**No change** Our credit exposure has increased in line with our growth ambitions, which we mitigate through continued improvements in our credit models and tightening lending criteria.	· Credit
Capital funding of planned growth			
The risk we won't be able to hold enough capital to meet regulatory requirements in the medium term.	Our underlying business performance and improving financial results in FY2025 mitigate this risk. We regularly stress test our capital positions and take mitigating actions to reduce this risk wherever possible, including keeping regulators up to date on our capital position. We recognise that our continued growth and ambitions will lead to increased regulatory capital requirements in the medium term. More detail in Note 22.	**No change** We're expecting our regulatory capital requirements to increase as our balance sheet and risk-weighted assets grow, but we have headroom for growth and have structured our Group to make sure we can continue to meet regulatory requirements and fund our growth efficiently.	· Financial

New and emerging risks		
Inherent risk description	**Mitigation and control**	**Risk category**
Risks associated with data / models		
The risk that as we increase our use of automation models in decision making and grow our use of Artificial Intelligence (AI), it leads to unexpected customer harm or financial loss.	Advances in technology associated with data and models are both an opportunity for us to improve our processes, and a risk to our reputation if we get it wrong or if competitors move faster. AI technology could make existing risks worse, like data privacy or fraud risks. Our teams continue to monitor developments and mitigate against new threats in these areas. Any changes to processes, including material model changes, go through our governance process to make sure we consider all risks before making material changes. We've also held a Board education session on AI to consider how we use this technology at Monzo and what the future holds.	· Strategic · Financial Crime & Fraud · Operational
Macroeconomic risk		
The risk that monetary policy decisions, political instability, inflation and the cost of living impacts our revenue growth.	Lower Bank of England Base Rates can negatively impact the revenue that we earn from our interest bearing products. High inflation also has an impact on the cost of living for our customers and economic uncertainty can reduce consumer confidence, which leads to our customers spending less. We monitor the macroeconomic environment closely and carry out horizon scanning and stress testing exercises to assess the impacts of macroeconomic risks to our business. We also use our Treasury team's hedging activity to reduce the impact of interest rate volatility.	· Strategic · Financial

New and emerging risks		
Risks associated with strategic overreach		
The risk that we plan for more than we can successfully and safely deliver with current resources resulting in delayed or failed implementation.	We have ambitious goals both in our UK business and for international expansion. There's a risk that our processes, controls, governance and technical capabilities don't grow at the same pace, leading to management stretch and execution risks. Our Board receives regular updates on our strategic plan and expansion projects to make sure we have enough capability and capacity to deliver our strategic ambitions.	· Strategic
Risks associated with competition		
The risk that competitors, both traditional and challenger banks, present materially more competitive pricing or propositions to customers, and impacting our strategic plans.	We think competition in our marketplace is healthy and brings out the best in us to continue to design better products and services for our customers. The competitive environment is constantly evolving, with developments in technology speeding up the change both for incumbents and new entrants to the market. Sometimes competitors price for growth in key markets for Monzo; sometimes they mirror key features of our proposition. Where this is persistent and successful, it impacts our growth opportunities. We closely monitor the competitive environment as part of our product development process.	· Strategic

Last year we included 'Financial Crime - new refund regulation' and 'Climate' risk as emerging risks. We've removed these as the new refund regulation came into force in 2024 and we describe our approach to Climate risk on page 47. We also had an emerging risk of Artificial Intelligence which we've now included in the broader risks associated with data/ models above.

Governance

Our approach to Governance

In a year of exceptional growth, our Boards, with the support of our ever-maturing corporate governance structure and framework, have been making sure that we maintain our high standards of corporate governance as we break new ground.

This section covers how they did it (Board activity and areas of focus, from page 88), how our corporate governance structure and framework has supported them (from page 75), and how we hold ourselves to the high standards that we do (Corporate Governance Statement, page 84).

A quick note: when we refer to 'the Boards', we mean the Monzo Bank Holding Group (MBHG) and Monzo Bank Limited (MBL) Boards together.

Governance and growth

In a year of exceptional growth, our Boards, with the support of our ever-maturing corporate governance structure and framework, have been making sure that we maintain our high standards of corporate governance as we break new ground.

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A structure designed for good decision-making

We reported on setting up our mirror board structure in last year's annual report and explained how it was the best setup for us following our Group reorganisation (more about this on page 75). This structure delivered great progress during the year, leading to efficient and smooth decision-making for the business and the Boards. Our Board members stayed aware of, and attentive to, the legal responsibility they owe to Monzo Bank Limited and Monzo Bank Holding Group Limited on an individual and consolidated group basis. Some of the big decisions during the year, like our secondary sale, needed consideration from both an MBL and MBHG perspective at different stages of the process. Our approach to agenda-setting and paper writing make it clear when certain matters are entity-specific or applicable to the Group as a whole. This supports the Boards' decision-making and its aim of achieving the right outcomes for Monzo and its stakeholders.

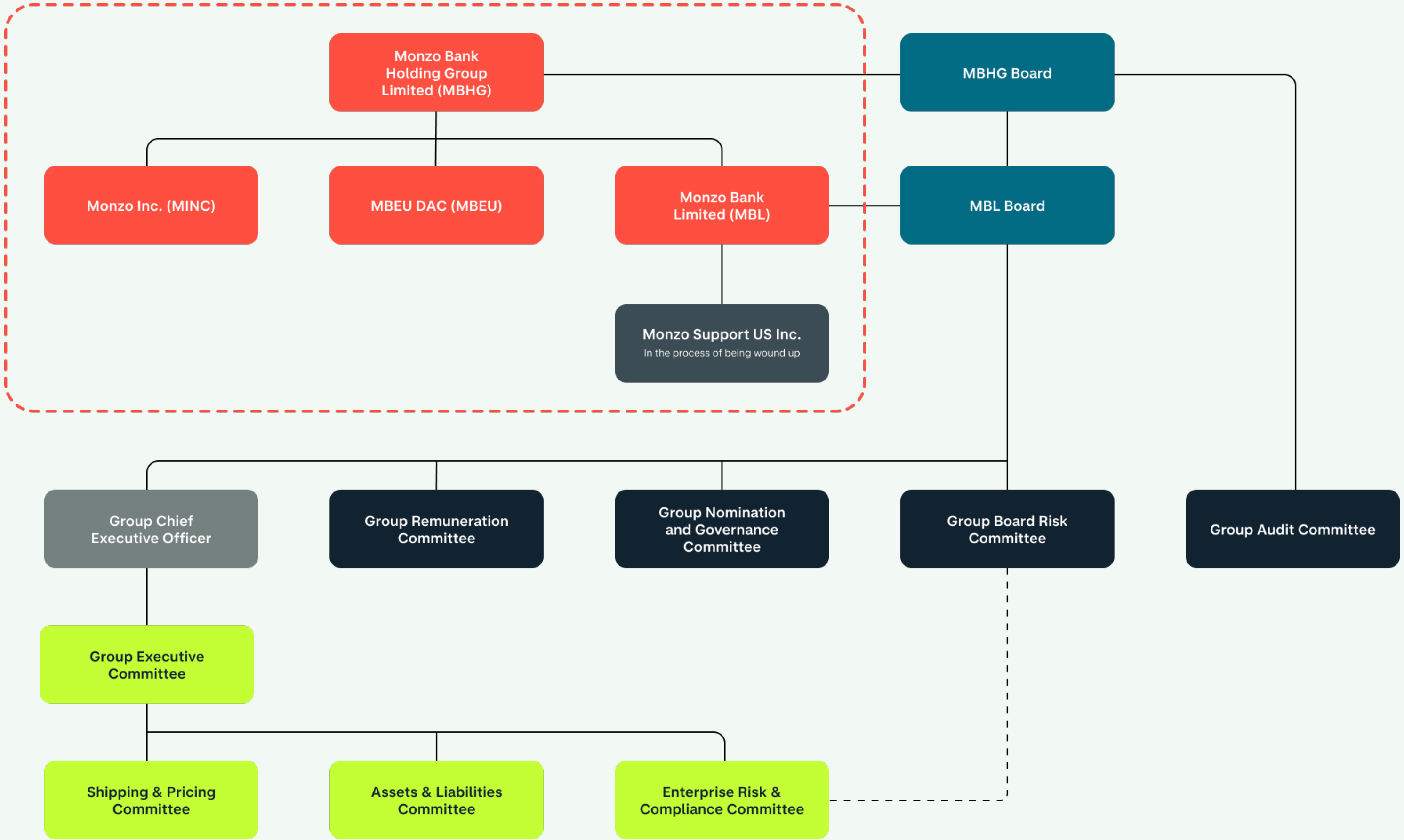
Our mirror approach extends to our Group Board Committees and Group Executive Committees. As we continue on our journey, we'll keep our governance structure under review, making any changes as needed to better support us as we grow internationally.

Setting up for success

At the forefront of much of the Boards' agenda this year was working with Executive Leadership on how we continue to scale safely and efficiently. From a governance perspective, this has meant paying close attention to our target Board makeup and governance structure as well building out the right governance model for our presence in Europe. Last year, we talked about the external consultancy we appointed to support us with our Board structure and makeup. We're now acting on the findings from that review to further our future plans, working with external search firms on our Board hiring activity. We also completed our annual Board and Committee performance review which concluded that our Boards continued to be effective both on individual contributor and collective basis. You can find out more about this on page 85 of our corporate governance statement.

Our corporate governance structure

The Monzo Group is made up of five entities, with MBHG being the parent company of the Group. As we spoke earlier, we completed a corporate reorganisation in September 2023 and have operated with a mirror board structure since given the close alignment of interests between MBHG and MBL. The MBHG Board leads the Group and is ultimately responsible for helping us achieve our mission in a way that aligns with our values. While we have a mirror board structure, the Boards collectively oversee key areas in the Group related to strategy, culture, risk, finance and capital, internal systems and controls, audit and governance.



Our corporate governance framework

There's a chain of delegated authority, starting with our shareholders.

The MBHG Board gets its authority from its shareholders and the MBL Board gets its authority from MBHG (its parent and sole shareholder). We document this authority in each Board's articles of association and the joint Matters Reserved for the Boards.

The Boards are collectively responsible for setting the overall strategy of the Group, making sure we're creating value over the long-term and operating within a framework of effective controls.

The structure chart shows how our Boards also delegate certain areas of responsibility to our Group Board Committees. There are certain board committees we need to have to meet our regulatory requirements as a bank.

We've established four permanent Group Board Committees which take responsibility for things like risk, financial reporting and audit, remuneration and people, board planning, and corporate governance.

The Group Audit Committee (Group AudCo) is a sole committee of MBHG and considers matters on behalf of the Monzo Group and its entities, including MBL, as needed on a consolidated basis. The Group Board Risk Committee (Group RiskCo), Group Nomination and Governance Committee (Group NomCo), and Group Remuneration Committee (Group RemCo) are joint committees of MBHG and MBL.

The authority delegated to Group Board Committees is set out in their terms of reference. This board-approved document contains the key matters the Group Board Committees are responsible for and we review it annually to make sure they're still fit for purpose and compliant with regulatory expectations. Our Boards and Group Board Committees regularly interact with one another and there's a standing item on the Boards' agenda to receive a Group Board Committee Chair report at each meeting.

The Boards' have also delegated authority to the Group Chief Executive Officer (Group CEO) to run the business. In turn, the Group CEO established the Group Executive Committee (Group ExCo) to support him with the daily running of the business. We talk more about Group ExCo on page 83.

The Group and its subsidiaries operate within our governance framework

Our Approach to Corporate Governance is set out in the Board-approved governance framework which the entities in the Group operate within.

As we grow the business and expand globally, it's important for us to maintain an appropriate standard of governance across the Group which we can tailor to suit different legal and regulatory contexts as needed. Our governance framework helps us to achieve consistent governance practices across the Group and is aligned to our Group Enterprise Risk Management Framework.

We completed the annual review of our governance documents to make sure they're still fit for purpose and are working closely with teams across Monzo to further develop our Group governance framework.

Our Board members

We continue to be led by a mirror board

Gary Hoffman is the Chair of our Boards and everyone else is either an executive director, independent non-executive director (INED) or investor director. Our Boards are majority INEDs. We also have three executive directors and one investor director across the MBHG and MBL Boards. Our Group CEO (TS Anil) sits on the MBHG and MBL Board as an executive director. Our Group CFO (Tom Oldham) sits on the MBHG Board as an executive director and the MBL CFO (Mark Newbery) sits on the MBL Board as an executive director.

There's a clear separation of responsibilities between the role of the Chair of the Boards and the Group CEO. We cover this in our Board role profiles document which the Boards review and approve each year.

Our Board members are set out below. Each Group Committee member has recent and relevant experience and we review the makeup of our Group Committees at least once a year (see NomCo activity on page 90).

Key Board changes during the year

- Matthew Bromberg stepped down from the Boards as an Independent Non-Executive Director on 15 May 2024
- James Davies stepped down from the Boards as an Executive Director and Group Chief Financial Officer on 29 October 2024.
- We appointed Mark Newbery as Chief Financial Officer and Executive Director of MBHG and MBL on 25 November 2024. We appointed Tom Oldham as MBHG Executive Director on 5 February 2025 and Group Chief Financial Officer on 14 March 2025 following regulatory approval, who replaced Mark Newbery on the MBHG Board on the same dates.

Gary Hoffman

Chair of the MBHG and MBL

Gary joined Monzo on 1 February 2019 and also chairs the Group Nomination and Governance Committee. He has extensive experience in financial services including retail banking, insurance and consumer lending, starting his career at Barclays where he stayed for 25 years. He took on several senior roles before becoming the CEO of Northern Rock, steering them successfully through the 2008 financial crisis.

He then went on to become the CEO of NBNK Investments and later CEO for Hastings Insurance Group, which he led through an IPO, as well as serving as Non-Executive Chair of Visa Europe and Non-Executive Director of Visa Inc. Gary's previous external appointments include Chair of football's English Premier League and Chair of the Football Foundation Charity.

Gary's external appointments are: Chair of Coventry Arena Retail Limited and Coventry Arena OPCO Limited; and Chair of Northamptonshire County Cricket Club.

Fiona McBain

Senior Independent Director

Fiona joined our Board on 1 January 2020. She's the Board's Senior Independent Director (SID) and Chair of our Group Audit Committee. She has more than 35 years of regulated retail financial services experience, in industry and as an auditor, both in the UK and US.

Fiona brings wide-ranging strategic and operational experience at both board and senior executive management level. She was Chief Executive of Scottish Friendly operating in financial services across the UK and the Republic of Ireland for 11 years.

Fiona's external appointments are: Non-Executive Director of Direct Line Insurance Group plc where she chairs the Investment Committee.

Amy Kirk

Independent Non-Executive Director

Amy joined our Board on 24 January 2017 and brings more than 25 years of UK and international retail banking and consumer lending experience.

She's held executive positions in lending, risk and operations at Wonga Group Ltd, OneSavings Bank plc and Bank of America Europe Card Services. Before she moved to the UK, Amy was the Director of Credit for the largest credit card issuer in the United States, MBNA America. Amy also has deep experience in credit and fraud strategy, portfolio risk management, and remuneration, serving as our Group Remuneration Committee Chair until June 2024.

Amy's external appointments are: Non-Executive Director of FCMB Bank (UK) Ltd; Non-Executive Director of Maryland Partners Ltd; and Senior Independent Director of Griffin Bank Limited (previously known as Griffin Financial Technology Limited).

- Board
- Board Chair/ Board Committee Chair
- Audit Committee
- Board Risk Committee
- Nomination and Governance Committee
- Remuneration Committee

Valerie Dias

Independent Director

Valerie joined our Board on 1 June 2021 and became Chair of our now Group Board Risk Committee in January 2022.

Valerie brings a wealth of finance, risk, governance and operational experience having worked as a senior executive at Visa Europe for almost 25 years, first as their Chief Financial Officer and then as their Chief Risk Officer.

Valerie's external appointments are: Non-Executive Director of U.S. Bank Europe Designated Activity Company and Hastings Insurance Services Limited.

Lizzie Runham

Independent Non-Executive Director

Lizzie joined our Board on 1 March 2022. She brings more than 20 years of experience helping organisations thrive across highly complex sectors including financial services, pharmaceutical and technology. In addition to the UK, she has a depth of experience in Africa, the Middle East and Asia where she spent 14 years. Her areas of specialism are HR strategy, operations and crisis management.

Lizzie's external appointments are: HR Vice President COO & International for Meta and Chair of the Speakers Trust.

Fields Wicker-Miurin OBE

Independent Non-Executive Director

Fields joined our Board on 1 April 2024 and is now our Group Remuneration Committee Chair. She brings a wealth of experience from her international career in financial services and her 30 years serving as a board member, SID and committee chair across a diverse range of sectors, including 12 years on the main board of BNP Paribas.

Fields' external appointments are: SID and Chair of the Nominations and Remuneration Committee of Aquis Exchange plc, Non-Executive Director and Chair of the Remuneration Committee of Scor SE, Deputy Chair of the Royal College of Art and Design, and Chair of the British Equestrian Federation.

Eileen Burbidge MBE

Investor Non-Executive Director

Eileen joined our Board on 21 April 2015 as a representative for Passion Capital, one of our major shareholders. As well as co-founding Passion, Eileen also served as HM Treasury's Special Envoy for Fintech and was previously Chair of Tech Nation and a member of the Prime Minister's Business Advisory Group. She was made an MBE for Services to Business in 2015

Eileen has extensive technical knowledge from a broad range of industries including mobile, digital technology, consumer and enterprise software development and communications. Her particular areas of expertise include product, business, market and commercial development.

Eileen's external appointments are: Non-Executive Director of Currys plc and Fertifa Ltd, and Designated Member of Passion Capital Group entities.

TS Anil

Group Chief Executive Officer
and Executive Director

TS joined our Board on 6 October 2020 and is a highly experienced financial services and payments leader with more than 25 years of retail banking experience. As Group CEO, he brings his expertise from Visa, Standard Chartered, Citigroup and Capital One in roles that have spanned the world, including the US, Singapore, Canada, Japan and India. He has a wealth of experience launching new products, developing payment technologies and taking businesses to new growth opportunities, as well as a passion for transforming financial services to deliver better outcomes for customers.

TS' external appointments are: Non-Executive Director of Accion International.

Tom Oldham

Group Chief Financial Officer
and Executive Director

Tom joined the Board on 5 February 2025 and became CFO on 14 March 2025. Tom brings over 15 years of strategic financial leadership experience across digital banking, consumer goods and global financial markets. He brings deep experience in growth and innovation from previous roles as Chief Investment Officer of climate fund Mombak and as Global Head of Financial Planning and Analysis at Nubank, where he oversaw the bank's hypergrowth phase and $45b NYSE listing in 2021. Earlier in his career, he gained extensive finance and general management experience at 3G, Capital-backed consumer giant Kraft Heinz and commodities trader Glencore.

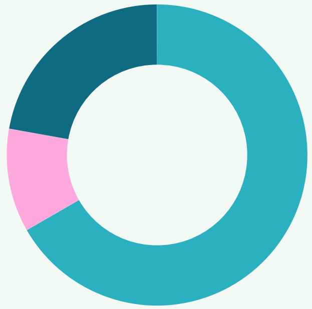
Diversity on our Boards

We’re proud to be meeting our Board diversity objectives

Diversity on our Boards cuts across a number of things like gender, tenure and independence. We’re happy to say that we continue to meet a majority of our diversity objectives and in some cases, even exceed our objectives for gender representation on our Boards and Group Board Committees. Three out of four of our Group Board Committees are chaired by women and women continue to make up more than 66% of the MBHG and MBL Board. 22% of our directors are People of Colour[7].

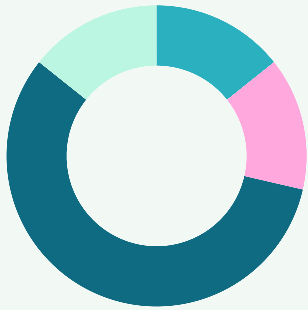
Our Board Diversity Policy is important to us in our hiring and succession planning. It sets out our objectives and commitment to diversity on the Board in the broadest sense, including skills, geographic and industry experience, background, ethnicity, age and gender, to name a few. It’s why during the year we worked with search firms that are signatories to the voluntary code of conduct for executive search firms and maintained diverse candidate shortlists and longlists[8].

Diversity and inclusion is part of our company values and will continue to steer our approach to Board hiring as we shape our Boards for the future. To find out more about D&I at Monzo, see page 39.



Board independence

- iNEDs
- Investment Directors
- Executive Directors



Board tenure

- Less than a year
- 1–3 years
- 3–6 years
- 6–8 years

Board diversity

- Men
- Women

[7] Refers to all people identifying as Black, Asian, Mixed or any other non-white ethnic group (People of Colour).
[8] We worked with the executive search firm Korn Ferry for the two Board appointments we made this year who, in line with our policy requirements, are signatories to the standard voluntary code of conduct for executive search firms.

How our Boards spent their time

The Boards were busy and focused during FY2025

With some major milestones achieved during the course of the year, the Boards spent a lot of their time overseeing and guiding the executive team to make sure we stayed on course to meet, and in some cases exceed, our goals. Many of our Board members also took the time outside of the Board and Committee meeting schedule to meet with Monzonauts, our regulators, our investors and our auditors.

In addition to the ad-hoc subcommittees that we set up to oversee our major strategic initiatives, the Boards also attended an increased number of workshops and training sessions during the year, in line with the Board-approved Training Plan. These sessions covered things like people and culture matters and future-state planning, with external specialists brought in to facilitate some of these sessions.

The annual strategy offsite saw both the Board members and the senior management team come together over three days to discuss and constructively challenge our three-year strategic plan. All attendees felt that the strategy offsite was a success and served as a great springboard for our FY2026 strategic planning and goal-setting exercise.

Each year, the Group NomCo reviews the Board members' time commitments and this year it confirmed that it was happy the Board members were able to devote enough time to their roles, even in busier periods.

Board Member	Board Meetings[9]	Audit Committee	Board Risk Committee	Nomination and Governance Committee	Remuneration Committee
Executive Directors					
TS Anil	11/11	—	—	—	—
James Davies	5/11[10]	—	—	—	—
Mark Newbery	6/11[11]	—	—	—	—
Tom Oldham	2/11[12]	—	—	—	—
Non-Executive Directors					
Gary Hoffman	11/11	—	—	5/5	14/14
Eileen Burbidge	11/11	—	—	5/5	—
Valerie Dias	10/11	6/6	9/9	—	13/14
Amy Kirk	11/11	6/6	9/9	—	14/14
Fiona McBain	10/11	6/6	7/9	5/5	—
Lizzie Runham	10/11	—	—	5/5	11/14
Fields Wicker-Miurin	11/11	5/6	9/9	—	14/14
Matt Bromberg	0/11[13]	—	—	—	—

[9] This table of attendance reflects that board meetings of the MBHG and MBL Board were convened jointly for the financial year ended 31 March 2025.

[10] James Davies resigned from the MBHG and MBL Board on 29 October 2024 and was eligible to attend 5 Board meetings in the year.

[11] Mark Newbery was appointed to the MBHG and MBL Board on 25 November 2024. Mark Newbery resigned from the MBHG Board on 5 February 2025. He was eligible to attend 6 Board meetings in the year.

[12] Tom Oldham was appointed to the MBHG Board on 5 February 2025. Tom was eligible to attend 2 Board meetings in the year.

[13] Matt Bromberg resigned from the MBHG and MBL Board on 24 May 2024 and therefore did not attend any meetings for the financial year ended 31 March 2025.

Our executive team

Our Group executive team runs our business everyday

In line with the delegation of authority chain we spoke about earlier, the Group CEO is in charge of the daily running of the Monzo Group. To support him with this, he's established a Group Executive Committee made up of our executive leaders. Each of the executive team members has certain responsibilities and accountabilities because we're a regulated banking group. Together, the Group ExCo makes collective decisions for both MBL and MBHG (see page 74 on the mirror structure) in line with the terms of reference, making sure that any matters reserved for the Boards flow up as appropriate.

The Group ExCo has also established some permanent committees which are responsible for certain technical aspects of our business activities ranging from treasury and finance (Assets and Liabilities Committee), to product launches and change (Shipping and Pricing Committee), to key risks and compliance (Enterprise Risk and Compliance Committee). These key executive committees, together with the others that roll-up into Group ExCo, play a really important role in our governance framework.

We encourage all our executive committees to operate within our minimum standards for executive governance which we launched last year. It's important to us to keep a streamlined and effective executive governance structure as we scale.

TS Anil
Group Chief Executive Officer and Executive Director

Sarah Manning
Group Chief People Officer

Tom Oldham
Group Chief Financial Officer and Executive Director

Stephanie Pagni
Group Chief Legal Officer

Mark Newbery
MBL Chief Financial Officer

Matej Pfajfar
Group Chief Technology Officer

Iain Laing
Group Chief Risk Officer

Conor Walsh
US Chief Executive Officer

Kunal Malani
Group General Manager

Michael Carney
EU Chief Executive Officer

Andy Smart
Chief Product Officer

Corporate Governance Statement

We remain fully compliant with the Wates Principles of Corporate Governance for Large Private Companies 2018 ('Wates')

Last year, we reported on our compliance with Wates for the first time, in line with our responsibility under The Companies (Miscellaneous Reporting) Regulations 2018. We're pleased to confirm that we've continued to comply with Wates in this year's governance statement and believe that it reflects our commitment to maintain a high and recognised standard of governance.

We've mentioned in previous annual reports that we also look to the UK Corporate Governance Code 2024 (the Code) as a pillar of best practice. Where appropriate, we've continued to benchmark our governance against the Code, the most recent version coming into effect on 1 January 2025. To us, governance goes hand in hand with strategic success, so we'll keep our practices under review to make sure they're proportionate and aligned to our future plans.

Principle 1

An effective board develops and promotes the purpose of a company, and makes sure that its values, strategy and culture align with that purpose

Our mission hasn't changed. We're here to make money work for everyone and it's at the heart of everything we do. Our mission is central to our strategy, goals and collective vision. Our Boards set our strategy and hold management to account on our goals, making sure that both align with our culture, values and long-term aspirations. You can find more information on our Board-approved strategy on page 13.

As reported last year, our Board members continue to role model the shared practices and behaviours that make up our culture. Our culture is key to our long-term success and the Boards, together with the Group RemCo and Group RiskCo, actively consider our culture when making key decisions. This year, the Boards endorsed our culture strategy, which is especially important as we scale internationally. Find more about the work we've done in the People space on page 35.

The Boards continue to put the mission at the centre of their decision making, which you can read more about in our Section 172 statement on page 60.

Principle 2

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

As Chair of the Boards, Gary Hoffman is responsible for leading the Boards and making sure that they're balanced, diverse, and perform effectively. We talked more about our Board structure, diversity on the Board, and division of responsibilities between the Chair and the CEO earlier in this section (see pages 77).

Each year, the Group NomCo oversees the Board performance review as well as the collective and individual suitability assessment of the Board directors. As we reported last year, our performance and suitability processes are governed by our Board and Senior Manager Suitability Policy, which is Board approved and takes things like conflicts of interest, time commitments, and independence into account. We also work closely with our Governance and Accountability Lead during this time because of the overlap between our internal suitability procedures and regulatory accountability regime requirements (for example, the FCA's Senior Manager and Certification Regime (SMCR)).

Gary Hoffman led our annual performance review supported by the MBHG and MBL Company Secretaries. Similar to last year, each Board member completed a consolidated self-assessment questionnaire covering questions about their Board and Group Board Committee roles (as relevant). The questionnaire took key themes from the previous year's review into account.

In addition, the Chair of the Boards completed a performance review for each Board member in order to complete their individual suitability assessments. The Senior Independent Director completed this for the Chair of the Boards.

Here's what those reviews found.

- The Boards and Group Board Committees were performing effectively.
- The Board directors were collectively and individually suitable, with sufficient time to perform their roles and have value-adding impact.
- The Boards and Group Board Committees had fulfilled their responsibilities during the year.

This year, in addition to our annual Board performance review, we completed a Board capability review (the Capability Review), which an external party facilitated. This review was narrower in scope than a typical performance review, mainly concentrating on the skills, competencies and experience of our current Boards to see how this mapped against our strategic growth plans. The Capability Review helped to identify our strengths as well as some skill gaps. We're using the findings to help inform our forward-looking Board size and structure which needs to align to our strategic goals as a Group.

As a whole, we continually assess Board directors' learning and development needs through our Board performance and Board training plan review cycles. Board members have access to the advice of our Company Secretaries, the Chair of the Boards, and the Senior Independent Director if they need it. They're also able to ask for external legal advice if they need it to help them make key decisions.

We continue to take a forward-looking approach to Board and senior management make-up and succession planning and this remains an area of ongoing focus for the Group NomCo (see more on page 90).

Principle 3

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

The Boards and committee members continue to act in line with the responsibilities set out in their matters reserved and terms of reference. As a bank, some of our directors also have additional responsibilities under the Senior Manager & Certification Regime. The role profiles and statements of responsibilities of Senior Managers outline their responsibilities.

Our Board members go through a tailored induction plan when they join to help them get a full understanding of their accountabilities as a board member. Each induction plan is designed collaboratively with input from the Chair of the Boards, the Company Secretary, and the incoming director. We actively monitor progress to make sure the plans are completed in good time.

To support effective decision-making, we maintain a set of Board policies and procedures that help inform how we do things. This includes things like how we manage conflicts of interest (set out in our Board Conflicts of Interest Policy) – an area that's becoming increasingly important as we evolve our Group structure. More broadly, we operate within the context of our Group Governance Framework which we talk more about on page 76.

As mentioned earlier, the Boards have adopted a formal schedule of matters reserved for their attention, detailing matters that are considered of significance to Monzo owing to their strategic, financial or reputational importance or consequences. The Boards and their Committees have a forward-looking programme of agenda items scheduled for discussion throughout the year to ensure significant items are discussed at the appropriate time and enough time is allocated. Standard paper templates are used to ensure Directors receive high-quality, clear and timely information to support their oversight, challenge and decision making. Together, these documents help to keep everyone up to date in an efficient and timely way.

The information that flows up to the Boards is supported by an extensive system and control framework the Group AudCo (financial controls) and the Group RiskCo (enterprise risk controls) oversee.

Principle 4

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Our Boards and executive team set our strategy in the context of our enterprise risk profile and risk appetite. We have clear processes for setting our strategy, and the goals that'll help us achieve it. This includes a strategy offsite, which we talked about earlier in this section (see page 82).

The Boards and Group RiskCo oversee all of our key risks (both financial and non-financial), as defined in our risk taxonomy and they approve our Group Enterprise Risk Management Framework, making sure it remains effective each year. It's essential that we factor risk into our decision-making processes and the assessment of our strategic opportunities. It's why material product launches or changes are subject to a robust risk assessment which we then share with the Group RiskCo and Boards for review and approval. It's also why the Group RiskCo (on behalf of MBL) annually reviews a summary of our product approvals, to make sure these align with our strategic objectives.

Each year we complete an annual horizon scanning exercise to identify future risks and opportunities. Lots of teams contribute to the exercise, including the executive team and the Boards. We share the findings with the Group RiskCo and factor them into future planning, training and workshops.

At a business level, we have a three lines of defence model which you can find out more about on page 66 along with our principal risks and our overall approach to risk management.

Principle 5

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

We continue to check that our approach to pay aligns with our culture of fairness and transparency. We offer Monzonauts share options (the option to buy Monzo shares at a future date) which aligns pay and reward with long-term business performance. We also believe in having pay and reward policies that help us attract and keep high-quality, diverse people. As a bank, our pay and reward structures need to meet regulatory requirements, especially for our executive team, and we reflect this in our policies and practices.

Our Group RemCo oversees lots of things relating to remuneration, reward, and culture across the Monzo Group. For example, the Group RemCo reviews our people and pay framework every year to make sure that it stays simple, clear and effective at linking rewards to our future success. We also look at our pay data and produce a Gender Pay Gap Report each year, which we publish on our website.

You can find out more about our Group Remuneration Committee, its responsibilities and its activity during the year on page 92.

Principle 6

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

There are lots of ways our Boards take our stakeholders into account when making decisions, from direct engagement with investors to feedback loops in community channels.

One of our key stakeholder groups is our people and we talk more about our approach to our team on page 35. We care about making sure Monzonauts feel heard and have processes in place so that our people can speak about issues openly or anonymously if they need to. Our Group Audit Committee Chair, Fiona McBain, is our Speaking Up Whistleblowing Champion and is our Board-level advocate for making sure we follow our speaking up policies.

We talk about who our key stakeholders are and how the Boards take their interests into account in decisions in our Section 172 statement on page 60.

Board activity

Strategic growth and scaling safely were high on the Board agenda

The Boards met 11 times during the year, as well as attending a number of deep dives and workshops on topics like artificial intelligence, future state planning, conflicts of interest management, and financial risk.

When setting the agenda, the Chair and Group CEO work with the Company Secretaries to make sure that the right matters are given the right amount of time at each meeting. The Boards approved the forward looking agenda for FY2026 in February 2025. In this calendar, we map out the items that'll come to the Board during the course of the upcoming year. It helps keep us on track and makes sure we're balancing strategic, regulatory, and operational matters throughout the year.

We've highlighted the Boards' activities, focuses and decisions in the table. Some of those decisions were 'principal decisions', which means that they potentially had a material impact on one or more of our main stakeholder groups. We've also pointed out if any of these decisions were specific to the MBHG or MBL Board. Even though we operate in a mirror structure, there are some matters which are only relevant to a specific entity. Our papers and Chair point out when this is the case so Board members can make sure they're managing conflicts and meeting their legal responsibilities to the relevant company.

Summary of Board activities and principal decisions

Principal decision   MBHG/group decision   MBL decision

Summary of Board activities and principal decisions FY2025	
Strategy, culture and values	· Agreeing our Group and subsidiary medium-term strategies and monitoring our performance. · Overseeing our consolidated capital position and approving capital injections to subsidiaries · Overseeing and approving the launch of new products, like Pensions and Under 16s. · Approving the expansion into Ireland and establishing MBEU Designated Activity Company (or MBEU), a wholly owned subsidiary of MBHG. · Overseeing and challenging our customer operations strategy in response to customer and international growth. · Approving major transactions like our secondary sale. · Receiving updates on our progress against our sustainability commitments and decarbonisation strategy. · Approving our culture strategy and maintaining oversight of people and talent matters. · Receiving updates on significant strategic milestones like our marketing campaign.
Business performance	· Approving our Group and subsidiary FY2026 budget and business plan. · Monitoring our performance against budget and approving updated reforecasts. · Approving our FY2024 annual report and its financial website disclosures.
Risk and compliance	· Monitoring our enterprise risk profile and approving our risk appetite. · Overseeing key risk areas and associated change programmes. · Approving our refreshed Group Enterprise Risk Management Framework. · Approving submissions to demonstrate compliance with key regulations including the ICAAP, ILAAP (Internal Liquidity Adequacy Process), Recovery Plan, and Resolution Handbook. · Overseeing our compliance with key regulatory regimes like Consumer Duty and approving the Consumer Duty annual report.
Corporate governance	· Approving the process for the Board and Board Committee Performance review. · Overseeing Board make-up and the collective suitability of the Board including future state make-up and succession planning. · Approving our refreshed core governance documentation including our governance framework. · Approving the appointment and reappointment of MBHG and MBL Board Directors. · Approving the reappointment of EY as auditors. · The MBL and MBHG Boards maintained oversight of, and approved, the intra-group transfer of Monzo Inc. (MINC) from MBL to MBHG which was completed on 31 March 2025. Post-transaction MBHG is now the parent company to each of MINC, MBL and MBEU DAC.
Remuneration	· Approving share option exercises for Monzonauts and option pool top-up. · Approving our key remuneration policies.

Group Board Committee activity

Our Group Board Committees had a busy year. We completed a retroactive review to make sure that each committee met its responsibilities for the year under its terms of reference.

From an operating standpoint, only Committee members are entitled to attend meetings. However, the Group Committee Chairs may invite others to attend as they need.

Our Group Board Committees consider matters on behalf of the Monzo Group and subsidiaries within the Monzo Group.

Group Nomination and Governance Committee (Group NomCo)

Chaired by Gary Hoffman, the Group NomCo oversees our governance arrangements and board makeup. The Group NomCo continues to be made up of a majority of independent non-executive directors.

As we've mentioned, the Group NomCo spent a lot of time on board makeup, senior management and Board talent mapping, and succession planning. They reviewed our annual governance document refresh and spent time considering our future governance structure and framework. We've summarised the Group NomCo's key activities for the year page 90.

The Group NomCo continues to work closely with our People Collective as it relates to Board appointments, succession planning, and maintaining compliance with the Senior Manager and Certification Regime (SMCR) at the Board level.

Summary of NomCo activities FY2025

Board make-up	· Monitoring the make-up of the Boards in the context of board suitability, diversity, and our strategic growth plans. · Carrying out the annual collective suitability assessment and reporting the results to the Boards. · Approving the search, selection and appointment process for independent non-executive directors, including approving the appointment of an external search firm to support the search and selection process. · Recommending appointments of directors to the relevant subsidiary board for approval. · Reviewing our succession plan for the Boards and CEO to make sure there's a diverse and suitable succession pipeline.
Board performance	· Reviewing and recommending the annual Board performance review process for FY2025 to the Boards for approval · Overseeing the delivery of the Board performance review for FY2025 and reporting the findings to the Boards. · Overseeing and reviewing the independence of our iNEDs and recommending the outcome to the Boards for approval. · Reviewing and recommending the Board Conflict of Interest Policy and the Boards' Conflict of Interest Register to the Boards for approval. · Reviewing and recommending the annual Board training plan to the Boards for approval.
Corporate governance	· Reviewing and recommending our corporate governance documents to the Board for approval, including the Matters Reserved for the Boards. · Reviewing the effectiveness of the Board and Senior Manager Suitability Policy.

Group Board Risk Committee (Group RiskCo)

Chaired by Valerie Dias, the GBRC monitors our most material risks covering strategic risk, financial risk, financial crime and fraud risk, operational risk, conduct risk, and credit risk. The GBRC also recommends a number of key regulatory documents to the Boards for approval. We talk more about our principal risks and how we look out for our emerging risks in the Risk section from page 68.

The GBRC considers risk holistically for the Monzo Group and plays a key role in overseeing the risk assessments that inform our major strategic initiatives, product launches, regulatory compliance, and transformation programmes. Making sure we're scaling safely in line with risk appetite has been a key focus for the Committee. They've overseen transformation and change programmes covering financial crime risk, data risk, and operational risk.

Our GBRC Chair meets regularly with the Group Chief Risk Officer and the GBRC has the opportunity to meet with the Group Chief Risk Officer, Chief Financial Officers, and Group Chief Internal Audit Officer at least once a year without management there to discuss any relevant risk issues.

Summary of GBRC activities FY2025

Risk strategy, risk appetite and the ERMF	· Reviewing and recommending the Risk & Compliance strategy to the Boards for approval. · Recommending the Group ERMF to the MBHG Board for approval and MBL Board for adoption. · Overseeing risk appetite metrics and recommending material risk appetite statement and metric changes to the Boards for approval. · Receiving second line opinions and risk assessments on significant projects, like the Pensions launch. · Considering any regulatory communications that relate to our risk profile or risk management activity. · Noting reports on the progress of, and approving the closure of, risk-related remediation programmes.
Capital, funding and liquidity, and stress testing	· Overseeing our capital and liquidity risks, including receiving the capital funding plan in the context of our business plan. · Reviewing and recommending the ILAAP to the Boards for approval. · Reviewing and approving our Recovery Plan and our Resolution Handbook to support our compliance with the Resolvability Assessment Framework. · Receiving updates on treasury strategy, systems and controls.
Other regulatory requirements	· Monitoring our compliance with relevant regulation. · Recommending the Consumer Duty annual report to the Boards for approval and overseeing ongoing compliance with the duty. · Reviewing and recommending the Outsourcing and Third Party Risk Management Policy and any material third party arrangements to the Boards for approval.
Assurance	· Reviewing and approving the annual combined second line oversight assurance plan. · Receiving progress reports on delivery of assurance activities, including the output from second line assurance reviews.
Risk & Compliance Collective	· Receiving and reviewing reports on the Risk & Compliance Collective, including updates on capacity and headcount requirements, talent development and key priorities.
Remuneration	· Considering and recommending any remuneration-related risk adjustments to the Group Remuneration Committee.

Group Remuneration Committee (Group RemCo)

Chaired by Fields Wicker-Miurin OBE, the Group RemCo oversees all of our remuneration-related matters as well as key people issues. The Committee oversees the design and application of our Remuneration Policy and follows the development of our reward frameworks to make sure they're proportionate, compliant and aligned with our strategic goals. The Group RemCo then refers to these frameworks when making decisions about Executive Director and Material Risk Taker (MRT) pay.

Working closely with our People Collective, including the Reward team, the Group RemCo spent time this year on growth and recognition, supporting the launch of Monzo EU, and the offering of a secondary sale opportunity, as three key areas of discussion.

The Group RemCo has been central to overseeing how we've adapted to regulatory changes, including updates to our variable pay ratio policy to comply with regulatory changes.

The Group RemCo sets remuneration for the Chair of the Board, Executive Directors and MRTs. The Chair of the Board, Investor Directors and Executive Directors set the remuneration of Independent Non-executive Directors. Non-executive Director remuneration doesn't include share options, other forms of variable pay, or performance-related elements. Neither the Chair of the Boards, the Executive Directors or Non-executive Directors are involved in setting their own remuneration.

We've summarised the Group RemCo's activity for the year in the following table. You can find more information on our approach to people more generally in our Strategic Report from page 3 and in our Section 172 statement on page 60.

Summary of RemCo activities FY2025

Remuneration policies and reporting

- Reviewing and recommending the Remuneration Policy and Malus & Clawback Policy to the Boards for approval.
- Approving the FY2025 Remuneration Policy Statement.
- Reviewing the internal audit report on compliance with remuneration regulations.
- Reviewing our 2024 Gender Pay Gap Report.
- Reviewing the remuneration section of our FY2024 Annual Report and Accounts, Pillar 3 Disclosures and Website Disclosures and recommending the MBL Board approve them.

Material risk takers (MRTs)

- Approving the MRT list for FY2025.
- Approving the remuneration packages for new hire MRTs (including prospective MBEU MRTs) and any remuneration changes for MRTs, including any salary changes or option grants.
- Approving the Remuneration Adjustment Process and noting a Remuneration Adjustment Trigger Event Report.

People, pay and performance

- Approving the Chair of the Boards' remuneration.
- Reviewing and approving 2025 pay review recommendations, in particular MRT and Executive pay recommendations.
- Reviewing, and where appropriate, approving salary bands and option framework changes.
- Reviewing our employee value proposition and our reward strategy.
- Reviewing people management information.

Options

- Reviewing company and personal performance before approving option grants and vesting for MRTs.
- Reviewing the option pool.
- Reviewing and recommending to the Boards for approval, the design and implementation of a Monzonaut Secondary Sale.

Benefits and pensions

- Reviewing and approving benefit improvements, including the introduction of neonatal leave, increase to annual leave days, and the revamp of our sabbatical leave.

Group Audit Committee (GAC)

Chaired by Fiona McBain, the GAC supports the MBHG Board as it relates to the Monzo Group and its subsidiaries on things to do with our financial reporting and its internal systems and controls, and internal and external audit processes, and its internal systems and controls. For example, the GAC supports the MBL Board by overseeing audit arrangements relevant to MBL. The GAC oversees the integrity of our financial and Pillar 3 disclosures and schedules its meetings to mirror our financial reporting cycle.

Key to its role is working with our statutory auditor, EY. The GAC is responsible for overseeing the statutory audit process and the relationship with the external auditor, monitoring and reviewing their independence, effectiveness and objectivity in line with best practice standards and professional requirements. We cover safeguarding auditor independence more below.

All GAC members are independent and collectively have recent and relevant financial experience, with both Fiona McBain and Valerie Dias being professionally qualified accountants.

Summary of GAC activities FY2025

Financial reporting	· Reviewing and recommending the FY2024 Annual Report and Accounts to the MBL Board for approval. · Reviewing and recommending the FY2024 Pillar 3 disclosures and other website disclosures to the MBL Board for approval. · Reviewing our key accounting judgements, estimates and going concern assessment for the FY2024 and FY2025 financial statements. · Receiving updates on future reporting and disclosure requirements in line with Monzo's growth plans.
Statutory audit & auditor engagement	· Reviewing the FY2024 Management Letter and any associated actions. · Reviewing the effectiveness of the FY2024 statutory audit. · Recommending the reappointment of EY as our statutory auditors to the Boards for approval and approving the fees associated with the appointment. · Recommending the External Auditor Independence Policy to the Boards for approval and monitoring compliance with the Policy on an ongoing basis. · Overseeing the design and execution of the FY2025 External Audit Plan and areas of focus. · Receiving regular reports from EY on the progress of the External Audit Plan and monitoring any key risk areas or material accounting or control issues. · Overseeing our relationship with the External Auditor including recommending FY2025 engagement letter to the MBHG Board for approval.
Internal Audit and Chief Internal Audit Officer	· Reviewing and approving the Internal Audit plan, methodology and deliverables as well as any changes to the plan throughout the year. · Reviewing and discussing the outcomes of internal audits, focusing on the remediation plan for audits rated 'needs significant improvement'. · Approving the Internal Audit charter. · Reviewing the independence of the Internal Audit Collective in line with the International Professional Practices Framework (IPPF). · Overseeing the completion of the Internal Audit External Quality Assessment action plan. · Reviewing Internal Audit's assessment of our control environment. · Receiving an annual internal assessment of the effectiveness of the Internal Audit Collective.

Summary of GAC activities FY2025	
Internal systems and controls	· Receiving updates on the effectiveness of our financial control framework. · Receiving updates on the effectiveness of the regulatory reporting process. · Reviewing the appropriateness of our impairment loss allowance. · Reviewing updates shared on thematic reviews.
Whistleblowing	· Recommending our Speaking Up Policy for whistleblowing to the Boards for approval and receiving periodic whistleblowing reports.
Litigation	· Reviewing regular reports on our litigation and disputes portfolio and tracking material claims to assess their impact on our financial statements.

The Committee's key considerations when preparing for the FY2025 financial statements

During the year and in preparation of publishing these financial statements, the Committee considered the following things.

Key accounting and financial reporting matters	
Going concern assessment	The Board must consider whether it's appropriate to prepare the financial statements on a going concern basis. To satisfy itself that the financial statements should be prepared on a going concern basis, the Board and Committee considered these things. · Business performance and our profitability. · Developing economic issues impacting the economy and our customers. · Potential stress scenarios based on our ICAAP impacting customer growth and activity, central bank interest rates and credit losses. · The regulatory review and investigation into our compliance with financial crime regulation (see Note 26). · Our future capital requirements, growth plans and recent fundraise. · Our confidence in those plans to raise additional capital if necessary to meet our regulatory requirements (see our Group Directors' report). Overall the Committee was satisfied that the financial statements could be prepared on a going concern basis and recommended this to the Board.
Fair valuing stock based compensation	Management updated the Committee on and reviewed the key inputs used to calculate share-based payment expenses, including the impact of and accounting for the secondary share sale in FY2025, along with sensitivity analysis to those inputs.
IFRS 9 – Effective Interest Rates (EIR)	Management updated the Committee on our approach to, and the materiality of EIR on our positions classified at amortised cost. Management advised the Committee that our approach to calculating EIR on our lending products was appropriate. The Committee was satisfied our approach approximates the EIR method and remains compliant with IFRS 9.
Contracts	During the year, management updated the Committee on several material contracts that we assess for cost and revenue recognition over several years. The Committee was satisfied with the outcome of these assessments and the expected costs and revenues to be recognised in each period.

Areas of significant judgements and estimates	
Credit loss expense and impairment loss allowance	During the year, the Committee reviewed and discussed quarterly reports on the IFRS 9 impairment loss allowance position to make sure that the level of allowance was adequate based on our current level of credit risk and the economic outlook. The Committee reviewed the key judgements used to calculate expected credit loss and closely scrutinised sensitivity analysis, including the economic scenarios and other key judgements applied. The Committee also assessed the quantum of the post model adjustments and their bases. Supported by historical data, benchmarking against peers, performance against expectations and an independent evaluation, the Committee concluded that the impairment loss allowance of £251.2m for FY2025 is considered adequate for the level of credit risk in the portfolio and the likely macroeconomic outturn.
Provisions and contingent liabilities	The Committee reviewed reports on provisions recognised and contingent liabilities disclosed in the financial statements. The Committee concluded these were adequate at the balance sheet date.
Deferred tax	Management updated the Committee on whether recognising deferred tax in FY2025 was appropriate. The Committee was satisfied the basis for recognising a deferred tax asset on 2 years of forecast profits was appropriate.

Internal audit matters	
Internal Audit Plan	The Committee reviewed the audit plan and its alignment to our key risk areas.
Internal Audit Reports and Actions	The Committee also considered the key trends and material findings that came from the internal audit reports and memos, as well as reviewing the appropriateness of the actions.

Our Internal Audit Collective continues to improve and has remained independent

Following on from the previous year, we spent FY2025 operating our in-house Internal Audit delivery model, led by the Chief Internal Audit Officer. We have 14 internal auditors and continue to be supported by co-source partners for expert input and capacity.

The GAC is responsible for assessing the independence and effectiveness of our internal audit function. It does this throughout the year during committee meetings, private sessions and meetings with the Chief Internal Audit Officer.

The GAC also oversees in these ways.

- Being responsible for appointing and removing the Chief Internal Audit Officer.
- Receiving an annual attestation from the Chief Internal Audit Officer confirming the internal audit's independence.
- Annually reviewing the performance of the Internal Audit Collective.
- Receiving quarterly reporting on the performance of the Internal Audit Collective.

The GAC concluded that Internal Audit was effectively carrying out their responsibilities and had maintained their independence.

Our external auditors remained independent and objective

We reappointed EY as our external auditor for FY2025 in July 2024. The GAC is responsible for monitoring the independence and objectivity of our external auditors. To safeguard the external auditor's independence and objectivity, the GAC continues to adopt an External Auditor Independence Policy which sets out how we maintain independence and the limited circumstances which external auditors may provide non-audit services in. The Committee reviews the Policy annually to make sure it's fit for purpose and stays compliant with the applicable rules and standards.

The Policy includes the following guardrails to make sure that EY keeps their independence.

- They must meet a set of requirements before providing a service as defined in the FRC's Revised Ethical Standard 2019.
- They can only provide audit and audit related services.
- We can't employ or use the services of an individual who has a close relationship with the external auditor either through employment or close family members.
- They must tell the GAC about any changes to their independence.
- The audit engagement partner and key audit partners must rotate every 5 years.
- In line with the annual requirement, EY confirmed that for FY2025 they stayed independent, their terms of engagement were not compromised, and they complied with the FRC's Revised Ethical Standard.

We also have non-audit services guardrails in place to protect our external auditor's independence. Under the External Audit Independence Policy, we use the following guardrails for non-audit services.

- The GAC Chair must approve all non-audit services before external auditors can start any work, regardless of whether the service provided is a permitted non-audit service.
- There must be a good reason why the external auditors are the most appropriate third party to provide the permitted non-audit service.
- The total fee for non-audit services is limited to be no more than 70% of the average of the fee paid to the external auditor in the last 3 consecutive years for the audit.

See Note 34 on page 179 of the financial statements for details of the audit and non-audit services performed by EY. During the year, the GAC Chair met regularly with the Chief Internal Audit Officer, and the external auditor's engagement partner.

We're happy with the effectiveness of the external audit

The GAC is happy that the external audit was carried out as expected and continues to be effective.

Group Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2025 for Monzo Bank Holding Group Limited (The Company) and the Monzo Group (The Group).

MBHG is a private limited company, incorporated and domiciled in England and Wales, with its registered office in England and is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and Financial Conduct Authority (FCA). Monzo's registration number is 14785367.

We've prepared these financial statements in accordance with UK adopted international accounting standards.

Directors

The directors who served the company during the year and up to the date these financial statements were approved are below.The directors who served the company during the year and up to the date these financial statements were approved are below.

- G Hoffman (Chair)
- TS Anil
- E Burbidge MBE
- J Davies (resigned 29 October 2024)
- M Newbery (appointed 25 November 2024 and resigned 5 February 2025)
- T Oldham (appointed 5 February 2025)
- V Dias
- A Kirk
- F McBain
- L Runham
- M Bromberg (appointed 1 March 2023 and resigned 15 May 2024)
- F Wicker-Miurin OBE (appointed 1 April 2024)

Results and dividends

The consolidated profit for the period after taxation was £94.6m (FY2024: loss of £8.7m). The directors are not recommending a final dividend (FY2024: £nil).

Directors' liabilities

We've indemnified all of the Group's Directors from claims brought against them by third parties (subject to section 234 of the Companies Act 2006). The indemnity was in place during the year. It doesn't cover claims arising from fraud or dishonesty.

The following information, required by the 2008 Regulations, is included in the Strategic Report.

- A fair and balanced review of the business.
- A description of the principal risks and uncertainties facing the business.
- A description of our principal objectives, strategy and business model.
- An analysis of developments and performance for the financial year and the position at the end of the year.
- Trends and factors likely to affect the future development, performance and position of the business.
- Information on our team and community.

Political donations

We haven't made any donations or incurred any expense to any registered UK political party or other EU political organisation.

Branches

We don't have any branches in or outside of the UK.

Acquisition of own shares

We have not purchased any of our own shares (FY2024: £nil).

Events since the balance sheet date

There have been no material post-balance sheet events.

Financial Instruments

Monzo enters into material financial instruments as part of our normal business operations, see Notes 19 and 20 for more details. Our financial risk management framework can be found in the 'Risk management' section on pages 63–71. Notes 22, 24 and 25 give information on how we manage liquidity, market and credit risk.

Research and development activities

We invest in the development of our own platforms and products, so we've applied to claim Research and Development (R&D) Expenditure Credit from HMRC, see Note 10.

Policy on employing people living with disabilities

We're committed to employing and supporting colleagues in line with the Equality Act 2010 and our People Policy. We also want to make sure disabled people can fulfil their potential and realise their aspirations.

We make reasonable adjustments to support all disabled job applicants and colleagues. Here are some examples of supportive adjustments we've made in the past.

Making changes to shift patterns (like phased return to work, flexible working hours or part-time working).

- Giving extra training or mentoring.
- Making access alterations to the offices.
- Giving information in accessible formats.
- Adapting equipment or providing specialist equipment.
- Any other ad hoc reasonable request, like someone with social anxiety disorder being given their own desk instead of hot-desking.

This list gives examples of some of the adjustments we've made, but our Policy aims to accommodate all reasonable requests to make sure our people feel fully supported during their time at Monzo.

Our approach to transparency and colleague engagement

We default to transparency, so colleagues have access to any information that's relevant to them. We hold monthly company-wide meetings where people can share their opinions and ask questions of management.

All colleagues have a vested interest in our performance through our share option schemes. They're kept up to date with business performance through regular internal communications and shared dashboards highlighting monthly financial performance.

Our approach to engagement with other stakeholders

We've included a statement in line with our Section 172 requirements under 'Our stakeholders' in the 'Section 172 at Monzo' section of the Strategic Report. You can find this on page 60.

Our approach to the environment

The Companies (Directors' Reports) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018 (Regulations) brought in the UK Government's Streamlined Energy and Carbon Reporting (SECR) Policy.

We've included our SECR reporting in line with the Companies (Directors' Reports) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018 under the 'Our approach to the environment' section of the Strategic Report (see page 46).

Mandatory Climate-related Financial Disclosures (CFD) under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31) (CFD Regulations) published on 19 January 2022 ask us to disclose our ongoing activities to reduce our impact on the environment in relation to governance, strategy, risk management and the metrics and targets that we use in our response to climate change. You can find this from page 47.

We've prepared these statements on a going concern basis

In line with International Accounting Standards (IAS 1) Presentation of Financial Statements, our directors have to assess our ability to continue as a going concern. That means they have to assess whether we'll have enough liquidity to pay our creditors when we need to and enough capital to fund our balance sheet. They also have to decide whether we should continue to adopt the going concern basis of accounting when we prepare our financial statements.

In performing this assessment, the directors have considered:

- the key financial forecasts of the Group, which include an assessment of profitability, capital and liquidity resources;
- the principal risks and uncertainties affecting the business and our forecasts; and
- the effect of a range of severe but plausible downside scenarios, including those used in the Group's ICAAP and ILAAP on our financial forecasts and the resilience of our business.

We've assessed our ability to continue as a going concern up to the end of August 2026, which is a period of 15 months from the date the Board approves our financial statements.

Regulatory requirements and other considerations

Our assessment included a broad range of information and scenarios. Our base case shows that we'll have enough capital to remain a going concern across the assessment period without the need for any external financing. Growth of loan balances and of the overall balance sheet, are the main drivers of capital requirements for us. Management of growth is therefore key to ensuring we have sufficient capital resources to meet requirements. This also influences the likely end state requirements coming from MREL.

Our base plan includes sensible debt and equity raising assumptions across the medium to longer term, which align to our ambitions and our latest view of likely end state MREL requirements (consistent with the current MREL consultation paper published in October 2024). Debt raising assumptions occur well in advance of any binding increase in requirements and no increase in MREL requirements are anticipated across the assessment period.

We've stress tested our business plan, and our capital and liquidity positions using a range of idiosyncratic and market wide scenarios aligned to our ICAAP and ILAAP. These help us to understand the impacts of a severe but plausible stress scenario on our assessment and how robust our base case is to external shocks. For capital, our stressed model impacts some of the inputs to our plan like our capital requirements, customer growth, Point of Sale volumes, subscription revenue and expected credit losses. For liquidity, we examine how differing scenarios impact deposit behaviour, outflows, and intra-day movements.

We've assessed the actions management can take to preserve capital in the event of a stress, while minimising the impact on customers. These actions include reducing staff and marketing costs, and also tightening credit requirements to reduce expected loan and overdraft defaults. Whilst profitability is reduced under stress, these actions sufficiently mitigate the impact of the stress scenario. Which makes the stress manageable and capital remains above regulatory requirements. For liquidity, the majority of our assets are cash at the Bank of England or HQLA. Our stress testing shows that even under the most severe liquidity stresses, we continue to be able to pay customers and creditors when we need to. Reverse stress testing has also been done to further demonstrate our capital and liquidity resources remain adequate to support our going concern conclusion.

We're satisfied Monzo will have enough capital and liquidity resources to continue as a growing business, meeting both our regulatory capital and liquidity requirements. We've noted risks to our business model and strategy in the 'Risk management' section of the Strategic Report.

Based on our assessment, we've concluded that it's appropriate to continue preparing our financial statements on a going concern basis. The financial statements don't include any adjustments that would result if the Group was unable to continue as a going concern.

Disclosing information to the auditor

As far as each person who was a director at the date of approving this report is aware, there's no relevant audit information, being information needed by the auditor in connection with preparing its report, which the auditor isn't aware of. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that they're obliged to take as a director to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

Auditor

We've reappointed EY in line with section 487(2) of the Companies Act 2006 unless the members or directors resolve otherwise.

Approved by the Board and signed on behalf of the Board

Tom Oldham
Group Chief Financial Officer
29 May 2025

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, Group Directors' report and the financial statements in accordance with applicable United Kingdom (UK) law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company financial statements under FRS 101, Reduced Disclosure Framework and the Group financial statements under IAS adopted international accounting standards.

Under Company Law the directors must not approve the financial statements unless they're satisfied that they present a true and fair view of the financial position, financial performance and cash flows of the Company and Group for that period. In preparing those financial statements the directors need to do the following:

- Select suitable accounting policies in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards doesn't allow users to understand the impact of particular transactions, other events and conditions on the financial performance.
- State that we have complied with UK adopted international accounting standards, subject to any material departures and explained in the financial statements.
- Make an assessment of the Group's and Company's ability to continue as a going concern, and if appropriate, prepare the financial statements on a going concern basis.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions. They have to disclose with reasonable accuracy at any time the financial position of the Group and make sure that the financial statements comply with the Companies Act 2006.

They're also responsible for safeguarding the assets of the Group and for taking reasonable steps to detect and prevent fraud and other irregularities.

The Board monitors the effectiveness of risk management arrangements, including internal control systems, throughout the year and considers that, as at 31 March 2025, it had in place adequate systems and controls for our risk profile and strategy. While risk cannot be eliminated, the Board is satisfied that the systems of internal control embedded within the risk management framework have worked effectively during the last financial year to identify, monitor, manage and control all relevant risks.

Approved by the Board and signed on behalf of the Board.

Tom Oldham
Group Chief Financial Officer
29 May 2025

Financial statements

Independent auditor's report to the members of Monzo Bank Holding Group Limited

Opinion

In our opinion:

- Monzo Bank Holding Group Limited's Group financial statements and Parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Monzo Bank Holding Group Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2025 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 March 2025	Balance sheet as at 31 March 2025
Consolidated statement of comprehensive income for the year then ended 31 March 2025	Statement of comprehensive income for the year ended then 31 March 2025
Consolidated statement of changes in equity for the year ended 31 March 2025	Statement of changes in equity for the year ended then 31 March 2025
Consolidated statement of cash flows for the year then ended 31 March 2025	Related Notes 1 to 6 to the financial statements including a summary of significant accounting policies
Related Notes 1 to 35 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 UK adopted international accounting standards and, as regards the Parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

How we evaluated the Directors' assessment

Risk Assessment Procedures

- Through discussions with Management and review of supporting evidence, we updated our understanding of the Group and Parent company's overall regulatory requirements and current and forecast capital and liquidity positions including consideration of Monzo's international expansion plans;
- We reviewed correspondence and made inquiries of regulators to understand their perspectives on the Group and Parent

company's risks and their areas of focus in regulating the Group and Parent company;

- We have independently identified factors that may indicate events or conditions that may cast significant doubt on the Group and Parent company's ability to continue as a going concern, including wider qualitative considerations such as operational resilience, and the current macroeconomic and market conditions. We designed our audit procedures to evaluate the effect of these risks on the Group and Parent company's ability to continue as a going concern.
- The audit engagement partner, a range of internal specialists and other senior members of the audit team directed, performed and supervised the audit procedures over going concern, including continual risk assessment throughout the audit.

Testing of Management's Method, Assumptions and Stress Testing

- We confirmed our understanding of Management's going concern assessment process along with the going concern basis for the Group and Parent company, and the process by which the budget and related going concern forecasts and assumptions are created and approved. We tested the design and operational effectiveness of the key controls related to the going concern assessment;
- We obtained the forecast approved by the Board, covering the fifteen-month period of Management's going concern assessment to 31 August 2026 for Group and Parent company;
- Using our understanding of the business, we evaluated the forecasting method adopted, including considering plausible alternative downside scenarios and concluded that the method adopted was appropriate;
- We evaluated the relevance and reliability of the underlying data used in the going concern assessment and tested assumptions to third party evidence, where appropriate. In addition, we used our internal valuation specialists to test the mathematical accuracy of the financial forecasting models used to develop the business plan under the base, stress case and reverse stress case scenarios;
- We evaluated events occurring post the balance sheet date, including reviewing actual performance versus the forecasted plan, in order to assess any impact on the going concern assessment. We inquired of Management as to their knowledge of events or conditions beyond the period of assessment and assessed for relevant announcements from the PRA that we considered had the potential to impact the Group and Parent company's capital resource and/or requirements;
- We used our internal regulatory specialists who evaluated the appropriateness of Core Equity Tier 1 capital and Tier 2 debt classification, inspected regulatory correspondence, made inquiries in relation to anticipated changes in regulatory capital requirements to assess the overall impact of the capital calculations on the going concern assessment and, reconcile the Group's liquidity position to its regulatory liquidity reporting returns and challenge the assumptions within the Group's liquidity forecasts over the going concern period to assess the risk of a liquidity shortfall or breach of leverage ratio in the going concern period;
- We used our internal valuation specialists to challenge the appropriateness of management's forecasts. This included assessing historical forecasting accuracy and independently applied a series of severe but plausible stresses in order to understand the impact on capital resources and liquidity. These procedures were primarily tailored to challenge the sufficiency of capital and liquidity during the going concern period.
- We evaluated Management's plans for future actions within the control of the Group and Parent company, under a stressed and reverse-stressed scenario over the going concern period to determine the feasibility of such actions in the current circumstances.

Disclosures

We assessed whether the disclosures in the Annual Report & Accounts relating to going concern sufficiently and appropriately reflect the events relating to the uncertainties identified in the going concern assessment, and Management's plans in response to these; to assess that they were in compliance with IAS1.

Our key observations

Our evaluation of the Directors' going concern assessment for Group and Parent company covers the period to 31 August 2026, consistent with the period assessed by the Directors.

Over the assessed going concern period, the Group and Parent company have forecast that they will maintain headroom above the binding regulatory capital requirements using base case assumptions, as well as in a stressed scenario where the Group and Parent company are unable to meet all financial targets within the Financial Plan. This is consistent with our conclusion, based on the procedures we have performed, including independent stress testing.

The Group and Parent company are forecast to retain sufficient headroom to their binding liquidity requirements over the going concern period.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent company's ability to continue as a going concern for a period of fifteen months to 31 August 2026 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	We performed an audit of the complete financial information of two components, audit procedures on specific balances for a further three components. We performed central audit procedures on all Group accounts. The components where we performed full or specified audit procedures accounted for 100% of Profit before tax, 100% of Revenue and 100% of Total assets.
Key audit matters	IFRS 9 Financial Instruments – Expected credit loss ('ECL') provision Valuation and accounting treatment of Share Based Payments Improper revenue recognition – Effective interest rate ('EIR') income recognition Recognition and measurement of Deferred Tax Asset ('DTA')
Materiality	Overall group materiality of £6.0m which represents 0.5% of Total Equity

An overview of the scope of the Parent company and Group audits

Tailoring the scope

All audit work performed for the purposes of the audit was undertaken by a single audit team based in the UK. We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group and Parent Company financial statements and identified significant accounts and disclosures. When identifying the extent to which audit work needed to be performed to respond to the identified risks of material misstatement of the Group and Parent Company financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, applications and relevant internal audit results.

The scoping for the current year is as follows:

Component	Scope	Key locations
Monzo Bank Holding Group	Full	United Kingdom
Monzo Bank Ltd	Full	United Kingdom
MBEU DAC	Specified Procedures	Republic of Ireland
Monzo Inc	Specified Procedures	United States
Monzo Support US Inc	Specified Procedures	United States

The table below illustrates the coverage obtained from the work performed by our audit teams. We considered profit before tax, revenue and total assets.

	Full scope[14]	Specific scope (2)[15]	Total
Profit before tax	100%	0%	100%
Revenue	99%	1%	100%
Total assets	99%	1%	100%

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group considers there to be low financial risks from the impacts of climate change and determined that the most significant long-term impact may be from a transition to a lower carbon economy. This is explained on page 68 of the Our principal risks and uncertainties section and Our approach to the environment on page 46, which form part of the Other information rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and their resulting conclusion that there was limited effect on balances for the period covered by these financial statements, including how this aligns with their net zero commitments, as disclosed within the basis of preparation note on page 120. As part of this evaluation, we performed our own risk assessment supported by internal climate change specialists. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

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. These matters included 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

[14] Full scope: audit procedures on all significant accounts.
[15] Specific scope: audit procedures on selected accounts.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
IFRS 9 Financial Instruments – expected credit loss ('ECL') provision Expected credit loss provision of £251.2m (FY2024: £204.0m). Refer to the Accounting Refer to the Accounting policies (page 120); and Note 13 of the Consolidated Financial Statements (page 137). Credit provisions represent Management's best estimate of impairment and significant judgements and estimates are made in determining the timing and measurement of expected credit loss ('ECL'). The key judgements and estimates in respect of the timing and measurement of ECL include: · The accounting interpretations, modelling assumptions and data used in the models that calculate ECL; · Inputs and assumptions used to estimate the impact of the multiple economic scenarios ('MES') including appropriate weightings for the various scenarios; · Allocation of assets to Stage 1, 2 or 3 using criteria in accordance with IFRS 9; and Completeness and valuation of post model adjustments ('PMAs'), including the risk of management override. Our assessment is that the risk is consistent with FY2024.	**Controls testing** We evaluated the design and operating effectiveness of controls over the ECL process, including those over management's judgements and estimates. These controls, among others, covered: · the staging of assets per management's criteria and their monitoring of stage effectiveness; · the model governance including monitoring, model validation and model implementation; · controls over the completeness and accuracy of data feeding into ECL provision; · the governance of statistical models used to develop the MES and their associated probability weights; and · the governance and management review of MES, PMAs, and individual provisions. **Accounting interpretations, modelling assumptions and data used in models used to calculate ECL** · We involved accounting specialists to assist the audit team in assessing the reasonableness and compliance of the Group's accounting policies with IFRS 9. · We involved modelling specialists to assist in a risk assessment and testing of a sample of material models. This included a review of model design and implementation, review and testing of model assumptions, review of model monitoring, sensitivity analysis and benchmarking and recalculation of the Probability of Default, Loss Given Default, Exposure at Default and final ECL. · We developed challenger models, which included applying our own independent assumptions including Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD'), to model our own estimate of the ECL provision (including model overlays). · We tested the data used in the ECL calculation on a sample basis. In order to complete this testing, we independently identified key data elements and reconciled a sample of data feeding the models to underlying support.	We are satisfied that the ECL provisions were reasonable and recognised in accordance with IFRS 9. We highlighted the following matters to the Group Audit Committee that contributed to our overall conclusion: · Effectiveness of the overall control environment. · Results of our testing of models and model assumptions, including the reasonableness of the macroeconomic variables used. · The accuracy of staging, including considering management override, and our independent sensitivity analysis on the staging criteria to assess appropriateness. · Reasonableness and adequacy of the post-model adjustments recorded. That there is ongoing uncertainty in determining forecast losses due to the prevailing uncertain economic environment, and the availability of historic loss data given the current maturity of the lending portfolios.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Inputs and assumptions used to estimate the impact of multiple economic scenarios · We involved our economic and modelling specialists to assist us in evaluating the appropriateness of the macroeconomic inputs used by the Group in the determination of ECL and compared those inputs to external sources to assess their reasonableness. This included the evaluation of the base and alternate economic scenarios (including consideration of current matters such as the high cost of living and economic and geopolitical uncertainty), and probability weights applied to each of the scenarios adopted by the Group. **Allocation of assets to Stage 1, 2 or 3** · We evaluated the updated criteria used to allocate a financial asset to Stage 1, 2 or 3 with the assistance of our accounting specialists. This included peer benchmarking to assess the reasonableness of staging allocations. · We then recalculated the staging of all products to assess whether they were allocated to the appropriate stage and in line with the Group's set criteria and performed sensitivity analysis to assess the appropriateness of different staging criteria on the ECL. **Post model adjustments including the risk of management overrides** · We tested post model adjustments with the assistance of our modelling specialists. This included an assessment of their completeness and appropriateness by considering the related judgements, sensitivities, model validation results and governance process. **Stand-back challenge** · We performed a stand-back analysis to assess whether the IFRS 9 impairment provisions recorded by management were reasonable and how this compares to other market participants. We considered the nature and type of products offered and performed benchmarking across other similar institutions considering staging percentages, provision coverage and modelled adjustments and evaluated the overall reasonableness of recovery assumptions applied.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee

Valuation and accounting treatment of share-based payments
Share-based payments expense in the current year is £83.5m (FY2024: £37.5m)
 	
Refer to the Accounting policies (page 120); and Note 32 of the Consolidated Financial Statements (page 175).
 	
We identified the risk of management override of controls as it relates to the key risk areas including:
 	
Judgements applied by management in the valuation of share-based payments, including the method selected and key inputs to the model;
 	
· The complexity of the accounting for share-based payments expense and the key judgements applied;
 	
· The manual journal entries recorded for share-based payment expense.
 	
Our assessment is that the risk has increased in FY2025 due to judgements associated with the accounting treatment for the secondary sale that occurred during the year.
	In respect of the current year share-based payments expense, including the impact of the secondary sale, we have performed the following procedures:
	
	· We tested the design and operating effectiveness of the controls relating to management's review of the methodology and assumptions used in the share-based payments model, the completeness and accuracy of data used within share expense calculation and the review of the journal entries posted to record the share-based payments expense.
	
	· We have involved our technical accounting experts to assess whether the accounting policy relating to share-based payments is in accordance with IFRS 2: Share-based payment.
	
	· We have involved valuation specialists to assess:
	
	  · the methodology and design of the valuation model;
	
	  · the reasonableness of the following share-based payments parameters: Risk free rate, volatility, expected life, dividend yield and share price as inputs into the valuation model; and the completeness of the parameters in the valuation model;
	
	  · the reasonableness of the fair value uplift in share-based payment as a result of the secondary sale.
	
	· We have tested the completeness of share-based payments expense by performing the following procedures:
	
	  · We have reconciled share options granted with the share options recorded in the expense calculation.
	
	  · We have reconciled the employees in the payroll expense to those in the share-based payments expense. For a sample of employees in payroll expense that were not recorded in the share-based payments expense, we obtained confirmation that share options had not been granted to these employees.
	
	  · We have performed cut-off procedures at the balance sheet date and for a sample of share options granted before the year end but recorded post year end, to determine whether they were recorded in the correct period.
	
	· We have vouched a sample of options granted to underlying share-based payments option certificates and employment contracts and reviewed the key terms and conditions of those contracts to ensure they are accounted for correctly in line with IFRS 2.
		We are satisfied that the share-based payment expense is reasonable and recognised in accordance with IFRS 2.
		
		We highlighted the following matters to the Group Audit Committee that contributed to our overall conclusion:
		
		· Effectiveness of the overall control environment.
		
		· The fair values of the share options granted during the period were materially consistent with the results of the testing performed by our valuation specialists.
		
		The accounting applied for the share-based payments expense and the related manual journal entries were materially correct.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We have tested the mathematical accuracy of the share-based payments expenses and performed a reconciliation between the valuation outputs and the general ledger. These procedures included reviewing the manual journal entries posted by management related to share-based payments expense to verify that they are appropriate. • We have reviewed Management's accounting policy and ensured that the disclosures are correctly presented in the financial statements.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Improper revenue recognition – Effective interest rate ('EIR') income recognition Interest income on Loans and advances to customers in the current year is £271.3m (FY2024: £209.2m). Refer to the Accounting policies (page 120); and Note 2 of the Consolidated Financial Statements (page 125). In accordance with ISA (UK) 240, improper revenue recognition is considered to be a fraud risk. We reviewed the revenue streams earned by the Group and assessed the subjectivity of each stream and which stream could give rise to a material error in the financial statements. The Group calculates interest income from Loans and advances to customers using the using the EIR method, or approaches which closely approximates it, and performs an evaluation to ensure there is no material difference between any approximations and the EIR method. We determined this assessment to be subjective in its application given the number of judgemental assumptions used. Our assessment is that the risk is consistent with FY2024.	To address the identified risk of EIR revenue recognition relating to personal loans, overdrafts and Flex loans, we have performed the following audit procedures: · We tested the design and operating effectiveness of the controls relating to revenue recognition, including key reconciliations and processes to ensure complete and accurate capture of interest charges, customer payments and balances. · We have involved our technical accounting experts to assess the Group's technical accounting policy and associated disclosures relating to EIR on personal loans, overdrafts and Flex loans. · We have involved valuation specialists to develop challenger models to assess the impact of using the Group's method compared to our internal EIR challenger model and compared our findings with the Group's own assessment. · We have engaged our valuation specialists to perform sensitivity analysis over key behavioural life assumptions to test whether changes in key variables such as the prepayment rate could impact the income measured using the EIR. · We have performed additional analytical reviews and benchmarking procedures against similar lending products offered by comparable companies. · We have agreed quantitative disclosures to source data and ensured qualitative disclosures are compliant with the accounting standards.	We are satisfied that interest income on Loans and advances to customers is reasonable and recognised in accordance with IFRS 9.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recognition and measurement of Deferred Tax Asset ('DTA') The net deferred tax asset recognised in the current year is £45.8m (FY2024: Nil). Refer to the Accounting policies (pages 120); and Note 10 of the Consolidated Financial Statements (page 133). There is a risk in relation to meeting the appropriate recognition criteria and measurement of the DTA due to the subjectivity of available evidence and assumptions applied by management regarding the future taxable profits, the lookout period, the ability to recover the DTA. The risk also extends to the adequacy and completeness of disclosures in the financial statements. Our assessment is that the risk has increased in FY2025 given it was the first year of recognition.	To address the identified risk of recognition and measurement of deferred tax assets, we have performed the following audit procedures: · We performed a fully substantive audit in this area, and did not rely on the associated controls. · We have assessed the forecasts of the Group and the underpinning assumptions, testing that the assumptions were reasonable. · We assessed the consistency of the forecasts used to justify the recognition of deferred tax assets to those used elsewhere in the business. In doing this, we verified that the forecasts did not include taxable profit growth that could not be demonstrated as probable, including critically evaluating risks and contrary evidence around the projected future profits. · We also performed sensitivity analysis to understand whether reasonably possible changes to these assumptions could lead to a material change in the recognised asset. · We considered the length of the forecasts that it would be appropriate to use in calculating the deferred tax asset, with reference to the Group's historic performance and levels of forecasting accuracy. · We have involved tax specialists to evaluate management's methodology for assessing the recognition of and recoverability of deferred tax assets, including the ability to offset certain deferred tax liabilities and deferred tax assets. Where recognition is supported by the availability of sufficient probable taxable profits in future periods against which brought forward tax losses can be utilised, our evaluation of these future profits considered both the business model and the applicable UK tax legislation. · We tested the mathematical accuracy of the calculations used in determination of deferred tax assets. · We have reviewed management's accounting policy and ensured that the disclosures are correctly presented in the financial statements.	We are satisfied that the recognition and measurement of the deferred tax asset is reasonable and recognised in accordance with IAS 12.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and the Parent Company to be £6.0m (FY2024: £5.0m), which was 1% of equity at the point of assessment during the planning period. We periodically re-evaluated the appropriateness of our materiality assessment and determined to keep our materiality consistent with our planning materiality. This is equivalent to 0.5% (FY2024: 0.6%) of equity as at 31 March 2025. We believe that equity remains the most appropriate measurement basis given the users' focus on regulatory capital requirements, liquidity and solvency.

During the course of our audit, we reassessed initial materiality. Despite an increase in equity since planning due to the Bank's profitability, we determined to keep our materiality consistent with our planning materiality, avoiding undue volatility in the number and maintaining a degree of conservatism into our equity-based measure for the FY2025 audit.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely £3.0m (2024: £2.5m). We've applied the lowest percentages to Equity when determining PM and TE respectively. We have adopted this approach given the accelerated growth of the company and evolving business model.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3m (2024: £0.25m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 101, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are:

- Companies Act 2006
- Financial Reporting Council ("FRC") rules and guidance
- Tax Legislation (governed by HM Revenue and Customs)
- Financial Conduct Authority ("FCA") rules
- Prudential Regulation Authority ("PRA") rules

We understood how the Group is complying with those frameworks by making enquiries of senior management, reviewing regulatory correspondence between the Group and UK regulatory bodies, reviewing internal audit reports and attending meetings or reviewing minutes of the Board and Risk Committee.

We assessed the susceptibility of the Group's financial statements and Parent Company's financial statements to material misstatement, including how fraud might occur, by considering the controls that the Group has established to address risks identified by the Group, or that otherwise seek to prevent, deter or detect fraud. We also assessed the risks of fraud in our key audit matters. Our procedures over our key audit matters and other significant accounting estimates included challenging management on the assumptions and judgements made in determining these estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of senior management, legal counsel, compliance, internal audit, and those charged with governance, review of correspondence with regulatory bodies and minutes of meetings of the Audit, Board and Risk committees, involvement of conduct risk specialists, review of whistleblowing policy and related documentation, as well as meeting with regulators.

The Group company operates in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst & Young LLP

Rhys Taylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
29 May 2025

Consolidated statement of comprehensive income

for the period ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Interest income	2	861,673	575,974
Fee and commission income	3	329,165	255,531
Other operating income	5	44,517	48,452
Total Revenue		**1,235,355**	**879,957**
Interest expense	2	(262,833)	(138,002)
Fee and commission expense	3	(72,000)	(50,696)
Credit loss expense on financial assets	4	(152,595)	(176,868)
Cost of Revenue		**(487,428)**	**(365,566)**
Gross Profit		**747,927**	**514,391**
Personnel expense	6	(352,929)	(256,913)
Other operating expense[16]	9	(334,520)	(242,030)
Total operating expense		**(687,449)**	**(498,943)**
Profit before tax		**60,478**	**15,448**
Taxation credit / (expense)	10	34,090	(6,739)
Profit for the year		**94,568**	**8,709**
Other comprehensive income that may be recycled to profit or loss:			
Currency translation reserve			
Currency translation differences		(159)	(305)
Cash flow hedging reserve			
Net gains from changes in fair value		5,524	1,391
Net losses / (gains) transferred to net profit		180	(71)
Tax		(1,637)	(330)
Financial assets reserve			
Net changes in financial assets measured at fair value through other comprehensive income (FVOCI)		598	—
Tax		(167)	—
Other comprehensive income that may be recycled to profit or loss		**4,339**	**685**
Total comprehensive income for the year, net of tax		**98,907**	**9,394**

The results for the current and prior year are derived entirely from continuing operations.

The Notes 1 to 35 form an integral part of these financial statements.

[16] Other operating expense includes the FY2024 row Exchange differences through profit or loss, previously shown outside of operating expenses.

Consolidated statement of financial position

As at 31 March 2025

	Notes	2025 £'000	2024 £'000
Assets			
Cash and cash equivalents	11	11,021,763	7,624,300
Treasury investments	12	5,381,870	3,634,401
Loans and advances to customers	13	1,602,470	1,190,215
Other assets[17]	14	186,290	489,734
Current tax asset	10	10,279	7,089
Deferred tax asset	10	45,788	—
Property, plant and equipment	15	15,391	20,074
Total assets		**18,263,851**	**12,965,813**
Liabilities			
Customer deposits	17	16,599,371	11,197,622
Subordinated debt liability	18	15,421	15,113
Other liabilities	19	436,116	890,933
Total liabilities		**17,050,908**	**12,103,668**
Equity			
Called up share capital	30	238	217
Share premium account		501,730	339,388
Other reserves[18]		1,013,604	966,947
Accumulated losses		(302,629)	(444,407)
Total equity		**1,212,943**	**862,145**
Total liabilities and equity		**18,263,851**	**12,965,813**

The Notes 1 to 35 form an integral part of these financial statements. The financial statements on pages 116 to 179 were approved and authorised for issuance by the Board on 29/05/2025 and signed on its behalf by:

Tom Oldham
Group Chief Financial Officer
29 May 2025

[17] We've merged the Cash collateral held at third parties line into Other assets in FY2025. Refer to note 14 other assets for detail.
[18] Other reserves include the Merger reserve, Share-based payments reserve, Cash flow hedge reserve and changes in instruments held at FVOCI.

Consolidated statement of changes in equity

for the period ended 31 March 2025

	Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000	Retained losses £'000	Total equity £'000
Balance as at 1 March 2023	**—**	**944,786**	**108,117**	**—**	**(577,253)**	**475,650**
Loss for the year	—	—	—	—	8,709	8,709
Cumulative translation adjustment	—	—	(305)	—	—	(305)
Cash flow hedge reserve	—	—	990	—	—	990
Total comprehensive loss for the year	**—**	**—**	**685**	**—**	**8,709**	**9,394**
Shares issued	217	340,496	—	—	—	340,713
Cost of issuance	—	(1,356)	—	—	—	(1,356)
Share-based payments reserve	—	—	37,469	—	—	37,469
Exercise of options	—	275	(3,761)	—	3,761	275
Reserve reclassification	—	—	(120,376)	—	120,376	—
Creation of merger reserve on group reorganisation	—	(944,813)	—	944,813	—	—
Balance as at 31 March 2024	**217**	**339,388**	**22,134**	**944,813**	**(444,407)**	**862,145**
Profit for the year	—	—	—	—	94,568	94,568
Cumulative translation adjustment	—	—	(159)	—	—	(159)
Cash flow hedge reserve	—	—	4,067	—	—	4,067
Treasury investment fair value movements	—	—	431	—	—	431
Total comprehensive income for the year	**—**	**—**	**4,339**	**—**	**94,568**	**98,907**
Shares issued	21	150,627	—	—	—	150,648
Cost of issuance	—	(20)	—	—	—	(20)
Share-based payments reserve	—	—	89,528	—	—	89,528
Exercise of options	—	11,735	(47,210)	—	47,210	11,735
Balance as at 31 March 2025	**238**	**501,730**	**68,791**	**944,813**	**(302,629)**	**1,212,943**

The Group's Share capital as at 31 March 2025 was £238k (FY2024: £217k). In the current year we released £47.2m (FY2024: £3.8m) of reserves, related to share options exercised, from Other reserves into Retained losses.

Consolidated statement of cash flows

for the period ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit for the year		94,568	8,709
Adjustments for non-cash items:			
Impairment and charge-offs	4	152,595	176,868
Depreciation & impairment expense	15	4,623	7,288
Taxation[19]	10	(34,090)	6,739
Share-based payments	6	83,468	37,469
Provisions		3,281	(9,830)
Net interest		(68,155)	(75,798)
Other non-cash items[19]		(7,494)	(4,904)
Changes in operating assets and liabilities:			
Movement in loans and advances to customers		(564,849)	(713,349)
Movement in customer deposits	17	5,401,749	5,251,674
Movement in other assets[19]		312,246	(302,225)
Net tax paid		(6,019)	(7,244)
Movement in collateral held with third parties		(1,075)	(63)
Movement in other liabilities		(454,084)	644,962
Net cash from operating activities		4,916,764	5,020,296
Cash flows from investing activities			
Net movement in treasury investments		(1,676,621)	(829,471)
Purchase of property, plant and equipment		(213)	(1,060)
Movement in sublease receivables		171	1,010
Net cash from investing activities		(1,676,663)	(829,521)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		162,362	339,440
Payment of lease liabilities	16	(4,955)	(7,008)
Net cash from financing activities		157,407	332,432
Effect of exchange rates on cash and cash equivalents		(45)	(149)
Net increase in cash		3,397,463	4,523,058
Cash and cash equivalents at beginning of year		7,624,300	3,101,242
Cash and cash equivalents at end of year		11,021,763	7,624,300

[19] FY2024 Taxation, Other non-Cash items and Other assets have been restated to adjust for the non-cash movement for the tax charges, including the R&D tax claim, rather than presenting this within movements in operating assets.

Notes to the financial statements

for the period ended 31 March 2025

1. Significant accounting policies

a. Reporting entities

These financial statements are prepared for MBHG and its subsidiaries ('the Group', 'Monzo', 'We', 'Us', 'Our'). MBHG ('the Company') is a non-trading private limited company incorporated and registered in England and Wales. The subsidiaries include MBL, incorporated and registered in England and Wales, Monzo Inc (MINC) and Monzo Support US Inc which were both incorporated in Delaware, United States, and MBEU Designated Activity Company (DAC) which was incorporated in Ireland. We've presented consolidated financial statements for the Group.

MBHG was incorporated on 6 April 2023. The Company's standalone financial statements presented from page 180 will be the Company's first full year set of accounts covering the period between 01 April 2024 to the year-end date 31 March 2025.

MBEU was incorporated on 28th August 2024. See Note 31 for our Group structure.

b. Change to accounting reference date

In FY2024, the Group (MBHG and its subsidiaries) changed its year-end from 28 February to 31 March. The accounts for the period ending 31 March 2025, are the second set prepared using this new reporting date. The comparative figures in the statement of comprehensive income, the statement of cash flows, and the statement of changes in equity represent the 13-month period from 1 March 2023, to 31 March 2024, and are not directly comparable.

c. Basis of preparation

We've prepared the individual and consolidated financial statements on a historical cost basis, except for instruments carried at fair value, in accordance with the Companies Act 2006 and with UK adopted International Accounting Standards (IAS).

We present the financial statements in Sterling which is the Company's functional currency. Figures in tables are shown in thousands of pounds Sterling unless otherwise stated.

We present our Statement of financial position in order of liquidity. We base this on our intention and ability to recover, or settle, the majority of assets, or liabilities, in the financial statement line.

We've assessed our level of exposure to climate risk, as well as our climate related targets with regards to these Financial Statements and consider them to have limited impact as at 31 March 2025. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the period.

As we covered in the Group Directors' report, we've reviewed our business plan and capital requirements over our going concern assessment period of 15 months from the date the Board approves our financial statements.

Under our base case plan, for the whole of the period to March 2030 we maintain a capital surplus above our minimum regulatory requirements. This covers the going concern assessment period and beyond. Under a severe stress scenario, following management actions that reduce operating expenses and lending growth, we again continue to maintain our minimum capital requirements throughout the whole period. There is a risk we won't be able to execute our business plan, which could impact our ability to generate a profit or raise enough capital to meet future regulatory capital requirements, but this is not considered likely.

The Directors therefore expect us to have enough financial resources to meet our regulatory requirements for our going concern assessment period and conclude it's appropriate to continue preparing our financial statements on a going concern basis. The financial statements therefore do not contain adjustments that would result if the Group was unable to continue as a going concern

d. Summary of significant accounting policies

i. Basis of consolidation
The Group consists of MBHG and its three wholly-owned subsidiaries, MBL, MINC and MBEU. MBL was incorporated and registered in England and Wales. MBEU was incorporated during the period on 28 August 2024 in Ireland. Monzo Inc. was incorporated in Delaware, United States. MBL has one wholly-owned subsidiary, Monzo Support US Inc which was incorporated in Delaware, United States. MBHG has prepared consolidated accounts under IFRS 10 Consolidated Financial Statements.

The consolidated financial statements include the results of the Company and its subsidiaries. The subsidiaries are the entities over which MBHG exercises control. Control exists when the Company has the power to govern the relevant activities of an entity and to vary the returns it receives from the activities of the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The financial results of subsidiaries are included in the consolidated financial statements from the date control starts until the date that control ends, when applicable.

In preparing the consolidated financial statements, intra-group balances and transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

ii. Foreign exchange
The financial statements are presented in the Group's functional currency Sterling.

The Group applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the Statement of Comprehensive Income. Non-monetary foreign currency balances are translated at historical transaction-date exchange rates.

iii. Interest income and expense calculated under the effective interest rate (EIR) method
According to IFRS 9, we recognise interest income using the EIR method or approaches which closely approximate it. The EIR method represents the internal rate of return on our lending products, treasury assets and deposits with central banks, incorporating where relevant and material, all interest, direct fees, commissions and charges that are integral to the yield. The expected life of financial assets is used to calculate the internal rate of return. The identified interest, fees and charges are deferred and amortised over the product life.

The EIR is adjusted to incorporate any fees, premiums or discounts that are integral to our financial assets or liabilities, where this has a material impact.

Similarly, where we pay our customers interest, but those customers pay us fees that are deemed integral to the interest they receive, per IFRS 9 we net the interest expense against those fees. The resulting adjusted interest expense recognised on such products is not material.

iv. Fee and commission income/expense and other operating income
We've recognised fee and commission income and other operating income for the year according to the principles of IFRS 15 Revenue from Contracts with Customers using the five-step model:

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

We only recognise fee and commission income and other operating income over the life of a contract when performance obligations are satisfied.

The key components of fee and commission income are Transaction income, Subscription income and Partnership commission.

- Transaction income includes Interchange income, ATM fees, Cash deposit fees, International payment fees and Flex money transfer fees. Interchange income is recognised based on presentment values when transactions are expected to clear. We offset the cost of Customer rewards against Interchange income because it is part of the consideration payable to earn that interchange. ATM fees are recognised at the point transactions take place.
- Subscription income is recognised evenly over the subscription period in line with the services provided.
- Partnership commission is earned for introducing our customers to partners; revenue is recognised when we have fulfilled the requirements of the contract with the partner.

v. Financial instruments
We apply IFRS 9 to recognise, classify, measure and de-recognise financial assets and liabilities, and to record any impairment on those financial assets. We also apply IFRS 7 Financial Instruments: Disclosures, when disclosing information about the significance of financial instruments and the nature and extent of risks arising from financial instruments, in both qualitative and quantitative terms. Where assets are measured at fair value, we apply IFRS 13 Fair Value Measurement to measure the value of those assets.

Recognition
We recognise financial assets and liabilities when Monzo becomes party to a contract. Financial instruments are initially recognised at fair value, inclusive of directly attributable

transaction costs. Trade date accounting is applied for all financial assets and liabilities.

Classification and measurement
We classify financial assets on the basis of the business model within which they are managed and their contractual cash flows. We've elected to designate a portfolio of fixed rate treasury investments, that have been economically hedged using interest rate swaps, at fair value through profit and loss (FVTPL) as explained in more detail below.

Held at amortised cost
We hold financial assets at amortised cost using the effective interest rate method where:

- Our business model is to hold financial assets to collect or pay contractual cash flows, rather than to sell the instrument before maturity.
- The contractual terms of the financial assets held by the Group give rise to cash flows that are solely payments of principal and interest.

After initial recognition, financial assets and liabilities held at amortised cost are then adjusted by the effective interest rate.

The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees that are an integral part of the effective interest rate) through the expected life of the asset or liability.

We calculate an impairment loss allowance on financial assets held at amortised cost based on the expected credit loss (ECL), per IFRS 9. We give more detailed information on our ECL calculations in Note 25.

The fair value and contractual maturity of financial assets and liabilities held at amortised cost are shown in Notes 21 and 22.

Held at fair value through other comprehensive income
We hold treasury investments at fair value through other comprehensive income where:

- Our business model is to hold these investments to collect or pay contractual cash flows, or to sell the instrument before maturity.
- The contractual terms of these investments held by the Group give rise to cash flows that are solely payments of principal and interest.

After initial recognition, treasury investments held at fair value through other comprehensive income are then revalued at every reporting period with the unrealised gains or losses taken through other comprehensive income, with the exception of impairment. At maturity, or on sale date, any unrealised gain or loss is recycled to the income statement.

Held at fair value through profit and loss
We hold financial assets and liabilities at fair value where the contractual terms of the financial assets held by us give rise to cash flows that aren't solely payments of principal and interest, or if the financial asset is not held in a business model to collect the contractual cash flows, or to collect and sell. Additionally, we use the fair value option to designate financial assets at fair value through profit and loss if doing so eliminates, or significantly reduces, an accounting mismatch which would otherwise exist.

After initial recognition, financial assets and liabilities held at fair value are then revalued at every reporting period with the difference taken through the income statement.

We designate a portion of fixed rate treasury investments, that are economically hedged with interest rate swaps, at FVTPL. In doing so we significantly reduce the accounting mismatch which would otherwise exist when measuring these treasury investments and interest swaps on different bases. The critical terms of the treasury investments and interest rate swaps match, meaning an economic relationship exists from the outset with the change in value on both items moving in opposite directions. Both the treasury investments and the associated interest rate swaps are recorded at fair value on the balance sheet, with the net difference between the fair value movements of the two recorded within the income statement as unrealised gains or losses in other operating income

Additionally, we have a portfolio of interest rate swaps that hedge variable interest rate risk in our banking book. We designate this portfolio in cash flow hedge relationships so that changes in fair value, with the exception of any hedge ineffectiveness, are taken to other comprehensive income rather than through the income statement, removing volatility from the income statement.

All of our interest rate swaps are recorded at fair value and carried as assets when their fair value is positive and carried as liabilities when their fair value is negative, subject to application of master netting agreements. The notional amount and fair value of all of our interest rate swaps are disclosed separately in Note 20.

Derecognition
We derecognise a financial asset, or a part of it, from the balance sheet when the contractual rights to cash flows from the asset have either expired, transferred or have been sold, along with substantially all the risks and rewards of the asset.

We may also make the decision to write-off balances, when there is no realistic prospect of recovering an asset in its entirety (see Note 25).

Financial liabilities are derecognised when they are settled or have been extinguished.

Hedge accounting
We use hedge accounting, per the requirements of IFRS 9 Financial Instruments, to represent the economic effects of our interest rate risk management strategy as set out in Note 20 on our variable rate asset exposures. These interest rate swaps are held for risk management purposes and when swaps meet the required criteria for documentation and hedge effectiveness, we apply cash flow

hedge accounting. Applying cash flow hedge accounting enables us to reduce the cash flow volatility from interest rate risk on cash balances with variable interest rates.

At inception, we formally document:

- how the hedging relationship meets the hedge accounting criteria;
- the economic relationship between the hedged item and the hedging instrument;
- the nature of the risk, the risk management objective and strategy for undertaking the hedge; and
- the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

For cash flow hedges, to calculate the change in fair value of the hedged item attributable to the hedged risk, we use the hypothetical derivative method. This involves establishing a hypothetical derivative that would be the ideal hedging instrument for the hedged exposure. The hypothetical derivative is then used to calculate the change in the net present value for the future cash flows of the hedged item. This is then compared to changes in value of the actual hedging instrument to assess hedge effectiveness and, if necessary, the need to recognise any ineffectiveness in our income statement.

vi. Related party transactions
Key management personnel are defined as those people with authority and responsibility for planning, directing and controlling the activities of the Company. This includes the Board of Directors. From FY2025 the Executive Committee is no longer defined as key management personnel. See note 33 for more details.

e. Taxation

Taxation in the Income Statement comprises current and deferred tax.

i. Current tax
Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates and laws enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of the previous period.

Detailed disclosures are provided in Note 10.

ii. Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Pillar 2 Taxes
We have applied the mandatory temporary exception to the requirements to account for deferred tax liabilities related to Pillar 2 income taxes in these accounts. Note 10 makes disclosures related to Pillar 2 income taxes.

f. New and updated accounting standards adopted in the period

There were no new or updated standards materially relevant to Monzo in the current financial year.

g. Accounting standards issued but not yet effective

A number of accounting standards have been issued or revised but are not yet effective. They are due to take effect for future accounting periods. We haven't applied any of these standards in preparing our financial statements, and they are not expected to have a material impact on our reporting once effective.

- Lack of Exchangeability (amendments to IAS 21) [effective for periods starting on or after 1 January 2025]
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) [effective for periods starting on or after 1 January 2026]
- Annual Improvements to IFRS Accounting Standards – Volume 11 [effective for periods on or after 1 January 2026]
- IFRS 18: Presentation and Disclosures in Financial Statements [effective for periods on or after 1 January 2027]
- IFRS 19: Subsidiaries without Public Accountability: Disclosures [effective for periods starting on or after 1 January 2027]

h. Significant accounting estimates, critical judgements and assumptions

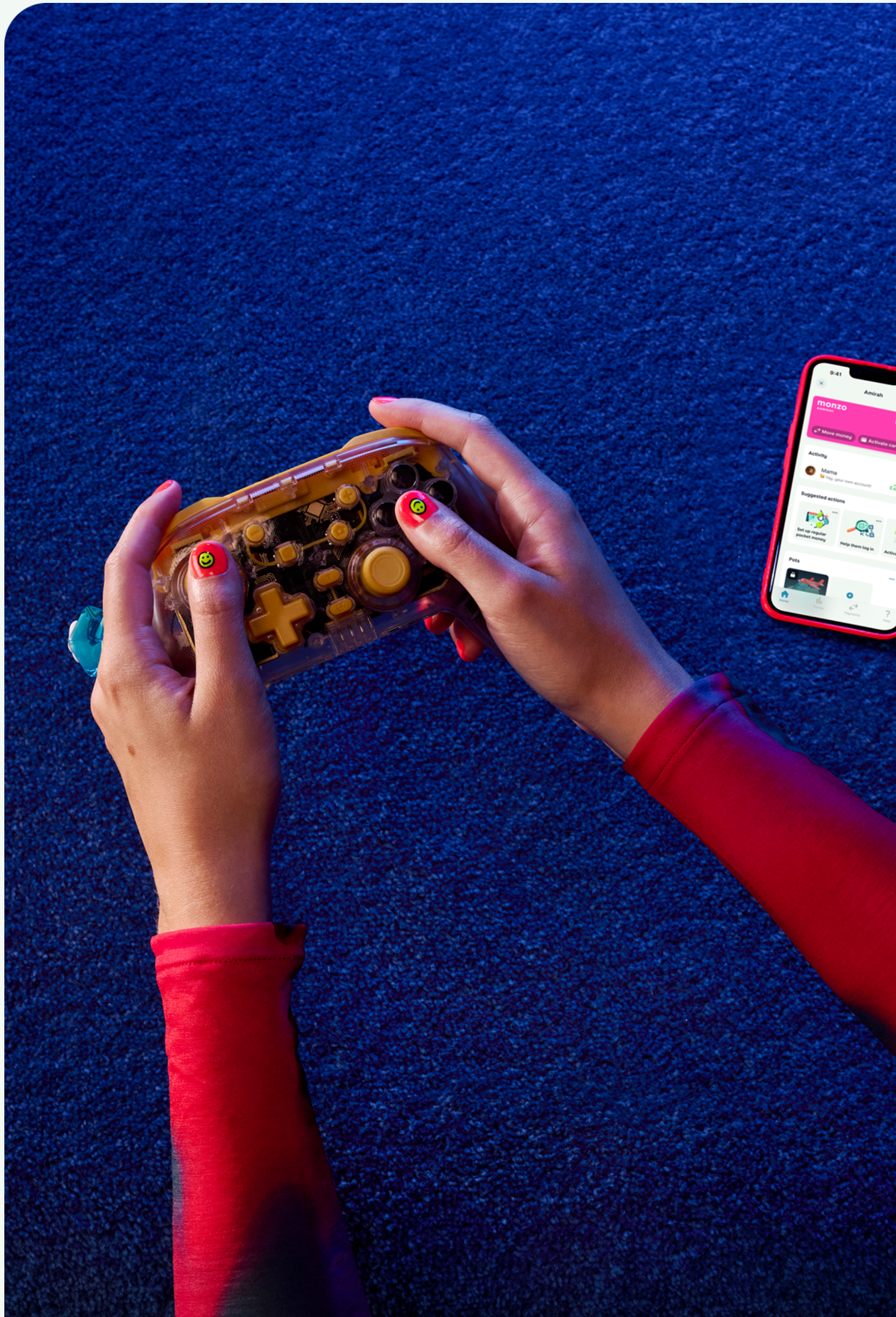
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates.

Critical accounting judgements are those applied to our accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements. Significant accounting estimates have a higher risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year. Further information on critical judgements and significant accounting estimates are disclosed within the note which they relate to in:

- Credit loss expense in Note 25
- Provisions and contingent liabilities in Note 28 and Note 27
- Deferred tax Note 10

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. The other areas of judgement and accounting estimates are:

- Going concern Note 1
- Fair valuing share-based payments in Note 32
- Effective interest rate recognition Note 1



2. Net interest income

	2025 £'000	2024 £'000
Interest income		
Cash and cash equivalents	418,642	255,286
Loans and advances to customers	271,335	209,202
Treasury assets	170,266	109,100
Interest income on leases	6	130
Other interest income	1,424	2,256
	861,673	**575,974**
Interest expense		
Interest expense on customer deposits	(258,846)	(133,961)
Interest expense on leases	(1,861)	(1,693)
Interest expense on subordinated debt	(2,107)	(2,248)
Other interest expense	(19)	(100)
	(262,833)	(138,002)
Net interest income	**598,840**	**437,972**

Interest income of £170.3m from treasury assets consists of: £117.5m (FY2024: £109.1m) from investments held at amortised cost; £11.9m (FY2024: £nil) from investments held at fair value through other comprehensive income; and £40.9m (FY2024: £nil) from investments designated at FVTPL.

Interest income presented in the table represents interest revenue calculated using the effective interest method.

Interest income on cash and cash equivalents includes interest on swaps entered to hedge the interest rate risk of the underlying item.

Interest income on treasury assets includes interest on swaps entered to economically hedge the interest rate risk on a portfolio of fixed rate treasury investments.

Interest expense on leases is charged on the outstanding balance of lease liabilities. We've used our observable borrowing rate as the incremental borrowing rate (IBR) to calculate lease liability interest.

3. Net fee and commission

	2025 £'000	2024 £'000
Fee and commission income		
Transaction income[20]	234,997	189,946
Subscription income	75,191	53,824
Partnership commission	18,977	11,761
	329,165	255,531
Fee and commission expense		
Transaction expense	(33,274)	(23,852)
Subscription expense	(37,976)	(26,438)
Partnership expense	(750)	(406)
	(72,000)	(50,696)
Net fees and commission	**257,165**	**204,835**

The reported fees and commissions are those which don't contain an interest element and don't form part of any effective interest rate calculations.

Net transaction income increased by £35.6m, 21%, as card spend grew 19% from FY2024 as customers spent more through Monzo. Net subscription income has increased 36% in line with growth across our Personal and Business Banking Subscription tiers.

[20] We have merged Banking services expense into Transaction expense in FY2025.

4. Credit loss expense on financial assets

Credit risk is the risk of financial loss when customers or other counterparties fail to settle their contractual obligations with us or fail to make payments on time. We lend to customers to earn a return through interest income. Lending creates credit risk as borrowers might fail to pay the interest or outstanding balance.

The exposure to credit risk includes the available unused borrowing committed to overdraft and Flex customers (undrawn commitments) see Note 25, overdrafts, overdrawn balances and loans on the balance sheet (Note 13). As a material risk to us, there is significant management focus on setting credit risk appetite and embedding appropriate risk mitigation. The credit loss expense covers the change in expected credit losses (ECLs) plus the cost of writing-off (fully or partially) assets when they are deemed uncollectable.

See Note 25 for more information on the credit loss expense that comes from holding an impairment loss allowance in respect of loans, overdrafts, overdrawn balances, Flex and receivables.

We're also exposed to overnight credit risk on our derivative financial instruments. This is monitored daily and managed by paying and receiving collateral (margin) as appropriate. Refer to Note 26 on netting below.

	2025 £'000	2024 £'000
Overdrafts, overdrawn balances and undrawn commitments	57,955	53,996
Loans	44,888	69,210
Flex loans	49,437	53,666
Credit loss expense on loans and advances to customers	**152,280**	**176,872**
Receivables	315	(4)
Total credit loss expense	**152,595**	**176,868**

5. Other operating income

	2025 £'000	2024 £'000
Other income	44,517	48,452
Total other operating income	**44,517**	**48,452**

Other operating income mainly consists of business to business development grants, Research and Development Expenditure Credit (RDEC) claims, dispute fees and unrealised gains or losses on treasury investments.

In FY2025, business to business grants decreased £7.5m as development completed in FY2024 was not repeated. We recognised £2.3m (FY2024: £nil) of unrealised gains on fixed rate treasury investments designated at fair value through profit and loss. Net dispute income also increased £1.4m.

We recognised £21.5m (FY2024: £23.0m) of expenses this year which qualify for our research and development claim.

6. Personnel expenses

Short-term colleague benefits

Salaries, social security contributions and other staff benefits (other personnel expenses) are expensed as the related service is provided.

Defined contribution plans

We participate in single defined contribution pension schemes in the UK, EU and the US. The contribution payable by staff members (employees' contribution) to a defined contribution plan is a fixed percentage of the person's salary each month. This is the same for all colleagues of each entity, unless they have opted out. The cost to Monzo (employers' contribution) is recorded as an expense under personnel expenses. Unpaid contributions are recorded as a liability.
We don't operate any defined benefit pension plans.

Share-based payments

See Note 32 for the accounting policy, and for detail on the one-off expense in relation to the secondary share sale.

The increase in personnel costs to £352.9m (FY2024: £256.9m) reflects hiring which has focused on filling critical roles to support expansion in the EU and senior leadership, and the cost of the secondary share sale.

The average number of people in the Group during the period was 3,821 (FY2024: 3,145), 1,336 (FY2024: 1,101) of these worked in Management, Operations and Administration and 2,485 (FY2024: 2,044) worked in Customer Operations (COps).

The employee secondary sale resulted in £53.4m (FY2024: £nil) of additional expenditure within the year.

	2025 £'000	2024 £'000
Salaries	224,417	188,667
Share-based payments	83,468	37,469
Social security contributions	32,577	21,122
Contributions to defined contribution plans	9,379	6,568
Other personnel expenses	3,088	3,087
Total personnel cost	**352,929**	**256,913**

7. Government grants

We only recognise government grants when we have reasonable assurance that we'll meet the conditions attached to the grant, and the grant will be received. We recognise grants as income or as a reduction to expense, on a straight-line basis, in the same period as the related costs.

We received a government grant prior to FY2025 which we haven't recognised through the income statement. The grant relates to our team in Cardiff. We didn't qualify for the current year grant as we haven't met all of the requirements to recognise the grant. So we've included it in Deferred income in Other Liabilities (Note 19).

	2025 £'000	2024 £'000
As at 1 April 2024 / 1 March 2023	760	760
Received during the year	—	—
Released to the statement of profit or loss	—	—
As at 31 March	760	760

8. Directors' remuneration

	2025 £'000	2024 £'000
Salaries and fees	3,315	2,649
Share-based payments	13,095	1,974
Contributions to defined contribution plans	22	42
Total directors' emoluments	**16,432**	**4,665**
Salaries	652	657
Share-based payments	11,324	1,016
Contributions to defined contribution plans	—	20
Highest paid director	**11,976**	**1,693**

As at 31 March 2025 there were no loans outstanding to directors (FY2024: £nil) and there were no loans made to directors during the period (FY2024: £nil).

Some directors were granted share options in the period. 2 directors (FY2024: None) exercised share options during the period including the highest paid director. No shares were given to directors under any compensation scheme.

9. Other operating expenses

	2025 £'000	2024 £'000
Customer account operating costs	96,222	75,591
Marketing	97,425	58,470
Technology costs	59,275	48,145
Professional services	21,824	13,373
Depreciation & impairment expense	4,623	7,288
Other expenses[21]	55,151	39,163
Total operating expenses	**334,520**	**242,030**

Customer account operating costs include the cost of payment schemes, card production and distribution to new and existing customers, on-boarding costs and operational losses (including fraud). These costs continue to increase broadly in line with our customer numbers. In FY2025 costs increased by £20.6m to £96.2m relating to fraud and dispute losses (£14.1m), complaints compensation (£6.9m) and card distribution and production costs (£5.0m), offset by by reductions in onboarding costs (£2.3m) and payment scheme costs (£3.4m).

Marketing costs have increased by £39.0m to £97.4m in FY2025 as we launched a UK-wide brand campaign, continued to promote key product launches and introduced more customers to Monzo using digital platforms.

Technology costs include charges for servers, cloud services and software. Our technology costs grew £11.1m to £59.3m as we served significantly more customers, invested further in our core app experience and in the quality and security of our platform.

Professional services expenses increased £8.5m to £21.8m in FY2025, due to increased legal fees £4.8m and increased consultancy fees of £3.2m.

Other expenses have increased to £55.2m (FY2024: £39.2m), this is primarily driven by increased outsourcing costs of £12.4m.

[21] Other expenses includes the FY2024 row Exchange differences through profit or loss, previously shown outside of operating expenses.

10. Taxation

Current taxation

We measure current income tax assets and liabilities at the amount we expect to recover from or pay to the taxation authorities. They involve a degree of estimation and judgement. To compute the amounts, we use the tax rates and tax laws which are enacted or substantively enacted at the reporting date.

We base tax assets and liabilities relating to open and judgemental matters on our assessment of the most likely outcome/(s) based on the tax authorities having full knowledge of all relevant information. We engage constructively and transparently with the tax authorities with a view to resolving any uncertain tax matters.

The Group's profits and losses are taxed at different rates depending on the country in which the profit or loss arises. The Group is currently taxed in the UK at a prevailing rate of 25% (FY2024: 25%), in the US at a prevailing rate of 29.56% (FY2024: 29.56%) and in Ireland at a prevailing rate of 12.5%.

Deferred tax

We have recognised a deferred tax asset in relation to tax losses carried forward of £46.7m, and £1.2m of other deductible timing differences (including fixed asset timing differences). £46.3m of the deferred tax asset recognised on losses is based on forecast taxable profits (FY2024: £nil). At 31 March 2024, deferred tax assets had only been recognised up to the extent of deferred tax liabilities.

We have considered the available evidence supporting recognition against future taxable profits. Convincing evidence comes from another year of taxable profits, a larger, more diverse customer base and a wider set of income streams.

The calculation of the deferred tax asset involves judgement. Key among these is the nature of the forecasts used to predict future taxable profits. The scenario we used for the deferred tax recognition model is based on the budget used for the going concern assessment, revised to factor in adverse economic scenarios. We chose this scenario to factor in the inherent uncertainty in forecasting macroeconomic conditions. We chose to use a two year forecast (to March 2027) as more distant forecasts are less certain.

There is an unrecognised net deferred tax asset of £55.2m in relation to £220.8m of carried forward tax losses. These losses are not expected to reverse in the forecast period. No deferred tax is recognised on £199.9m of gross deductible timing differences on share based payments.

We determine deferred income tax based on tax rates and laws which have been enacted, or substantively enacted, by the reporting date. We apply these rates in light of when we expect the asset to be realised or the liability to be settled.

As we expect the 3% banking surcharge to apply for future periods, amounts are recognised between 25% and 28%.

	2025 £'000	2024 £'000
Current tax		
Current tax on profits for the year	14,540	7,069
Adjustments in respect of prior periods	(1,038)	—
Total current tax	**13,502**	**7,069**
Deferred tax		
Current year	(47,592)	(330)
Adjustments in respect of prior periods	—	—
Total deferred tax	**(47,592)**	**(330)**
Tax per income statement	(34,090)	6,739
Other comprehensive income items		
Deferred tax	1,804	330
Current tax	**—**	**—**

A current tax credit of £6.4m (FY2024: £nil) was recognised in other reserves in relation to employee share options exercised in the period. This amount reflects the benefit of tax deductions for these exercises in excess of the total amount charged to the profit and loss account.

Amounts recognised in profit or loss

	2025 £'000	2024 £'000
Profit on ordinary activities before tax	60,478	15,448
Main rate of corporation tax	25 %	25 %
Expected tax charge	15,120	3,862
Effects of:		
Adjustment to tax charge in respect of prior period	(1,038)	—
Expenses not deductible for tax	1,448	653
Income not taxable	—	(2)
Fixed asset differences	90	243
Impact of differences in overseas tax rates	1,205	(324)
RDEC expenditure credits	—	(210)
Share options exercised	2,277	(1,264)
Movement in deferred tax not recognised	(49,462)	3,781
Change in tax rates	(3,730)	—
Total UK corporate tax (credit)/charge for the period	**(34,090)**	**6,739**

Deferred tax

	2025 £'000	2024 £'000
Deferred tax assets/(liabilities) recognised		
Unused tax losses	46,712	330
Fixed asset timing differences	585	—
Share-based payments	—	—
Gains through other comprehensive income	(2,134)	(330)
Other deductible temporary differences	625	—
	45,788	**—**

	2025 £'000	2024 £'000
Deferred tax assets unrecognised		
Unused tax losses	55,188	101,417
Fixed asset timing differences	—	460
Share-based payments	49,963	49,995
Other deductible temporary differences	—	3,344
	105,151	**155,216**

Pillar Two taxes

We haven't recognised any Pillar 2 tax expense. Pillar 2 income taxes apply a minimum global tax rate of 15% for each jurisdiction where a large multinational is taxed. We've not yet met the revenue threshold for Pillar 2 income taxes to apply.

11. Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and then at amortised cost.

Cash and cash equivalents are held on demand, except for amounts held as collateral at central banks. We show them in accordance with the regulatory licence held by the institution.

As at 31 March 2025 £441.1m of the reserves with the Bank of England were encumbered (FY2024: £277.3m). These amounts are held as cash collateral as a requirement of us being a direct settling participant of the Faster Payments Service and Bankers' Automated Clearing Services.

	2025 £'000	2024 £'000
Cash and cash equivalents held with:		
Central banks	10,328,994	7,094,110
Other banks	16,987	7,101
E-money institutions	913	2,242
Reserves with central banks	674,869	520,847
Total cash and cash equivalents	**11,021,763**	**7,624,300**

12. Treasury investments

The Group's treasury assets consist of investments made as part of building and maintaining our liquidity buffer, and our investment portfolio which looks to optimise our returns in a safe way.

Treasury assets consist of fixed and floating rate coupon supranational bonds, gilts, covered bonds, asset-backed securities, commercial paper and certificates of deposit. During the year we've continued to diversify our treasury portfolio to safely generate higher long-term returns than cash deposits held with the Bank of England.

We continue to hold treasury investments to manage our interest rate risk. This year, we've invested in growing our treasury asset portfolio to safely generate optimal returns. This business model is to hold these investments to maturity or to sell for portfolio rebalancing and optimisation purposes. The cash flows of these investments are solely payments of principal and interest. They are first measured at fair value then re-measured at fair value at each reporting date, with any fair value movements taken through other comprehensive income.

We've also designated a portfolio of fixed rate treasury investments, that are economically hedged with interest rate swaps, at fair value through profit and loss. In doing so we significantly reduce the accounting mismatch which would otherwise exist when measuring these treasury investments (amortised cost and/or fair value through other comprehensive) and interest swaps (fair value through profit and loss) on different bases.

The impairment loss allowance held against treasury investments is immaterial as the probability of default is negligible under any range of reasonable, probability-weighted scenarios. See Note 25 for more detail on credit risk.

At the end of the reporting period, £231.0m (FY2024: £93.6m) of our treasury investments were encumbered. Like other participants, we have to set aside collateral with our payment network providers in case we fail to settle amounts with them and have pledged £199.8m of treasury investments to do so. Additionally, the terms of our swap agreements with our central clearing counterparty require us to provide upfront initial margin, for which we've pledged £31.2m of treasury investments. We continue to recognise interest on all encumbered treasury investments.

	2025 £'000	2024 £'000
UK Government debt	789,339	1,068,284
Supranational debt	1,399,622	1,874,215
Commercial paper	—	59,227
Certificates of deposit	—	632,675
Total treasury investments at amortised cost	**2,188,961**	**3,634,401**
Covered bonds	112,532	—
Asset-backed securities	484,054	—
Total treasury investments at FVOCI	**596,586**	**—**
UK Government debt	1,353,070	—
Supranational debt	1,225,308	—
Covered bonds	17,945	—
Total treasury investments at FVTPL	**2,596,323**	**—**
Total treasury investments	**5,381,870**	**3,634,401**

The interest earned on our treasury investments is included in Note 2, split by classification and measurement type. For further information on the fair value and contractual maturity of our treasury investments, see Notes 21 and 22.

13. Loans and advances to customers

Loans and advances to customers are made up of unsecured loans, Monzo Flex, approved overdrafts and overdrawn balances (unarranged overdrafts). We measure them under IFRS 9, first at fair value and then at amortised cost less impairment loss allowance.

The table shows the gross loans and advances to customers, the ECL on those balances, and the net carrying value. The figures are split out by the type of balance the customer has. Loans made to limited companies are included within the loan balances.

Overdrafts and overdrawn balances are made up of approved overdrafts of £393.8m (FY2024: £313.4m) and overdrawn balances on current accounts of £9.1m (FY2024: £5.6m). See Note 25 for more information on the credit loss expense in respect of overdrafts, overdrawn balances, and loans.

	2025 £'000	2024 £'000
Gross		
Overdrafts and overdrawn balances	402,876	318,960
Loans	897,426	683,976
Flex Loans	553,394	391,286
Total gross loans and advances to customers	**1,853,696**	**1,394,222**
Impairment loss allowance		
Overdrafts and overdrawn balances	(83,013)	(61,938)
Loans	(81,429)	(75,892)
Flex Loans	(86,784)	(66,177)
Total impairment loss allowance	**(251,226)**	**(204,007)**
Net		
Overdrafts and overdrawn balances	319,863	257,022
Loans	815,997	608,084
Flex Loans	466,610	325,109
Total net loans and advances to customers	**1,602,470**	**1,190,215**
Analysis of gross loans and advances to customers		
Due within one year	1,152,965	859,566
Due in more than one year	700,731	534,656
Total gross loans and advances to customers	**1,853,696**	**1,394,222**

14. Other assets

Receivables
We recognise receivables first at fair value and then at amortised cost. We recognise ECLs under IFRS 9 against certain receivables. Our ECLs for the year are shown in Note 4.

Receivables in respect of payment schemes
Represent cash balances which are due to be received from third party payment schemes. The settlement cycle is dependent on the scheme, but is usually within a few working days of the transaction.

Lease receivable
See Note 16 for more details.

Other receivables
Represent amounts due from our partners, payment scheme providers and customers during the normal course of our business. These values fluctuate depending on the timing of invoicing, the stage in the dispute lifecycle and subsequent settlement.

Accrued income
We recognise accrued income where we have earned income under our contracts with partners but have not yet invoiced those partners or received the cash due to us.

Inventory
We value inventory at the lower of cost and net realisable value. It includes bank cards held for sale in the ordinary course of business.

Prepayments
We recognise prepayments where we've bought goods or services that we haven't yet used.

Derivative financial instruments
Represent interest rate swap derivatives used for hedging purposes. These are recorded at fair value and carried as assets when their fair value is positive and carried as liabilities when their fair value is negative.

Cash collateral receivable on interest rate swaps
Includes the initial margin paid to our counterparties when we start a relationship and the variation margin we have to transfer to them on our interest rate swaps to cover negative fair value positions during the life of the swaps.

Collateral held with third parties
Represents money set aside as collateral with our payment network providers. During the year, most of this cash was returned and we instead pledged treasury investments as collateral (refer to Note 12 Treasury Investments). Cash collateral held with third parties has decreased from £78.5m to £1.3m as a result and is now accounted for within Other assets.

	2025 £'000	2024 £'000
Receivables in respect of payments schemes	123,978	341,922
Lease receivable	329	—
Accrued income	4,986	3,138
Inventory	444	1,557
Prepayments	14,989	21,215
Cash collateral receivable on interest rate swaps	—	16,218
Other receivables	28,050	23,477
Deposits	2,443	2,423
Derivative financial instruments	9,640	1,167
Other investments	109	111
Collateral held with third parties	1,322	78,506
Total other assets	**186,290**	**489,734**

Included within other assets are £170.9m (FY2024: £467.0m) of financial assets and £15.4m (FY2024: £22.7m) of non-financial assets. The credit quality of the financial assets is considered low risk. The decrease in Receivables in respect of payment schemes of £217.9m is mainly due to our FY2024 year-end falling over a weekend, resulting in an increased amount of pending transactions.

15. Property, plant and equipment

We show items of property, plant and equipment at cost less accumulated depreciation and impairment. Historical cost includes expenditure that's directly attributable to the cost of the assets.

We recognise right-of-use assets at the commencement date of the lease. The Group has lease contracts for various offices and premises[22] and IT infrastructure, see Note 16. We recognise depreciation on fixtures and fittings, which include office fit-out costs, on a straight-line basis over the life of the lease.

We depreciate all property, plant and equipment, and calculate it using the straight-line method to allocate the cost, net of residual values, over the estimated useful lives, as follows:

- Office and IT Equipment: 3 years
- Fixtures and fittings: 3–7 years
- Offices and premises: 2–7 years
- IT infrastructure: 3 years

Critical accounting estimate

At the end of each reporting period we check to see whether there are signs that any of our assets could be impaired. The calculation of the recoverable amount includes key assumptions which impact the impairment calculation. There were no signs of impairment identified for FY2025.

Group	Property, plant and equipment		Right-of-use assets		
	Fixtures and fittings	Office and IT equipment	Offices and premises	IT infrastructure	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 April 2024	7,711	9,320	18,252	218	35,501
Additions	50	286	—	273	609
Currency revaluation	—	(2)	(78)	—	(80)
Disposals	—	(682)	(1,277)	(218)	(2,177)
As at 31 March 2025	**7,761**	**8,922**	**16,897**	**273**	**33,853**
Depreciation					
As at 1 April 2024	5,446	7,322	2,526	133	15,427
Charge for the period	403	1,417	2,714	89	4,623
Depreciation on assets disposed	—	(545)	(807)	(186)	(1,538)
Currency revaluation	—	(2)	(48)	—	(50)
As at 31 March 2025	**5,849**	**8,192**	**4,385**	**36**	**18,462**
Net book value as at 31 March 2025	**1,912**	**730**	**12,512**	**237**	**15,391**
Cost					
As at 1 April 2023	7,692	8,701	18,604	150	35,147
Additions	19	1,034	1,203	68	2,324
Modifications	—	—	716	—	716
Currency revaluation	—	—	(65)	—	(65)
Disposals	—	(415)	(2,206)	—	(2,621)
As at 31 March 2024	**7,711**	**9,320**	**18,252**	**218**	**35,501**
Depreciation					
As at 1 April 2023	4,246	5,390	10,132	54	19,822
Charge for the period	1,200	2,291	3,718	79	7,288
disposed	—	(359)	(1,971)	—	(2,330)
Modifications	—	—	(9,330)	—	(9,330)
Currency revaluation	—	—	(23)	—	(23)
As at 31 March 2024	**5,446**	**7,322**	**2,526**	**133**	**15,427**
2024	**2,265**	**1,998**	**15,726**	**85**	**20,074**

[22] Each of the floors in our London Office are independent of each other and qualify as a separate lease component.

16. Leases

Leases as lessee

We recognise lease liabilities in Other Liabilities, further information is included in Note 19.

At the start of a contract we assess whether it is, or contains, a lease. That is, if the contract gives us the right to control the use of an identified asset for a period of time in exchange for payment.

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities
At the commencement date or on modification of the lease, we recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives. None of our leases have variable lease payments. Where leases include extension options, and these options are reasonably certain to be exercised, we include the option to extend in the lease term.

In calculating the present value of lease payments, we used our estimated incremental borrowing rate (IBR) at the lease commencement date where the interest rate implicit in the lease is unavailable. After the commencement date, we increase lease liabilities to reflect the accumulation of interest and reduce them for lease payments made.

Incremental borrowing rate
We assess our IBR using our observable borrowing rate from our debt agreements.

Short-term leases and leases of low-value assets
We apply the short-term lease recognition exemption to leases with terms of 12 months or less, at the commencement date, and that do not contain a purchase option. We also apply the 'lease of low-value assets' recognition exemption to new leases of assets, worth less than £5k. We recognise lease payments on short-term leases and leases of low value assets as an expense on a straight-line basis over the lease term.

We've shown the following movements on lease liabilities during the year:

	2025 £'000	2024 £'000
As at 31 March 2024	16,414	13,433
Additions	273	951
Modifications	—	7,387
Interest expense on leases	1,861	1,651
Cash payments	(4,955)	(7,008)
As at 31 March 2025	**13,593**	**16,414**

The interest expense on leases shown above doesn't include the unwinding of the discount on dilapidation provisions related to those leases. That's included in Note 28.

We had total cash outflows for leases, not including short-term or low-value, of £5.0m in FY2025 (FY2024: £7.0m). We also had non-cash additions to right-of-use assets and lease liabilities in FY2025 of £0.3m (FY2024: £1.0m).

We've shown below the amounts relating to leases that have been recognised in profit or loss:

	2025 £'000	2024 £'000
Interest expense on leases	1,861	1,693
Expense relating to low-value leases included in operating expenses	28	53
Total amount recognised in profit or loss	**1,889**	**1,746**

B. Leases as lessor

At the commencement of a sublease, we assess whether the lease is a finance or an operating lease. Where the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, it's a finance lease; if not, it's an operating lease. As part of this assessment, we consider certain indicators like whether the lease is for the major part of the economic life of the right-of-use asset.

Throughout the term of a finance lease, as a lessor, we recognise assets held under a finance lease in our statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

At the commencement of an operating lease, as a lessor, we recognise lease payments from operating leases as income on a straight-line basis.

Finance lease

During the year we entered into a new sublease agreement for a part of our San Francisco office space, which is classified under a finance lease. See Note 2 for interest income on lease receivables.

The following table shows the maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2025 £'000
Maturity of lease receivables	
Less than one year	320
One to two years	53
Two to three years	0
Total undiscounted rental income receivable	373
Unearned finance income	-47
Net investment in the lease	326

Operating Lease

In the prior year we leased our US office, this lease was classified as an operating lease as it did not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset.

We earned £0.2m of rental income during the year (FY2024: £0.4m), which is included in Other operating income (see Note 5).

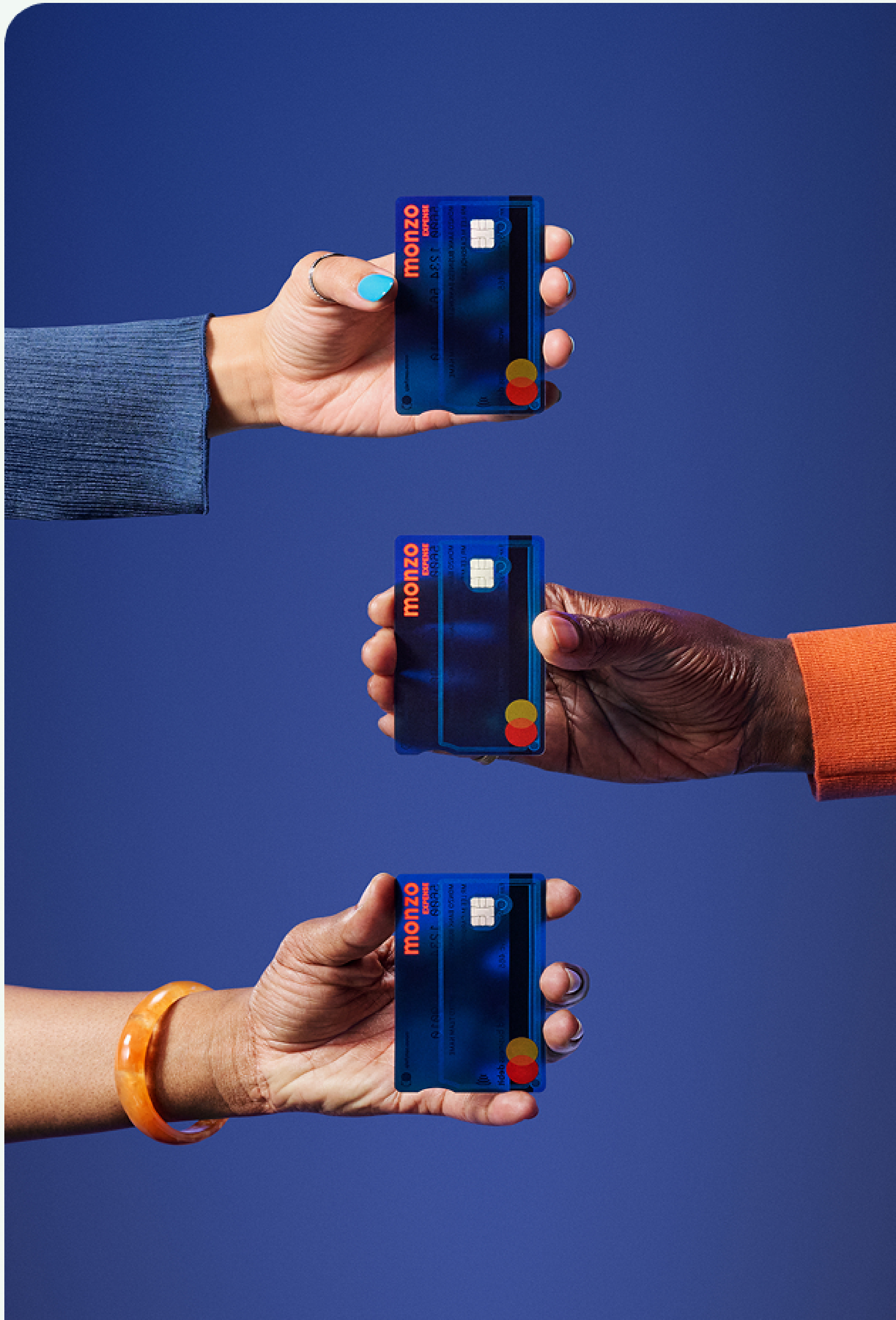
During the year the operating lease was converted to a finance lease (see above). We've shown the maturity analysis on rental income receivables for our operating lease below:

	2025 £'000	2024 £'000
Maturity of rental income receivables		
Less than one year	—	166
Total undiscounted rental income receivable	—	166

17. Customer deposits

We recognise customer deposit liabilities firstly at fair value and then at amortised cost.

The Group holds customer deposits at the end of the year of £16.6bn (FY2024: £11.2bn) which are held on demand.



18. Subordinated debt liability

We recognise subordinated debt liabilities initially at fair value less transaction costs and then at amortised cost.

In March 2021, we entered into a subordinated debt arrangement for £25.0m at a rate of interest of 12% per year. We've drawn down 2 tranches (£10.0m and £5.0m) and have an additional £10m facility which remains undrawn as at 31 March 2025 (FY2024: £10m). The contract term spans 10 years and is due to mature on 7 March 2031.

As part of the group restructure in FY2024, the subordinated debt liability that was previously held in MBL was novated to MBHG. The transfer of the subordinated liability to MBHG was executed under the existing terms and conditions, and at its carrying value at date of novation, resulting in a nil impact on the consolidated financial statements. There have been no changes in the terms and conditions of the subordinated liabilities, therefore, the novation has not affected the group's risk profile.

Interest expense incurred on our subordinated debt can be found in Note 2. For further information on the classification and contractual maturity of our subordinated debt liability, refer to Note 21 and 22.

	2025 £'000	2024 £'000
As at 1 April 2024	**15,113**	**14,823**
Interest Expense	2,108	2,248
Interest Paid	(1,800)	(1,958)
As at 31 March 2025	**15,421**	**15,113**

19. Other liabilities

Customer funds in transit
These amounts represent cash balances which are due to be settled with third party payment network providers or third party savings accounts. The settlement cycle is dependent on the counterparty, but is usually within a few working days of the transaction. On settlement, we derecognise these amounts from the balance sheet. We recognise these amounts at amortised cost.

Provisions
We recognise provisions under IAS 37 Provisions, Contingent Liabilities and Contingent Assets where we have present obligations arising from past events and the payment of the obligation can be reliably estimated and is probable. We've recognised provisions for the cost of returning leased office space to its original condition at the end of the lease. We also recognised provisions for professional service fees and customer remediation costs expected in FY2025 and FY2026. See Note 28.

Deferred income
This represents amounts charged to, or received from, customers and amounts received as part of Government grants, where we haven't yet met the criteria to recognise the amounts as income.

Lease liabilities
For information on the recognition of lease liabilities please see Note 16. For an analysis of the contractual maturity of lease payments, see Note 22.

Warrant liabilities
We issued warrants in March 2021 which give holders the right to buy our shares in the future. These warrants have an exercise period of 10 years. We measure the fair value of warrants using a Black-Scholes option pricing model with any gain or loss on revaluation recognised in the statement of comprehensive income. Note 21 includes amounts relating to the gain or loss from revaluation.

Other
These amounts represent liabilities for goods and services provided to Monzo before the end of the financial period which are unpaid. The amounts are unsecured and paid in line with the specific terms agreed with the counterparty. We recognise them first at fair value and then at amortised cost.

Derivative financial instruments
This represents interest rate swap derivatives used for hedging purposes. These are recorded at fair value and carried as assets when their fair value is positive and carried as liabilities when their fair value is negative.

Cash collateral payable on interest rate swaps
As part of margin requirements on our interest rate swaps we receive cash collateral to cover positive fair value positions during the life of the swaps.

	2025 £'000	2024 £'000
Customer funds in transit	301,420	776,572
Lease liabilities	13,593	16,414
Accounts payable, accruals and other creditors	85,212	73,849
Other taxes and social security costs	8,926	8,786
Deferred income	4,880	4,674
Provisions	10,250	6,969
Warrant liabilities	1,211	1,166
Derivative financial instrument liabilities	—	1,233
Cash collateral payable on interest rate swaps	10,624	1,270
Total other liabilities	**436,116**	**890,933**

Customer funds in transit decreased to £301.4m from £776.6m as year-end fell on a bank holiday weekend in FY2024, leading to three days of funds in transit accumulating.

Included within other liabilities are £412.1m (FY2024: £870.5m) of financial liabilities and £24.0m (FY2024: £20.4m) of non-financial liabilities.

20. Derivative Financial Instruments and Hedge Accounting

Accounting for derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They affect the Group's net interest income, net trading income and other assets/liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Our derivative positions consist of interest rate swaps, either in economic hedge relationships or used as cash flow hedges, and issued warrants.

In FY2024 we entered into bilateral agreements with various counterparties to purchase interest rate swaps. During the year we moved all of these positions to a central clearing counterparty, the London Clearing House (LCH). We classify our swaps as assets when their fair value is positive, or as liabilities when their fair value is negative, on a counterparty-by-counterparty basis.

We have interest rate swaps that are used to economically hedge fair value interest rate risk on a portion of our fixed rate treasury investments. These investments are designated at FVTPL to significantly reduce income statement volatility which would otherwise exist on measuring the investments and interest rate swaps on different bases.

We also have a portfolio of Interest rate swaps used as part of our risk management strategy to hedge variable interest rate risk on cash held at central banks. These interest rate swaps are designated in a cash flow hedge accounting relationship.

We apply the requirements of IFRS 9 Financial Instruments for hedge accounting purposes to represent the economic effects of our interest rate risk management strategy on variable interest rate risk. When these swaps meet the required criteria for documentation and hedge effectiveness, we apply cash flow hedge accounting.

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately as hedge ineffectiveness.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. If the hedged cash flows are no longer expected to occur the cumulative gain or loss existing in equity will be immediately reclassified to the income statement.

As part of our group reorganisation in FY2024 we cancelled warrants issued by MBL and at the same time the warrants were re-issued from MBHG under the original terms. The warrants give holders the right to buy our shares in the future. These warrants have a remaining exercise period of 7 years. We measure the fair value of warrants using a Black-Scholes option pricing model with any gain or loss on revaluation recognised in the statement of comprehensive income (see Note 21).

The fair value and notional amounts of derivative financial instruments of the Group are set out in the following table:

	2025			2024		
		Fair value			Fair value	
	Notional contract amount	Assets	Liabilities	Notional contract amount	Assets	Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Equity derivatives						
Warrants	1,500	—	(1,211)	1,500	—	(1,166)
Derivatives in economic hedge relationships						
Interest rate swaps	2,578,713	10,607	—	—	—	—
Derivatives designated as cash flow hedges						
Interest rate swaps[23]	5,046,000	(967)	—	1,100,000	1,167	(1,233)
Total derivative financial instruments	**7,626,213**	**9,640**	**(1,211)**	**1,101,500**	**1,167**	**(2,399)**

Hedge accounting

Hedge accounting is applied for interest rate risk arising from the volatility of variable linked interest rates. In order to hedge this risk, we use interest rate swaps to swap interest rate exposures from variable rates into fixed rates.

In all hedge accounting relationships, we designate benchmark interest rate risk (Bank of England base rate) as the risk component of the hedged items being hedged. Designating the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. Following market-wide interest rate benchmark reform, sensitivity to risk-free rates is considered to be the predominant interest rate risk and therefore the hedged items change in fair value on a proportionate basis with reference to this risk.

A hedged item or hedging instrument may change due to the nature of the risk management and hedge accounting strategy. It is possible that if the hedge accounting objective changes, the relevant hedge accounting relationship will be de-designated and replaced with a different hedge accounting relationship.

The hedging instruments share the same risk exposures as the hedged items. To the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness. Sources of ineffectiveness include the following:

- mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences
- changes in credit risk of the hedging instruments
- if a hedging relationship becomes over-hedged, for example if the net asset value designated at the start of the period falls below the amount of the hedging instrument; and
- cash flow hedges using external swaps with non-zero fair values.

The following table provides further information on the Group's cash flow hedges designated in hedge accounting relationships:

[23] Interest rate swap liabilities relating to cash flow hedges are presented within derivative financial instrument assets per application of our master netting agreements.

	Notional amount £'000	Derivative assets £'000	Derivative Liabilities £'000	Change in fair value used as a basis to determine ineffectiveness £'000	Hedge ineffectiveness £'000
As at 31 March 2025					
Interest rate swaps	**5,046,000**	**(967)**	**—**	**6,915**	**110**
As at 31 March 2024					
Interest rate swaps	1,100,000	1,167	(1,233)	1,391	(71)

Hedge ineffectiveness for the year was recognised in other operating income within the income statement. The change in fair value of the hedged item, used as the basis for recognising hedge ineffectiveness, was £7.3m (FY2024: £1.3m).

At year-end all our cash flow hedges remain in continuing hedge accounting relationships, with no other amounts reclassified to the income statement other than hedge ineffectiveness.

The maturity and average fixed interest rate profile of our interest rate swaps designated as cash flow hedges is as follows:

As at 31 March 2025	Up to 3 months	3-12 months	1-3 years	Total
Cash flow hedges				
Interest rate swaps:				
Notional (£'000)	51,000	625,000	4,370,000	**5,046,000**
Average fixed interest rate %	5.17	4.41	4.16	**4.20**

All of our interest rate swaps as at 31 March 2024 (notional £1.1bn) had a maturity between one and three years, with an average fixed interest rate of 4.39%.

A detailed reconciliation of the movements of the cash flow hedging reserve is as follows:

	2025 £'000	2024 £'000
Balance on 1 April 2024 / 1 March 2023	**990**	—
Change in fair value of interest rate swaps in effective hedge relationships	5,524	1,391
Amounts reclassified in relation to items affecting profit or loss	180	(71)
Tax	(1,637)	(330)
Balance on 31 March	**5,057**	**990**

21. Fair value of financial assets and liabilities

Fair value hierarchy

The fair value of financial assets and liabilities is the price that would be received or paid to transfer an asset or liability in an orderly transaction between market participants at the measurement date.

IFRS 13 has sought to make measurements at fair value more consistent and comparable by categorising fair value according to the hierarchy of the inputs used to measure them. These categories, from Level 1 to Level 3, are based on how observable the fair value is.

- **Level 1:** Quoted prices in active markets for identical assets or liabilities which we can access at the date of measurement.
- **Level 2:** Inputs other than quoted market prices included in Level 1 that are observable either directly or indirectly.
- **Level 3:** Inputs that are not based on observable market data.

We've summarised the fair values of financial assets and liabilities by the level of inputs.

Financial Assets and Liabilities at fair value

As at 31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Financial assets				
Interest rate swaps	—	9,640	—	9,640
Other investments	—	109	—	109
Treasury assets at FVTPL	2,596,323	—	—	2,596,323
Treasury assets at FVOCI	596,586	—	—	596,586
Total financial assets	**3,192,909**	**9,749**	**—**	**3,202,658**
Financial liabilities				
Warrant liabilities	—	—	1,211	1,211
Total financial liabilities	**—**	**—**	**1,211**	**1,211**

Other investments relate to the equity in SWIFT which we bought in line with their terms of use. These are classified as Level 2 assets, because although observable inputs are used, quoted market prices are not readily available.

Warrant liabilities are valued using a Black Scholes option pricing model. The most significant inputs are the current share price of Monzo and volatility inputs. Monzo's share price is unobservable and has the most material impact on warrant liability valuation. A 5% change in Monzo's share price would result in a £0.1m income or expense recognised in our income statement.

Interest rate swaps are valued using forward interest rate curves, made from market data to project and discount the expected future cash flows of trades. Inputs are considered observable as they relate to liquid maturities and are determined separately for each input and underlying.

Treasury assets at FVTPL relate to fixed rate instruments designated at FVTPL. These include UK government debt, supranational debt and covered bonds which have been economically hedged using interest rate swaps. Fair value is determined by reference to a quoted market price for that instrument.

Treasury assets at FVOCI relate to investments we have elected to hold either to maturity or sell for portfolio rebalancing and optimisation purposes. These include floating rate covered bonds and asset backed securities. Fair value is determined by reference to a quoted market price for that instrument.

Level 3 movement analysis

	As at 1 March 2024 £'000	Additions £'000	Losses recognised in the income statement £'000	Gains and losses recognised in other comprehensive income £'000	As at 31 March 2025 £'000
Warrant liabilities	1,166	—	45	—	1,211
Financial liabilities at fair value through the income statement	**1,166**	**—**	**45**	**—**	**1,211**

All gains and losses recognised in the income statement in relation to Level 3 assets and liabilities are unrealised. Unrealised gains or losses relate to changes in fair value on assets and liabilities that are still held at the year-end reporting date.

Financial assets and liabilities recognised at amortised cost

As at 31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000	Total carrying value £'000
Financial assets					
Cash and cash equivalents	—	11,021,763	—	11,021,763	11,021,763
Treasury investments	2,189,900	—	—	2,189,900	2,188,961
Loans and advances to customers	—	—	1,592,312	1,592,312	1,602,470
Other assets[24]	—	161,126	—	161,126	161,126
Total financial assets	**2,189,900**	**11,182,889**	**1,592,312**	**14,965,101**	**14,974,320**
Financial liabilities					
Customer deposits	—	16,599,371	—	16,599,371	16,599,371
Subordinated debt liability	—	15,512	—	15,512	15,421
Other liabilities	—	397,261	13,593	410,854	410,854
Total financial liabilities	**—**	**17,012,144**	**13,593**	**17,025,737**	**17,025,646**
Net asset position	**2,189,900**	**(5,829,255)**	**1,578,719**	**(2,060,636)**	**(2,051,326)**

As at 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000	Total carrying value £'000
Financial assets					
Cash and cash equivalents	—	7,624,299	—	7,624,299	7,624,299
Treasury investments	2,917,934	693,400	—	3,611,334	3,634,400
Loans and advances to customers	—	—	1,185,230	1,185,230	1,190,215
Other assets[24]	—	466,895	—	466,895	466,895
Total financial assets	**2,917,934**	**8,784,594**	**1,185,230**	**12,887,758**	**12,915,809**
Financial liabilities					
Customer deposits	—	11,197,622	—	11,197,622	11,197,622
Subordinated debt liability	—	15,513	—	15,513	15,113
Other liabilities	—	852,929	16,414	869,343	869,343
Total financial liabilities	**—**	**12,066,064**	**16,414**	**12,082,478**	**12,082,078**
Net asset position	**2,917,934**	**(3,281,470)**	**1,168,816**	**805,280**	**833,731**

Basis of valuation

Cash and cash equivalents
We consider fair value to approximate carrying value because cash and cash equivalents have minimal credit risk and are short-term in nature, other than amounts held as collateral with central banks.

Loans and advances to customers
We've determined the fair value of the overdrafts and loans by discounting the gross carrying value to present value, using market interest rates, less expected credit losses and considering the quality of positions in the portfolio to assess an arm's length value.

Treasury investments
We've taken the fair value of investments with an active market from the market price available at year-end.

Customer deposits
We consider the fair value of deposit liabilities held on demand to approximate the carrying value.

Subordinated debt liability
We calculate the present value of future cash flows, using our market interest rate and by also applying a marketability discount.

Other assets and other liabilities
We consider the fair value of other assets and liabilities to approximate the carrying value.

[24] We've merged the Cash collateral held at third parties line into Other assets in FY2025. Refer to Note 14 Other assets for detail.

22. Liquidity risk management

Liquidity risk is the risk that we fail to meet our obligations as they fall due or can only do so at exceptional cost. We manage this risk by ensuring we have the right type and quantity of funds available when necessary, in the correct currency.

Our liquidity risk appetite is to meet all liabilities as they fall due under business as usual scenarios, and to make sure we have liquidity buffers for a set of stress events. The contractual maturities of financial assets and liabilities are calculated on the contractual cash flows and are disclosed undiscounted in the following table.

Contractual maturity of financial assets and liabilities

As at 31 March 2025	On demand £'000	Less than three months £'000	Between three and six months £'000	Between six months and one year £'000	Over one year £'000	Total £'000
Gross financial assets						
Cash and cash equivalents	10,565,774	14,869	30	—	441,090	11,021,763
Treasury investments	—	341,160	347,162	1,237,456	4,039,656	5,965,434
Loans and advances to customers	392,420	564,955	168,541	244,819	738,887	2,109,622
Other assets[25]	104,485	52,381	261	211	3,927	161,265
Interest rate swap assets at fair value	—	(6,061)	(727)	2,655	15,128	10,995
Total gross financial assets	**11,062,679**	**967,304**	**515,267**	**1,485,141**	**5,238,688**	**19,269,079**
Financial liabilities						
Customer deposits	16,599,371	—	—	—	—	16,599,371
Other liabilities - excluding lease liabilities	77,258	309,426	—	—	11,789	398,473
Lease liabilities	—	286	214	502	18,207	19,209
Subordinated debt liability	—	449	454	898	23,887	25,688
Total financial liabilities	**16,676,629**	**310,161**	**668**	**1,400**	**53,883**	**17,042,741**
Net asset position	**(5,613,950)**	**657,143**	**514,599**	**1,483,741**	**5,184,805**	**2,226,338**

[25] We've merged the Cash collateral held at third parties line into Other assets in FY2025. Refer to Note 14 Other assets for detail.

	On demand	Less than three months	Between three and six months	Between six months and one year	Over one year	Total
As at 31 March 2024	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gross financial assets						
Cash and cash equivalents	7,336,094	10,847	30	—	277,329	7,624,300
Treasury investments	—	594,453	356,516	796,345	2,072,589	3,819,903
Loans and advances to customers	310,612	412,122	116,804	181,691	567,407	1,588,636
Other assets[25]	326,387	42,410	934	67	96,041	465,839
Interest rate swap assets at fair value	—	(18)	(1,104)	(2,356)	5,064	1,586
Total gross financial assets	**7,973,093**	**1,059,814**	**473,180**	**975,747**	**3,018,430**	**13,500,264**
Financial liabilities						
Customer deposits	11,197,621	—	—	—	—	11,197,621
Other liabilities - excluding lease liabilities	128,819	712,769	—	—	11,275	852,863
Lease liabilities	—	1,327	1,339	2,678	19,936	25,280
Subordinated debt liability	—	463	468	927	26,039	27,897
Interest rate swap liabilities at fair value	—	328	199	2,613	(2,052)	1,088
Total financial liabilities	**11,326,440**	**714,887**	**2,006**	**6,218**	**55,198**	**12,104,749**
Net asset position	**(3,353,347)**	**344,927**	**471,174**	**969,529**	**2,963,232**	**1,395,515**

Our undrawn overdraft and flex commitments of £2.1bn (FY2024: £1.5bn) are unconditionally cancellable.

Our Treasury team manages and monitors liquidity risk on a daily basis. The Asset and Liability Committee (ALCo) meets on a monthly basis and monitors the reporting and management of liquidity risk. We currently hold our surplus assets in overnight deposits with central banks and in high quality liquid treasury assets which can be liquidated on demand to generate liquidity and support any short term funding needs. The key metrics we use to monitor liquidity risk are the Liquidity Coverage Ratio (LCR) and our internal Liquidity Risk Appetite metric. At year-end and at all times throughout the year, we were significantly in excess of our internal risk appetite and regulatory requirements. We perform liquidity risk stress testing at least annually as part of the ILAAP as noted in the Group Directors' Report on page 98. The current and forecasted level of liquidity is tracked against Board approved limits at ALCo, ERCC and GBRC.

The table below gives further detail on the longer dated contractual maturity profiles of our treasury portfolio and cash at bank:

As at 31 March 2025	Less than three months £'000	Between three and six months £'000	Between six months and one year £'000	One to two years £'000	Two to three years £'000	Three to four years £'000	More than four years £'000	Total £'000
Cash and cash equivalents	10,580,643	30	—	—	—	—	441,090	11,021,763
Derivative financial instruments	(6,061)	(727)	2,655	9,694	2,826	(13)	2,621	10,995
Treasury investments	341,160	347,162	1,237,456	1,626,585	940,115	373,036	1,099,920	5,965,434
Total	**10,915,742**	**346,465**	**1,240,111**	**1,636,279**	**942,941**	**373,023**	**1,543,631**	**16,998,192**

Our treasury assets have a weighted average tenor of 2.2 years. Cash at bank with a maturity of more than 4 years relates to encumbered cash held at the Bank of England; It is required to support our payment schemes and varies with the volume of transactions our customers make.

23. Capital risk management

Capital risk is the risk that we don't have the quantity or quality of capital resources to meet our capital requirements and to absorb unexpected losses if they were to occur. Causes of inadequate capital could include a high level of default on our lending, or having large unexpected operational losses.

We continue to maintain capital ratios that exceed our minimum requirements under the Capital Requirement Directive IV regulatory framework, as adopted by the UK after Brexit. Full details of our regulatory capital and calculation of our regulatory total capital requirement are given in the Pillar 3 report published on our website. We perform capital stress testing at least annually as part of the ICAAP. The ICAAP includes a 5 year forecast of our capital position and is used to inform the future capital strategy. We use similar ICAAP stress testing in our going concern assessment as detailed in the Group Directors' Report on page 98. We submit it to the PRA following Board scrutiny and approval.

The ICAAP assesses our Pillar 1 requirements using the Standardised/Basic Indicator approaches (for respectively credit risk and operational risk capital) and determines additional Pillar 2A capital to be held for those risks not captured or not fully captured by Pillar 1 capital. As at 31 March 2025 we calculate our PRA buffer requirements based on losses that may arise under a severe stress scenario and assessment of the regulatory determined capital conservation and countercyclical buffers.

We perform robust capital planning over our 5 year forecasting horizon to assess the impacts of our strategy and changing regulatory expectations to make sure we understand the future demands on our capital and plan accordingly.

Key capital risk metrics

Our key capital metric is the current and projected surplus of capital resources over regulatory capital requirements. We also monitor the CET1 ratio. Currently our capital resources consist of paid up share capital and Tier 2 debt. As at 31 March 2025 our CET1 ratio was 56% (FY2024: 55%) (unaudited). The increase in CET1 during the year is predominantly due to the final round of Series I capital in April 2024 and our increased profits and internally generated capital, being partly offset by growth in our lending book and operational risk, which increases our risk weighted assets. During the year ended 31 March 2025, we complied in full with all our externally imposed capital requirements.

24. Market risk management

Interest rate risk

Interest Rate Risk in the Banking Book (IRRBB) is the risk of an adverse impact to earnings or capital due to changes in the interest rates. IRRBB is measured using a combination of earnings and economic value of equity (EVE) metrics.

IRRBB consists of the following risks:

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

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

We manage the risk of banking book positions in line with our risk appetite framework and our regulatory constraints. Our governance committees monitor these risks, including the ALCo which evaluates new initiatives and risks.

Our Treasury team monitors interest rate risk regularly. They are overseen by our Risk function and report into the ALCo on a monthly basis. The Treasury team, together with the business, is responsible for balance sheet management and implementing hedging strategies to manage interest rate risk.

We monitor the sensitivity of both our earnings (net interest income) and the EVE interest rate sensitive balance sheet items to a variety of interest rate shocks. This includes the six EVE scenarios prescribed under Article 17a of the Disclosure (CRR) part of the PRA Rulebook on the management of interest rate risk arising from non-trading book activities. We apply a floor to the yield curve used in IRRBB analysis. The following table shows the indicative impact on annual interest income under a 100 basis point parallel interest rate shock at the year-end date and the economic value of equity under a 250 basis point shock:

	2025	2024
Impact to annual interest income (£'000) +100bps	21,659	34,356
Impact to annual interest income (£'000) - 100bps	(22,130)	(34,356)
Impact as percentage of Net Assets at year end	1.77 %	3.98 %
Impact on the Economic Value of Equity (£'000) +250/200bps[26]	(33,028)	3,161
Impact on the Economic Value of Equity (£'000) -250/200bps[26]	29,384	(2,880)

The increase in our EVE sensitivity is materially driven by the changes in balance sheet composition and specific management actions taken to reduce Net Interest Income sensitivity.

Foreign exchange risk

Foreign exchange risk arises from having assets and liabilities in currencies other than Sterling.

At year-end, our main exposure to foreign exchange risk was on balances held in US Dollars and Euros for use in day-to-day operations. We consider the risk of fluctuations in foreign exchange rates on these balances to be immaterial.

[26] FY2025 results are calculated under the 250 bps shock and FY2024 results under 200 bps shock

25. Credit risk

Credit risk is the risk of financial loss when customers or other counterparties fail to meet their contractual obligations to us or fail to perform their obligations in a timely manner.

We currently offer overdrafts, short-term unsecured loans, credit cards (Monzo Flex) and business loans which generate interest income for us. Lending creates credit risk as borrowers might fail to pay the interest or the principal due. As a material risk, there's significant management focus on setting credit risk appetite and monitoring and managing the credit risk in the portfolio.

Credit risk management

The Borrowing Collective monitors and manages credit risk across all lending portfolios and the Risk and Compliance function oversees it as the Second Line of Defence. The process of measuring and managing the credit risk is governed principally at the Credit Risk Committee, which the ERCC oversees, along with lending criteria and policy. In addition, the Board approves the overall risk appetite.

The Credit Risk Committee oversees the credit risk performance of our lending portfolios and ensures it is managed in line with policies and risk appetite. This includes reviewing risk appetite metrics, financial accounting measures and credit performance trends on new lending positions (originations), existing portfolios and collections and recoveries. This management information also includes IFRS 9 related measures such as probability of default (PD) and loss amounts. We use these in combination with other metrics to inform our business strategy. Overarching appetite measures are tracked by the ERCC and BRC.

Treasury wholesale credit risk is managed in line with our Wholesale Credit Risk Policy which sets out our minimum standards, governance and controls associated with wholesale credit risk management.

New treasury counterparties are subject to internal credit assessments and must be pre-approved by an ALCo sub-committee before an investment is made. All of our treasury assets must hold an investment grade external credit rating. Our counterparty relationships and the credit risk on the investments we hold are reviewed on at least an annual basis by ALCo.

Wholesale credit risk is monitored and managed through ALCo with onward reporting to the Board as needed.

Credit risk mitigation

Retail credit risk is mitigated through the use of robust assessment criteria and processes at the point of origination together with active customer management practices.

We use lending criteria when assessing applications for overdrafts, loans and Monzo Flex to determine creditworthiness and affordability capacity. These criteria are aligned to regulation and our risk appetite. The general assessment process considers application data provided by the customer at the point of application alongside relevant historical credit performance data held by credit reference agencies. Lending criteria are designed to consider the current and emerging risks for the UK and Global economies, in a way to safeguard against material credit losses.

We actively manage our lending exposure, with our risk appetite set to ensure the portfolio remains resilient through the credit cycle. The risk appetite measures are subject to regular monitoring, with mitigating actions recommended by the management if those are breached.

Treating customers fairly is at the heart of what we do in Monzo. We adopt a proactive approach on contacting customers in financial difficulty to discuss their individual circumstances. Where we identify a customer as being vulnerable or in financial difficulty, we offer a range of support, tools and assistance (or direct them to external organisations that can provide extra support). This ensures we provide a tailored solution for each customer, which helps to both support our customers and achieve good customer outcomes.

We have a range of support options including formal and informal forbearance treatments, available for all customer levels of affordability and for those in long or short-term financial difficulties.

Solution type	Description	Eligible customers
Promise to Pay / Catch-up	Arrangement to repay with paused collections contact	Customers can clear arrears in a short timeframe (usually 1 month)
Breathing space	30 or 60 days without contact and with budgeting or debt advice support	Customers seeking debt advice
Interest-bearing repayment plan	Scheduled repayment plan	Customers can repay their debt in a reasonable period of time (for example, 18 months for Overdrafts)
Interest waiving repayment plan	Scheduled repayment plan with interest suppressed	Customers can pay but not clear their debt in a reasonable period of time
Zero-payment plan	No interest and regular affordability reviews to reassess circumstances	Customer cannot afford any repayment offer
Debt write-off	Debt is reduced to zero	Vulnerable customers with exceptional circumstances (for example, terminal illness)

We also give additional support to vulnerable customers depending on their circumstances (for example, through our gambling spend block, or lending blocks). Financial health operates processes that link to our vulnerable customer strategy. As part of this, our agents can proactively apply vulnerability flags or add spending and gambling blocks to customer accounts. We help people with low risk vulnerabilities through the financial health journey to avoid passing them between teams

We've continued to improve our options for supporting customers, including introducing more options for customers to share their circumstances or access forbearance directly in the app and more regular reviews of repayment plans.

Impairment Loss Allowance

To account for the credit risk in the portfolio, we reduce the value of the assets on the balance sheet using an impairment loss allowance under the IFRS 9 accounting standard. IFRS 9 requires the calculation of an expected credit loss (ECL) for assets on the balance sheet held at amortised cost or fair value through other comprehensive income.

The MBL CFO chairs the Impairment Council which is the governance forum responsible for the IFRS 9 impairment loss allowance. The Impairment Council oversees both the process of estimating ECL and the design effectiveness of the control framework outlined in the Monzo IFRS 9 Impairment Policy. The Impairment Council has got the following standing agenda items:

- Oversight and governance of controls for the impairment process
- Ongoing assessment of the suitability, structure, implementation and performance of the controls embedded within the First Line of Defence
- Selection of IFRS 9 economic scenarios and their weighting, supported by the recommendation of the Economics Update Forum
- Review and challenge of modelled and non-modelled components of the ECL.
- Assessment of drivers of change in ECLs, with a specific focus on the metrics required for external and regulatory reporting.
- Review and challenge to any relevant policy such as Stage 2 / Stage 3 classification.

Impairment Loss Allowance under IFRS 9

IFRS 9 requires financial institutions to use unbiased models to estimate ECL on a range of likely outcomes. Under the IFRS 9 standard, assets are classified into the following three stages.

- **Stage 1:** Assets that haven't had a significant increase in credit risk since initial recognition. For these assets, a 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the asset. The 12-month ECL represents the expected credit loss resulting from a default event within 12 months following the reporting date.
- **Stage 2:** Assets that have experienced a significant increase in credit risk since initial recognition but that don't have objective evidence of impairment are classified as Stage 2. The provision held

against these assets is based on a lifetime ECL, where interest income is still calculated on the gross carrying amount of the asset. The lifetime ECL is the expected credit losses that result from default events over the expected life of the asset.

- **Stage 3:** For assets that have objective evidence of impairment at the reporting date and meet our accounting definition of default, a lifetime ECL is recognised and interest income is calculated on the carrying amount net of the impairment loss allowance.

Significant accounting estimates

The calculation of expected credit losses is complex and involves the use of judgement and assumptions. Our estimates are driven by a number of factors, including:

- macroeconomic scenarios and corresponding probability weightings
- the likelihood of default
- the amount of loss if default occurs
- our assessment of significant increases in credit risk.

These estimates are driven by empirical data augmented by management judgement where required.

Wholesale and Other assets

We've applied the low credit risk exemption for wholesale assets including Treasury investments and assets held with central banks. This exemption allows us to assume that the credit risk on these instruments hasn't significantly increased since initial recognition if they were considered to have a low credit risk.

Low credit risk is defined when there is a low risk of default, the borrower has a strong capacity to meet their short-term obligations and adverse changes in economic and business conditions will not necessarily reduce the ability of the borrower to meet their longer term obligations.

For wholesale assets that hold an external credit rating, we use external insights into the cumulative expected default and loss rates attributable to these ratings to determine the 12-month ECL for each asset.

For non-rated wholesale counterparties, the exposures are short-term in nature and are reviewed regularly. If required, an ECL is raised on a judgemental basis taking into account the likelihood of loss. ECL for non-rated wholesale counterparties is £13k (FY2024: £nil).

We also applied a simplified approach to other trade receivables which are short-term in nature and for which the lifetime ECL does not exceed the 12-month ECL.

Expected Credit Loss modelling

The expected credit loss is the anticipated shortfalls from the contractual cash flows over the expected life of a financial asset, allowing for the time value of money.

The ECL is calculated at the individual financial instrument level, but a collective approach (grouping financial instruments with similar risk characteristics together) is used where effects can only be seen at a collective level, for example, for forward-looking information.

The assets are grouped into homogenous segments by lending product as these share similar risk characteristics. The results of any collective modelling approach are applied at the individual asset level. The impairment model calculates the ECL at an account level by multiplying the probability of default (PD), exposure at default (EAD) and the loss given default (LGD) and discounting using the original effective interest rate (EIR) or an appropriate approximation.

- Probability of Default (PD) represents the likelihood of a customer defaulting on their borrowing product over a suitable time frame (the next 12 months or the remaining lifetime).
- Exposure at Default (EAD) estimates the amount expected to be owed by the customer at the point of default. For overdrafts and Monzo Flex, the EAD is calculated by taking the current drawn balance and adding an appropriate credit conversion factor that allows for the expected drawdown of the remaining limit by the time of default. For loans, the EAD is calculated based on the contractual repayment schedule and accounts for missed payments and accrued interest up to the point of default.
- Loss Given Default (LGD) represents the expected loss (expressed as % of the exposure) in the case of default event.

The ECL represents a weighted average of the expected credit loss across a wide range of plausible macroeconomic scenarios.

Expected lifetime

The expected lifetime of a financial asset is generally equal to the contractual term. For unsecured personal and limited company loans, the life is taken as the contractual term. For revolving products, such as overdrafts and Monzo Flex, credit losses are assessed over the period that there is exposure to credit risk. The current expected lifetime used in calculating the ECL for overdrafts and Monzo Flex is 5 years.

ECL model governance

IFRS 9 models are governed by Monzo's Model Risk Framework, owned by the CRO and approved by the Group Board Risk Committee. Credit Risk Policy is owned by the Borrowing General Manager and approved by the Credit Risk Committee. ECL models are developed and approved according to specific standards, with high materiality changes approved by the General Manager of Borrowing.

All models undergo second-line review, validation, and monitoring. Post Model Adjustments (PMAs) are governed by Monzo's Impairment Policy, categorised into types such as modelled PMAs, non-modelled PMAs, and economic uncertainty. PMAs are approved by the CFO at the Impairment Council and subject to proportionate independent validation and governance.

Determining a significant increase in credit risk since initial recognition

Under the IFRS 9 standard, financial institutions are required to assess if there has been a significant increase in credit risk (SICR) since initial recognition for assets that don't meet the accounting definition of default (Stage 3). A combination of qualitative and quantitative criteria are used to determine if a SICR event has occurred. A detailed assessment based on quantitative KPIs and industry benchmark was performed in FY2025 to recalibrate the staging criteria for all material portfolios (Loans, Flex and Overdrafts). The following criteria are used to attribute the stage for March 2025.

Quantitative

The quantitative criteria is used to identify if a significant increase in credit risk has occurred based on the PD of the account. The reporting lifetime PD is compared against the origination lifetime PD, and if it exceeds both a relative and absolute threshold it is assigned stage 2. This comparison is based on annualised lifetime PD, whereby the PD is divided by the remaining forecasted life of the loan. The absolute and relative thresholds for March 2025 are given below:

- Relative: 1.25× – 2.5× dependent on the lifetime PD at origination
- Absolute: 2.5% – 3% increase in annualised lifetime PD

Qualitative

Qualitative criteria is also used to determine if a significant increase in credit risk has occurred. The criteria for March 2025 is given below:

- Concessions are made to a customer in financial difficulty (Forbearance). Note that this excludes treatments that offer interest concessions (these are captured as part of the stage 3 definition).
- Pulling effect. If a customer has got multiple products with Monzo, and one of these products is considered to be either in default (stage 3), meets the arrears backstop definition or is in Forbearance, then all other products for this customer are classified as stage 2.

Backstop

A more cautious definition of stage 2 backstop than the rebuttable 30 days past due is used across all unsecured products. The approach is reflective of the relative immaturity of the product offerings.

Accounts meeting the arrears backstop are classified as stage 2. These have been set at >0 days in arrears for loans , >7 days in arrears for Flex and > 14 days in arrears for Overdrafts.

Stage 2 Cure

Accounts that have been transferred into stage 2 due to quantitative criteria are transferred back to stage 1 as soon as they no longer meet them. However, accounts that have been transferred to stage 2 due to the backstop or forbearance qualitative criteria are kept in stage 2 for 4 months after they no longer meet these conditions.

Definition of default and credit-impaired assets

We consider a financial instrument to meet the accounting definition of default and therefore be classified as Stage 3 (credit-impaired) for ECL calculations when the borrower is considered unlikely to pay or is 90 days past due on their credit obligation.

As part of a qualitative assessment of whether a customer meets the accounting definition of default, we consider a variety of events that indicate unlikeliness to pay. Events that trigger stage 3 classification include:

- The customer files for bankruptcy, an Individual Voluntary Agreement, a Debt Relief Order, or a Debt Arrangement Scheme.
- The customer is deceased.
- The repayment terms have been renegotiated because the customer's condition has deteriorated. As an example, this includes cases where a specific repayment plan has been agreed and interest has been frozen.
- The customer has requested 'breathing space' or 'Debt Respite'– when we agree to give the customer some time where we won't contact them about their arrears at all and we freeze fees and interest.

In the case of overdrafts, a customer is deemed to be credit impaired when the account has been above its overdraft limit, or overdrawn without an agreed limit, for more than 90 days. For personal loans and Monzo Flex products, an account is deemed credit impaired when it becomes more than three instalments behind the agreed monthly repayment schedule.

If a concession is made to a customer in financial difficulty (this is known as forbearance), or for other commercial reasons, there can be a temporary modification to contractual cash flows. When this occurs, the gross carrying value of a financial asset is not impacted, and thus no gain or loss is taken to the income statement beyond any increase in ECL. Where we grant a financial concession to a customer we treat them as credit impaired and transfer them to Stage 3.

An account is considered to have exited default (cured) and therefore re-classified out of Stage 3 when a 6 month probation period has passed (measured from when they last satisfied any of the default triggers).

Forecast economic data

The IFRS 9 Standard requires banks to consider a range of plausible outcomes in estimating the ECL. The impairment position is determined using 4 distinct macro-economic scenarios which are provided by Oxford Economics and subjected to internal review and challenge through the quarterly Economic Update Forum, chaired by the CFO.

1. **The base case forecast (Base – 50% weighting):** The UK economy has struggled to gain momentum, with a sluggish start to 2025. GDP growth for 2025 is forecasted to be 1%, impacted by the recent US trade policy actions, which are likely to damage business confidence, reduce global trade, and result in tighter financial conditions. The upcoming rise in NICs weighs on the labour market, as companies cut spending on wages and salaries via a combination of smaller pay rises and lower headcount. The unemployment rate peaks at 4.5% and remains at that level until mid-2026. Inflation rises to 3.2% in 2025, then gradually reduces to 2.2% by 2027. Faced with the combination of sticky pay growth and a labour market that is moving sideways, the Bank of England maintains its 'cut-hold' pattern. The bank rate is cut by a further 75bps in 2025 in response to weakening activity. House prices rise by 2.2% in 2025 driven by easing mortgage rates and extra demand prior to the temporary stamp duty cut expiry. House price growth slows to 1.2% in 2026 as the market adjusts to higher rates of stamp duty.
2. **An upside scenario (Upside – 10% weighting):** World GDP grows by 3.7% in 2025 and 4.5% in 2026, supported by stronger spending from consumers and businesses, reflecting a concerted global strengthening of demand. Stronger external demand also boosts export performance across the world further supporting corporate earnings and employment. The UK economy accelerates, recording growth of 2.6% in 2025 and 3.5% in 2026. The labour market tightens, and the unemployment rate falls to its recent decade-low of 3.6% by the late-2026. Supported by stronger sentiment, incomes and employment, residential house prices pick-up faster in 2025.
3. **A downside scenario (Downside 1 – 30% weighting):** The downside scenario results in a pronounced global recession in the near-term. The initial shock to demand across the world is exacerbated by much weaker consumer confidence and by business putting investment plans on hold. The subsequent recovery is subdued, as the combination of increased risk aversion, lower real incomes, and long-term scarring weigh heavily on the global economy, leading to hysteresis. By the end of the decade the global economy remains around 5% smaller than in the base case. The UK economy faces weak demand, resulting in a contraction of 1.6% in 2025 and 0.8% in 2026, compared with our baseline forecast of 1% and 1.5% growth, respectively. Amid severely dampened consumer confidence and higher unemployment, the recovery from the recession is slow. As a result, GDP only returns to its Q1 2025 level by mid-2028. Employment is also hit as companies lay off workers and roll out hiring freezes amid much weaker demand and higher uncertainty surrounding the outlook. The UK unemployment rate peaks at just below 7% in early-2028. Reflecting the hysteresis in the economy, the labour market remains impaired throughout the scenario, with the unemployment rate still around 5.5% by end-2034. In turn, this leads to real incomes being squeezed further, accentuating the tumble in the property and asset markets. To counter the unfolding downturn, the BoE and other central banks lean into the rate cutting cycle much faster than expected in the base case. Despite the reduced pressure from currently elevated borrowing costs, the pronounced fall in asset prices, and the widening in risk premia, still lead to a sharp tightening in financial conditions. Lower incomes and increased unemployment force sellers into the residential property market. As the price downturn is further exacerbated by lower confidence, UK house prices only start to recover gradually in early-2028.
4. **A more severe downside scenario (Downside 2 – 10% weighting):** The impact of the severe downside scenario on UK GDP is comparable to the magnitude of the shock experienced during the global financial crisis (GFC). By mid-2026, GDP is expected to fall around 7% below the baseline forecast, which is similar to the peak-to-trough fall seen in 2008-09. Although the trajectories for bad loans, firm failures and bank credit standards are currently more favourable than they were around the GFC, further shocks, particularly unexpected consequences of a sharp correction in property prices, could result in broader financial stress. With monetary policy remaining tight in many advanced economies, recovery from such stress could be slow and uneven, resulting in a severe and prolonged impact on GDP, employment, and financial markets. This would result in a permanent output loss similar in magnitude to that following the GFC. The severe downside scenario sees a sharp and immediate drop in UK output (−3.3% q/q in Q2 2025, compared to +0.31% in the base case) and GDP does not recover until mid-2026 as financial stress remains elevated. Thereafter, the economy grows at a much slower pace – despite the significant scope for an economic rebound from the extreme lows – resulting in a permanent loss of output as the supply side remains impaired. By the end of the decade the economy remains around 8% smaller compared to the base case. Unemployment in the UK climbs to 5.6% by end-2025 and peaks at 7.3% in

early-2028, which is 3.1ppts higher than in the base case. The unemployment rate only falls below 6% close to the final year of the scenario. The surge in unemployment and prolonged economic weakness triggers a sharp increase in personal insolvencies, comparable to the peak during the GFC. Company bankruptcies accelerate markedly given the extent of recession as well as reflecting that balance sheets are already fragile at the start of the scenario, particularly for smaller firms facing difficult credit conditions. The MPC aggressively cuts Bank Rate, to a low of 1% by Q4 2026, as the impairment to the supply side and labour market remains considerable. UK house prices collapse, falling around 20% below their starting level at the trough and erasing all growth achieved since 2019. This downturn reflects the unparalleled hit to incomes, significantly diminished confidence and tighter credit conditions. With the size of the fall in house prices well in excess of the hit to incomes, valuations as measured by price-to-income ratios, drop sharply reaching levels last seen in the early 2000s.

The forward looking economic variables considered as inputs to the ECL calculation are (i) UK unemployment hazard rates (ii) Debt to income ratio (where income is net of housing costs) and (iii) Annual GDP growth. These are combined using statistical techniques to estimate the relative change in default expectations within the different scenarios. These relative changes are then applied to adjust the ECL parameters for each scenario.

To determine the suitable weighting factors used for the macro-economic scenarios we've considered the historical loss emergence of Monzo's portfolios, Oxford Economics' views, market consensus and a detailed scenario benchmark based on publicly available information.

Scenario Probability Weights	Upside	Base	Downside 1	Downside 2
31/03/2025	10 %	50 %	30 %	10 %
31/03/2024	5 %	50 %	40 %	5 %

		Upside	Base	Downside 1	Downside 2	Weighted
GDP Growth	2024 (Actual)	1.0	1.0	1.0	1.0	1.0
	2025	2.6	1.0	(1.6)	(3.0)	-
	2026	3.5	1.5	(0.8)	(2.1)	0.6
	2027	2.5	1.7	1.2	0.8	1.5
	2028	2.3	1.8	1.7	1.5	1.8
	2029	1.6	1.7	1.8	1.9	1.7
	Maximum	4.6	1.9	1.9	2.0	1.8
	Minimum	1.5	0.7	(3.1)	(5.5)	(0.4)
Unemployment	2024 (Actual)	4.3	4.3	4.3	4.3	4.3
	2025	4.2	4.5	5.0	5.1	4.7
	2026	3.7	4.5	5.9	6.3	5.0
	2027	3.6	4.3	6.6	7.1	5.2
	2028	3.6	4.1	6.7	7.2	5.1
	2029	3.6	4.1	6.5	6.9	5.0
	Maximum	4.3	4.5	6.8	7.3	5.2
	Minimum	3.6	4.0	4.9	5.0	4.7
Base Rate	2024 (Actual)	5.2	5.2	5.2	5.2	5.2
	2025	5.0	4.2	3.9	3.7	4.2
	2026	5.0	3.4	2.5	1.8	3.1
	2027	4.0	2.8	1.8	1.0	2.4
	2028	3.1	2.5	1.8	1.0	2.2
	2029	3.0	2.5	1.8	1.0	2.2
	Maximum	5.3	4.4	4.1	7.3	4.3
	Minimum	3.0	2.5	1.8	5.0	2.2
Inflation (CPI)	2024 (Actual)	2.6	2.6	2.6	2.6	2.6
	2025	3.7	3.2	2.5	2.1	2.9
	2026	3.6	2.6	1.2	0.5	2.1
	2027	2.8	2.2	1.6	1.2	2.0
	2028	2.4	2.2	2.0	1.9	2.2
	2029	2.1	2.1	1.9	1.8	2.0
	Maximum	4.4	3.5	2.6	2.4	3.1
	Minimum	2.0	2.0	1.0	0.3	1.8

The following sensitivity table shows the modelled ECL (excluding post-model adjustments).

					Economic Scenarios
Total Modelled Impairment allowance with 100% Weighted scenarios (£000s)	**Upside**	**Base**	**Downside 1**	**Downside 2**	**Multiple Economic Scenario**
31 March 2025	221,672	234,052	254,694	265,812	242,093
31 March 2024	151,380	159,815	170,106	178,294	164,372

Write-off

A loan exposure is fully or partially written off against the related impairment loss allowance when there is no realistic prospect of recovering an asset in its entirety. The criteria for assessing that there is no realistic prospect of full recovery include the confirmation of insolvency, confirmation of deceased status and long-term arrears.

Expected recoveries from written off financial assets subject to enforcement activity are recognised in the income statement.

Post Model Adjustments (PMA)

The calculation of the ECLs for the purposes of assessing impairment loss allowance is complex and involves judgement. These adjustments reflect known model limitations or weaknesses or emerging economic risks. The MBL CFO, supported by the Impairment Council, has considered the uncertain macro-economic environment and has approved the following PMAs to safeguard against emerging risks.

PMA	FY2025	FY2024	Rationale
Model Performance PMAs	£14m	£26.4m	These PMAs are in place to address underprediction/overprediction or performance issues in the underlying models to ensure the ECL reflects recent observed performance. They are held until the underlying models are redeveloped.
Debt Sale Recoveries	(£10.1m)	(£8.5m)	This PMA captures the effect of debt sale recoveries on the LGD which aren't included in the core models. These estimates are supportable as debt sales have become more established. This PMA is held until enough recovery data under debt sales becomes available to incorporate in the core models.
Economic Risks	£5m	£21.0m	This PMA captures the expected impact of US tariffs announced post 31 March '25, which were not reflected in the economic scenarios given the timing of the announcements. This PMA is held until the next set of economic scenarios are produced in June '25.

Analysis of overdrafts, loans and flex by stage

As at 31 March 2025, our portfolio consisted of retail, sole trader and limited company lending within the UK. The table below illustrates the stage breakdown of exposure and ECL for the 3 most material portfolios.

	Stage 1 £'000	Stage 2 Not Past Due £'000	Stage 2 <= 30 Days Past Due £'000	Stage 2 >30 Days Past Due £'000	Stage 2 Total £'000	Stage 3 £'000	Total £'000
As at 31 March 2025							
Overdrafts and overdrawn balances	239,190	117,193	1,638	11,822	130,653	33,033	402,876
Loans	696,140	134,068	13,256	7,683	155,007	46,279	897,426
Flex	412,277	94,420	10,585	6,734	111,739	29,378	553,394
Gross carryng amount	**1,347,607**	**345,681**	**25,479**	**26,239**	**397,399**	**108,690**	**1,853,696**
Overdrafts and overdrawn balances	(14,586)	(35,317)	(434)	(6,046)	(41,797)	(18,383)	(74,766)
Undrawn overdraft commitments	(4,458)	(2,943)	—	—	(2,943)	(846)	(8,247)
Loans	(16,662)	(22,220)	(5,316)	(5,679)	(33,215)	(31,552)	(81,429)
Flex balances	(17,942)	(40,488)	(5,382)	(4,569)	(50,439)	(15,336)	(83,717)
Undrawn Flex commitments	(1,135)	(1,896)	(26)	(10)	(1,932)	—	(3,067)
Impairment allowance	**(54,783)**	**(102,864)**	**(11,158)**	**(16,304)**	**(130,326)**	**(66,117)**	**(251,226)**
Overdrafts	220,146	78,933	1,204	5,776	85,913	13,804	319,863
Loans	679,478	111,848	7,940	2,004	121,792	14,727	815,997
Flex	393,200	52,036	5,177	2,155	59,368	14,042	466,610
Net amounts receivable	**1,292,824**	**242,817**	**14,321**	**9,935**	**267,073**	**42,573**	**1,602,470**
ECL Coverage Ratio (%)	**4.07 %**	**29.76 %**	**43.79 %**	**62.14 %**	**32.79 %**	**60.83 %**	**13.55 %**
Undrawn Commitments							
Gross Undrawn Exposure	2,041,667	71,437	1,643	606	73,686	9,165	2,124,518
Impairment allowance	(5,593)	(4,839)	(26)	(10)	(4,875)	(846)	(11,314)
Net carrying value	**2,036,074**	**66,598**	**1,617**	**596**	**68,811**	**8,319**	**2,113,204**
ECL Coverage Ratio (%)	**0.27 %**	**6.77 %**	**1.58 %**	**1.65 %**	**6.62 %**	**9.23 %**	**0.53 %**

	Stage 1 £'000	Stage 2 Not Past Due £'000	Stage 2 <= 30 Days Past Due £'000	Stage 2 >30 Days Past Due £'000	Stage 2 Total £'000	Stage 3 £'000	Total £'000
As at 31 March 2024							
Overdrafts and overdrawn balances	221,746	57,475	1,260	10,698	69,433	27,781	318,960
Loans	571,657	59,766	13,041	8,727	81,534	30,509	683,700
Flex	309,855	42,574	7,149	5,484	55,207	26,283	391,345
Gross carrying amount	**1,103,258**	**159,815**	**21,450**	**24,909**	**206,174**	**84,573**	**1,394,005**
Overdrafts and overdrawn balances	(18,192)	(13,968)	(287)	(4,915)	(19,170)	(15,001)	(52,363)
Undrawn overdraft commitments	(6,514)	(2,304)	—	—	(2,304)	(757)	(9,575)
Loans	(22,506)	(21,257)	(5,089)	(5,964)	(32,310)	(21,076)	(75,892)
Flex balances	**(20,959)**	**(18,780)**	**(3,595)**	**(3,605)**	**(25,980)**	**(17,154)**	**(64,093)**
Undrawn Flex commitments	(996)	(1,062)	(18)	(8)	(1,088)	—	(2,084)
Impairment allowance	(69,167)	(57,371)	(8,989)	(14,492)	(80,852)	(53,988)	(204,007)
Overdrafts	197,040	41,203	973	5,783	47,959	12,023	257,022
Loans	549,151	38,509	7,952	2,763	49,224	9,433	607,808
Flex	287,900	22,732	3,536	1,871	28,139	9,129	325,168
Net amounts receivable	**1,034,091**	**102,444**	**12,461**	**10,417**	**125,322**	**30,585**	**1,189,998**
ECL Coverage Ratio (%)	**6.27 %**	**35.90 %**	**41.91 %**	**58.18 %**	**39.22 %**	**63.84 %**	**14.63 %**
Undrawn Commitments							
Gross Undrawn Exposure	1,398,795	49,497	951	636	51,084	11,672	1,461,551
Impairment allowance	(7,510)	(3,366)	(18)	(8)	(3,392)	(757)	(11,659)
Net carrying value	**1,391,285**	**46,131**	**933**	**628**	**47,692**	**10,915**	**1,449,892**
ECL Coverage Ratio (%)	**0.54 %**	**6.80 %**	**1.89 %**	**1.26 %**	**6.64 %**	**6.49 %**	**0.80 %**

The overall ECL coverage ratio has reduced from 14.6% to 13.6%, this was mainly driven by a material improvement of the underlying portfolio performance which was evidenced through a reduction in the observed loss rate and default stock.

The proportion of balances in Stage 2 has increased due to a change in the quantitative PD thresholds used to identify a Significant Increase in Credit Risk. This reduced the coverage ratios on Stage 1 and 2, as higher risk accounts that were previously reported in Stage 1 moved to Stage 2.

Coverage on Stage 3 balances decreased over the year due to improved Financial Health outcomes across all products.

Impairment loss allowance movement table

An analysis of changes in the gross loans and advances to customers and undrawn commitments.

Gross Loans and Advances to customers	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 28 February 2023	**598,627**	**128,104**	**33,003**	**759,734**
New facilities originated	663,812	93,813	28,087	785,712
Transfer Stage 1 to Stage 2	(60,380)	60,380	—	—
Transfer Stage 2 to Stage 1	44,805	(44,805)	—	—
Transfer into Stage 3	(48,118)	(34,024)	82,142	—
Transfer from Stage 3	1,367	1,305	(2,672)	—
Change due to exposure	57,673	17,820	24,930	100,423
De-recognition	(154,528)	(16,419)	(2,055)	(173,002)
Write Offs & Disposals	—	—	(78,862)	(78,862)
As at 31 March 2024	**1,103,258**	**206,174**	**84,573**	**1,394,005**
New facilities originated	658,264	120,259	14,852	793,375
Transfer Stage 1 to Stage 2	(172,471)	172,471	—	—
Transfer Stage 2 to Stage 1	49,473	(49,473)	—	—
Transfer into Stage 3	(69,809)	(55,427)	125,236	—
Transfer from Stage 3	2,525	4,828	(7,353)	—
Change due to exposure	6,795	19,414	555	26,764
De-recognition	(230,428)	(20,847)	(4,111)	(255,386)
Write Offs & Disposals	—	—	(105,062)	(105,062)
As at 31 March 2025	**1,347,607**	**397,399**	**108,690**	**1,853,696**

Gross Undrawn Commitments	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 28 February 2023	**814,862**	**103,055**	**3,938**	**921,855**
New facilities originated	510,632	14,218	1,527	526,377
Transfer Stage 1 to Stage 2	(35,236)	35,236	—	—
Transfer Stage 2 to Stage 1	82,311	(82,311)	—	—
Transfer into Stage 3	(16,905)	(3,254)	20,159	—
Transfer from Stage 3	438	191	(629)	—
Change due to exposure	73,897	(11,827)	(12,775)	49,295
De-recognition	(31,204)	(4,224)	(548)	(35,976)
As at 31 March 2024	**1,398,795**	**51,084**	**11,672**	**1,461,551**
New facilities originated	537,723	13,287	289	551,299
Transfer Stage 1 to Stage 2	(65,848)	65,848	—	—
Transfer Stage 2 to Stage 1	30,846	(30,846)	—	—
Transfer into Stage 3	(17,123)	(2,869)	19,992	—
Transfer from Stage 3	1,254	1,259	(2,513)	—
Change due to exposure	198,767	(22,066)	(19,339)	157,362
De-recognition	(42,747)	(2,011)	(936)	(45,694)
As at 31 March 2025	**2,041,667**	**73,686**	**9,165**	**2,124,518**

All credit exposures are initially classified as Stage 1.

New facilities reported above in Stages 2 and 3 have migrated from Stage 1 since origination.

An analysis of changes in the Impairment loss allowance is as follows.

Impairment allowance	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 28 February 2023	**43,742**	**38,022**	**24,237**	**106,001**
New facilities originated	38,912	38,347	19,246	96,505
Transfer Stage 1 to Stage 2	(4,390)	4,390	—	—
Transfer Stage 2 to Stage 1	10,783	(10,783)	—	—
Transfer into Stage 3	(4,532)	(16,410)	20,942	—
Transfer from Stage 3	1,073	906	(1,979)	—
Change due to exposure[27]	4,829	4,809	21,782	31,420
De-recognition	(7,416)	(2,883)	(1,615)	(11,914)
Changes due to measurement[28]	(13,834)	24,454	50,237	60,857
Write Offs & Disposals	—	—	(78,862)	(78,862)
As at 31 March 2024	**69,167**	**80,852**	**53,988**	**204,007**
New facilities originated	24,125	33,880	9,977	67,982
Transfer Stage 1 to Stage 2	(13,845)	13,845	—	—
Transfer Stage 2 to Stage 1	17,443	(17,443)	—	—
Transfer into Stage 3	(6,475)	(26,806)	33,281	—
Transfer from Stage 3	1,544	2,949	(4,493)	—
Change due to exposure	1,499	6,150	(901)	6,748
De-recognition	(9,093)	(5,928)	(3,716)	(18,737)
Changes due to measurement	(29,582)	42,827	83,043	96,288
Write Offs & Disposals	—	—	(105,062)	(105,062)
As at 31 March 2025	**54,783**	**130,326**	**66,117**	**251,226**

[27] 'Changes due to exposure' have been attributed as the change in gross carrying value and undrawn commitments from 'changes due to exposure' in the prior two tables, multiplied by the ECL coverage ratio for that Stage at 31 March 2024.

[28] 'Changes due to measurement' include all other changes impacting the movement in ECL on exposures on balance sheet throughout the entire year. This includes the impact of Stage transfers, new ECL models, PMAs, and changes in behavioural information that impact the ECL.

We've shown a reconciliation of the movement in the Balance Sheet impairment loss allowance to the credit loss expense to the Statement of Comprehensive Income below:

Reconciliation of Credit impairment charge	Loans and advances to customers £'000	Receivables £'000	Total £'000
Movement in impairment allowance	47,219		47,219
Write-offs (net of recoveries and EIR adjustment)	105,061	315	105,376
Income statement charge for the period	**152,280**	**315**	**152,595**

Of the £11,021.8m (FY2024: £7,624.3m) cash and cash equivalents, material balances include:

- £11,003.9m (FY2024: £7,615.0m) held with the Bank of England.
- £9.2m (FY2024: £4.4m) held with one UK bank, £2.6m (FY2024: £2.8m) with two US banks and £1.6m (FY2024: £0m) with one EU bank.

Overall, the credit risk on cash and cash equivalents is not considered material.

26. Offsetting

We have derivatives in the form of interest rate swaps which in FY2024 were governed by the International Swaps and Derivatives Association (ISDA) and Credit Support Annex (CSA) agreements. During the year, we moved all of these bilateral agreements to a central clearing counterparty, the LCH, and these swaps are now governed by ISDA and the Cleared Derivatives Execution Agreement (CDEA). Cash collateral is exchanged daily to cover the net exposure between us and LCH. This agreement enables the collateral to be realised in an event of default or if other predetermined events occur.

The table below summarises the derivative financial assets and liabilities subject to offsetting, enforceable master netting arrangements, as well as cash collateral received to mitigate credit exposures for these assets and liabilities, and whether offset is achieved in the balance sheet of the Group.

Over-collateralisation, where it exists, is not reflected in amounts after consideration of netting potential in the table above as surplus collateral is not recognisable in the event of default.

The terms of our agreement with LCH requires us to pledge up-front initial margin which is not subject to enforceable netting agreements. The amount of initial margin pledged at the end of the reporting period was £31.2m, in the form of treasury investments (FY2024: £15.0m cash initial margin pledged to bilateral swap counterparties).

	Effects of offsetting on-balance sheet			Related amounts not offset in the balance sheet		Maximum exposure to risk
As at 31 March 2025	Gross amounts £'000	Amounts offset £'000	Net amounts reported in the balance sheet £'000	Collateral pledged/ (received) £'000	Net amount after consideration of netting potential £'000	After consideration of netting potential £'000
Derivative financial instruments - assets	29,336	(19,696)	9,640	(10,624)	—	—
Derivative financial instruments - liabilities	(19,696)	19,696	—	—	—	—
Total	**9,640**	**—**	**9,640**	**(10,624)**	**—**	**—**

	Effects of offsetting on-balance sheet			Related amounts not offset in the balance sheet		Maximum exposure to risk
As at 31 March 2024	Gross amounts £'000	Amounts offset £'000	Net amounts reported in the balance sheet £'000	Collateral pledged/ (received) £'000	Net amount after consideration of netting potential £'000	After consideration of netting potential £'000
Derivative financial instruments - assets	1,173	(6)	1,167	(1,270)	—	—
Derivative financial instruments - liabilities	(1,434)	201	(1,233)	1,160	(73)	(73)
Total	**(261)**	**195**	**(66)**	**(110)**	**(73)**	**(73)**

27. Legal proceedings, contingent liabilities and undrawn commitments

Legal proceedings

As disclosed in previous years, in 2021 the FCA commenced an investigation into our compliance with the Money Laundering Regulations 2017, potential breaches of some of the FCA Principles for Businesses and related FCA rules for anti-money laundering and financial crime systems and controls. The period under investigation is 1 October 2018 to 30 June 2022. In November 2023, the FCA informed Monzo that it was no longer assessing criminal liability relating to Monzo's compliance with the Money Laundering Regulations 2017. The FCA has continued pursuing its investigation into potential breaches of some of the FCA Principles for Businesses and related FCA rules for anti-money laundering and financial crime systems and controls as a civil matter only. We continue to cooperate with the FCA in their investigation, which is at an advanced stage.

Contingent liabilities

The FCA enforcement division is continuing both its ongoing investigation and the review of our historic compliance with financial crime regulation and it is at an advanced stage. Any resolution is likely to have a financial cost to Monzo.

We may, from time to time, be party to claims arising in the ordinary course of business and have to give redress. The amount of any redress is not reliably measurable and will depend on the circumstances pertaining to each individual claim.

Undrawn commitments

Total committed but undrawn facilities as at 31 March 2025 are £2.1bn (FY2024: £1.5bn) in respect of customer overdraft and Monzo Flex agreements. These commitments represent agreements to lend in the future subject to terms and conditions, so the amount and timing of future cash flows are uncertain.

28. Provisions

Significant accounting estimates

We operate in a highly regulated environment. This exposes us to significant operational risks. We can be involved in litigation, arbitration and regulatory investigations, both in the UK and other countries we operate in. At any point in time we may have a number of matters being reviewed to assess if we have an obligation that will result in economic outflows from the Group. This requires judgement. If we can reliably measure any outflows that are considered probable, we recognise a provision. The amount that is recognised as a provision can also be sensitive to the assumptions made in calculating it.

We have considered the nature of these estimates and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different to assumptions we have applied as at 31 March 2025. These outcomes may require a material adjustment to the carrying amounts of liabilities in the next financial year. Our Other provisions largely represent expected future costs related to legal proceedings and customer remediation costs. The assumptions used in these estimates are highly sensitive, a 25% increase in these provisions would result in a £2.4m charge to the income statement.

If an outflow is considered possible we would recognise a contingent liability (see Note 27 for more details). But, as we believe sharing details on individual cases would prejudice their outcomes, we don't share detailed, case-specific information in our financial statements.

During FY2025 we, along with the banking industry as a whole, have seen rising fraud costs. While the PSR's Mandatory Rules APP Fraud Reimbursement (effective October 7, 2024) have helped to clarify certain reimbursement responsibilities, there remain several areas (including those out of scope of the Rules) where reimbursement decisions need to be made on the specific facts of each case. We, again along with the rest of the banking industry, have seen delays in the Financial Ombudsman Service (FOS) processing complaints relating to reimbursement for fraud leading to a backlog.

Although we've resolved a large number of these complaints, we estimate further costs of £5.6m to resolve the remaining complaints in the backlog. We will continue to apply learnings from FOS decisions and the surrounding circumstances of these frauds, to make intervention enhancements that increase the protection of our customers and reduce the future flow of complaints.

	Dilapidation of offices £'000	Other provisions £'000	Total £'000
As at 31 March 2024	**406**	**6,563**	**6,969**
Additions	—	8,881	8,881
Used	—	(5,605)	(5,605)
Unused amounts reversed	—	—	—
Unwinding of discount	5	—	5
As at 31 March 2025	**411**	**9,839**	**10,250**

We have leases on office buildings in London and Cardiff. Our Cardiff lease includes a dilapidation provision to restore the buildings at the end of the lease. At the inception of the lease we recognised a provision for the contracted amount included in the lease, or using an estimate where an estimate could be reliably given. We discount the provisions to the present value at the start of the lease, using the same incremental borrowing rate as used in the calculation of the lease liability. We unwind the discount over the life of the lease.

In the prior year, we recognised Other provisions of £6.5m for professional service fees and customer remediation costs. During the year, we've decreased these and recognised additional provisions where costs are probable and we're able to reliably estimate them.

29. Country reporting disclosure

In 2014, the UK Government enacted legislation (contained in the Financial Services and Markets Act 2000 Statutory Instrument 3118) with respect to country reporting disclosure.

MBHG is incorporated in the UK and acts as the parent and holding company for the Group.

MBL is incorporated in the UK and undertakes banking activities as described in the Strategic Report.

Monzo Inc. is incorporated in the USA and offers a debit card product to customers in the USA.

Monzo Support US Inc. is incorporated in the USA and provided support services to MBL in prior years. We expect to wind the company up in FY2026.

MBEU is incorporated in the Republic of Ireland. We expect to offer banking services in the European Union in the future.

	UK	USA	Republic of Ireland	Total
Average number of employees (FTE)	3,786	32	3	3,821
Turnover (Total income) (£'000)	1,234,459	873	23	1,235,355
Profit/ (Loss) before tax (£'000)	81,893	(18,737)	(2,678)	60,478
Corporation tax paid (£'000)	6,019	—	—	6,019
RDEC claim (£'000)	4,296	—	—	4,296

30. Share capital

	Nominal £	Number of ordinary shares	Share Capital £
2023		**192,025,063**	**19**
Options exercised	0.0000001	424,237	—
Company reorganisation	0.0000001	(192,449,300)	(19)
Shares issued	0.001	216,132,504	216,133
Options exercised	0.001	591,772	592
2024		**216,724,276**	**216,724**
Shares issued	0.001	11,906,976	11,907
Options exercised	0.001	8,894,535	8,895
2025		**237,525,787**	**237,526**

Our ordinary shares have several share classes, all of which have the same full voting rights attached and rank equally in all respects, with the exception of anti-dilution rights and the distribution of proceeds from a share sale event which involves a change in control.

Some of the shares in issue are owned by members of the Board, management and colleagues. At the balance sheet date 22,138,303 (FY2024: 22,643,550) share options were unvested.

31. Group structure

Group entities

The Group consists of MBHG as the ultimate controlling entity, and the direct owner of MBL, MINC and MBEU. MBL has a wholly owned subsidiary, Monzo Support US Inc., which is dormant. We've set out the shareholding and registered offices of each entity below.

On 31 March 2025, MBL sold its investment in MINC to MBHG as part of our long term plans for the Group's structure. The sale proceeds reflected MINC's fair value at the date of transfer, no goodwill was recognised during the transaction.

We also serve as trustee of bare trusts used with savings providers for the benefit of our customers, which aren't reported on our Statement of Financial Position. During FY2025, on the instructions of our customers we transferred £8,114.8m (FY2024: £6,217.8m) to our savings providers, £6,836.7m (FY2024: £4,762.8m) was returned to customers. These customers earned interest on £4,885.2m of savings (FY2024: £3,436.2m). We earned commission in relation to our role as trustee as described in Note 3. We have no exposure to loss on these deposits.

Legal entity	Shareholding	Registered office
Monzo Bank Holding Group Limited	Parent	Broadwalk House, 5 Appold Street, London, United Kingdom, EC2A 2AG
Monzo Bank Limited	100%	Broadwalk House, 5 Appold Street, London, United Kingdom, EC2A 2AG
Monzo Support US Inc	100%	1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, USA
Monzo Inc	100%	1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, USA
MBEU Designated Activity Company	100%	Unit 1 - Floor 4, One Central Plaza, Dame Street, Dublin 2, Dublin, D02 K7k5, Ireland

32. Share-based payments

All new colleagues (including senior executives) receive share options when they join the Company and may be entitled to further share options as a reward for performing well and to incentivise them to make Monzo a success.

The share options issued are equity settled with no cash settlement options, with a maximum term of 10 years. Options typically vest evenly over four years with a one year cliff; or on an exit event. If a colleague leaves before the vesting cliff, they forfeit all options at that date. A limited number of options for senior executives have market vesting conditions.

Our expense for the share options granted to our colleagues is recognised over the period between the grant date and the vesting date of those options. We calculate the overall cost of the option award using the number of options expected to vest and the fair value of the options at the grant date. The overall cost is recognised as a personnel expense, with a corresponding increase in other reserves within equity, over the period that colleagues provide services. This is generally the period between the award being granted or notified and the vesting date of the options.

In prior years, MBL operated a Company Share Options Plan (CSOP), but as some of HMRC's conditions for a tax approved plan were not met, no new grants were made under the CSOP. The second Legacy Option scheme is a Leaver Share Option Plan (LSOP) which converts the vested CSOP share options for leavers into Unapproved Share Option Plan (USOP) share options. The exercise price is set at the fair market value at the original CSOP option grant date.

From 12 September 2023 onwards, MBHG has granted options over its shares under its own share option plan (the Monzo Group Share Option Plan). Generally, these awards were granted with the exercise price set to £0.001 or, for US taxpayers, s409A Exercise Price.

We also operate an equity settled Incentive Stock Option (ISO) scheme for colleagues in our US business, which involves options over MBHG shares that are granted with a s409A Exercise Price. In the Company only accounts, this arrangement leads to the US subsidiaries recognising a capital contribution from the parent, with MBL recognising a corresponding increase to its investment in the US subsidiaries.

We measure the cost of all equity-settled options based on the fair value of the awards at the date of grant. We determine the grant date fair value using Black Scholes models which take into account the terms and conditions attached to the awards. Inputs into the valuation models include the risk free rate, an estimate of our market share price, dividend yield and the expected volatility of the share price.

Our market share price is assessed using the pricing achieved in the funding round immediately preceding the issuances. If a period of 6 months has passed following an observable funding price, a valuation exercise considering our performance, growth and market conditions is used to calculate an appropriate share price. Using an option valuation model to determine the fair value means including highly subjective assumptions. Changes in the subjective assumptions can materially affect the fair value estimates. The main assumptions we've used in deriving the value of the options at grant are shown below.

The expected volatility was determined by assessing the historical volatility of listed peers and comparable private companies to obtain an estimated 'implied' volatility.

Valuation assumptions	2025	2024
Risk free rate	3.76%-4.54%	3.45%-5.15%
Volatility	30%-35%	35%
Dividend yield	nil	nil
Expected life	2 years	2 - 4 years

As an unlisted company granting share options to our colleagues, several estimates and assumptions are made to calculate the quarterly options price. The most material estimates relate to the current share price of Monzo, the volatility inputs to our Black-Scholes model and our assumptions on future exercise scenarios. A 5% increase in the share price assumption would result in approximately an additional £1.8m charge in FY2025 (FY2024: £1.5m charge). Several external sources are used to assess comparable transactions which may not fully represent Monzo.

We recognise the fair value of options at grant date as a personnel expense with a corresponding increase in other reserves over the period that the colleagues become unconditionally entitled to the awards. In FY2025, the total expense was £83.5m (FY2024: £37.5m). Our share options are amortised using the graded method as the vast majority of our options vest in instalments.

	CSOP Number	Non-CSOP Number	ISO Number
At 1 March 2023	**5,290,321**	**42,973,341**	**1,064,070**
Adjustment for company reorganisation	3,888	6,035,667	—
Granted during the period	—	5,300,125	115,272
Forfeited/cancelled	(547)	(5,663,216)	(62,653)
Exercised	(42,773)	(944,371)	(28,865)
At 31 March 2024	**5,250,889**	**47,701,546**	**1,087,824**
Granted during the period	—	7,135,227	1,208,214
Forfeited/cancelled	(1,000)	(2,445,653)	(108,034)
Exercised	(1,666,608)	(7,100,890)	(127,041)
At 31 March 2025	**3,583,281**	**45,290,230**	**2,060,963**

The weighted average exercise prices of all options as at 31 March 2025 are outlined in the table below.

			2025
	CSOP	Non-CSOP	ISO
Outstanding at the beginning of the period	£1.72	£1.90	£3.99
Granted during the period	n/a	£0.74	£6.82
Forfeited or cancelled during the period	£7.71	£3.97	£5.47
Expired during the period	n/a	n/a	n/a
Exercised during the period	£1.60	£1.20	£4.53
Outstanding at the end of the period	£1.77	£1.73	£5.54
Exercisable at the end of the period	£1.77	£1.72	£5.54

The range of exercise prices on outstanding options and weighted average share price, fair value and remaining life on options are outlined in the table below.

			2025			2024
	CSOP	Non-CSOP	ISO	CSOP	Non-CSOP	ISO
Range of exercise prices for outstanding options	£0.1997 - £13.0194	£0.001 - £14.4125	£2.53 - £7.21	£0.1997 - £13.0194	£0.001 - £14.4125	£2.53 - £7.17
Weighted average share price for options exercised in the period	£15.02	£14.99	£15.10	£14.41	£14.41	£14.41
Weighted average fair value of options granted during the period	n/a	£7.50	£4.76	n/a	£5.91	£3.84
Weighted average remaining life of outstanding options	2.9	6.8	8.2	3.9	7.3	7.7

Options issued under the Leaver Share Option Plan are considered to be 'replacement equity instruments' under IFRS 2 Share-based payment. The terms and conditions of the cancelled CSOP options and the replacement Non-CSOP options were the same, with the exception of the timeframe for exercise, which was modified from 6 months to 10 years. To assess the incremental fair value of these options, we revalue the cancelled CSOP options on the grant date of the replacement options, using an independent Black-Scholes model.

The main assumptions we've used to value leaver options are shown below. The expected volatility was determined in the same way as in our option pricing model.

Valuation assumptions	
Risk free rate	4.08% - 5.14%
Volatility	35%
Dividend yield	nil
Expected life	0.5 years

Secondary Sale Event

During the year we had our first employee secondary share sale. 901,022 of existing ordinary shares held by employees and 6,315,846 of ordinary shares created on exercise of employee options as part of the transaction were converted to investor shares and sold to our investors.

This resulted in shares with a total value of £109.0m being sold. The total cost to Monzo of the transaction was £53.4m. This included £45.2m of non-cash expense representing the uplift in fair value of the existing ordinary shares/options, as compared to the investor shares they were converted to before sale. The remaining cost of £8.2m related to employer payroll taxes. £11.0m was received by Monzo on exercise of the employee options meaning the transaction was broadly capital neutral.

The secondary sale was one-off in nature and is not expected to impact profit or loss in future years. The transaction has not had any impact on our accounting treatment for share based payments.

33. Related party transactions and controlling parties

Controlling parties

In the opinion of the Directors there is no overall controlling party at year-end.

Transactions with related parties

There were no transactions with related parties during the year other than those mentioned below.

Transactions with key management personnel

During FY2025 we changed the definition of key management personnel within our accounting policy. Only directors are key management personnel, and not the Executive Committee who were previously included. We believe this better represents the individuals with authority to direct and control the Group. We consider this to be an immaterial change as it does not impact our income statement or balance sheet, only the number of individuals included in this disclosure.

The compensation paid or payable to key management personnel is shown in the following table:

Transactions with key management personnel	2025 £'000	2024 restated[29] £'000
Salaries & remuneration	3,315	2,649
Social security contributions	1,534	345
Share-based payments	13,095	1,974
Contributions to defined contribution plans	22	42
	17,966	**5,010**

2 directors (FY2024: None) exercised share options during the reporting period.

In addition, a total of 110,275 (FY2024: 112,442) shares were purchased by directors at a fair value of £1,620,928 (FY2024: £1,620,289) in the period ended 31 March 2025.

All deposits, lending and other products with key management personnel on the balance sheet are on the same terms as those with our customers and within our normal business activities.

Subsidiaries

Interest in the Subsidiaries and changes to the group structure have been outlined in Note 31.

In accordance with IFRS 10, intercompany transactions and balances have been eliminated on consolidation.

[29] FY2024 has been restated due to an accounting policy change around the definition of key management personnel.

34. Auditor's remuneration

Auditor's remuneration for the audit of the financial statements was £3.4m (FY2024: £2.9m) none of which related to FY2024 audit (FY2024: £0.5m). There was £147k remuneration for non-audit services relating to ESG assurance in the reporting period (FY2024: £nil).

35. Events after the reporting date

There have been no material post-balance sheet events.

Financial Statements of Monzo Bank Holding Group Ltd

Monzo Bank Holding Group Ltd

Statement of comprehensive income

for the period ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Interest income		21,229	2,181
Total revenue		**21,229**	**2,181**
Interest expense		(2,108)	(1,132)
Cost of revenue		**(2,108)**	**(1,132)**
Gross profit		**19,121**	**1,049**
Personnel expenses		(892)	(478)
Other operating expense		(6,265)	(1,031)
Total operating expense		**(7,157)**	**(1,509)**
Profit / (loss) before tax		11,964	(460)
Taxation (credit)	2	(1,642)	—
Profit / (loss) for the year		**10,322**	**(460)**
Total comprehensive income/(loss) for the year		**10,322**	**(460)**

Statement of financial position

As at 31 March 2025

	Notes	2025 £'000	2024 £'000
Assets			
Cash and cash equivalents		20	25
Other assets	3	326,772	280,354
Investment in subsidiaries	4	817,742	599,145
Total assets		**1,144,534**	**879,524**
Liabilities			
Subordinated debt liability	5	15,421	15,113
Other liabilities		3,290	2,443
Current tax liability		1,642	—
Total liabilities		**20,353**	**17,556**
Equity			
Called up share capital	6	238	217
Share premium account	6	501,730	339,388
Other reserves		565,141	522,823
Accumulated profits / (losses)		57,072	(460)
Total equity		**1,124,181**	**861,968**
Total liabilities and equity		**1,144,534**	**879,524**

The notes and information on pages 183 to 187 form part of the financial statements. The financial statements from pages 102 to 187 were approved by the Board of Directors on 29/05/2025 and signed on its behalf by:

Tom Oldham
Group Chief Financial Officer
29 May 2025

Statement of changes in equity

for the period ended 31 March 2025

	Share capital	Share premium	Other reserves	Merger reserve	Retained profits / (losses)	Total equity
On incorporation	—	—	—	—	—	—
Losses for the year	—	—	—	—	(460)	(460)
Total comprehensive (loss) for the year	**—**	**—**	**—**	**—**	**(460)**	**(460)**
Shares issued	217	340,496	—	—	—	340,713
Cost of issuance	—	(1,356)	—	—	—	(1,356)
Share-based payments reserve	—	—	19,759	—	—	19,759
Exercise of options	—	248	1,361	—	—	1,609
Creation of merger reserve on group reorganisation	—	—	—	501,703	—	501,703
Balance as at 31 March 2024	**217**	**339,388**	**21,120**	**501,703**	**(460)**	**861,968**
Profit for the year	—	—	—	—	10,322	10,322
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**10,322**	**10,322**
Shares issued	21	150,627	—	—	—	150,648
Cost of issuance	—	(20)	—	—	—	(20)
Share-based payments reserve	—	—	89,528	—	—	89,528
Exercise of options	—	11,735	(47,210)	—	47,210	11,735
Balance as at 31 March 2025	**238**	**501,730**	**63,438**	**501,703**	**57,072**	**1,124,181**

The Company's share capital as at 31 March 2025 was £238k (FY2024: £217k). See Note 6 for further detail.

Notes to the financial statements

for the period ended 31 March 2025

1. Significant accounting policies

i. Reporting entity

These financial statements are prepared for MBHG. MBHG ('the Company') is a private limited company incorporated and registered in England and Wales.

MBHG was incorporated on 6 April 2023. The financial statements presented will be the company's first full year accounts covering the period between 01 April 2024 to the year-end date 31 March 2025.

ii. Basis of preparation

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

We present the financial statements in Sterling which is the Company's functional currency. Figures in tables are shown in thousands of pounds Sterling unless otherwise stated.

We present our statement of financial position in order of liquidity. We base this on our intention and ability to recover, or settle, the majority of assets, or liabilities, in the financial statement line.

The Directors expect us to have enough financial resources to meet our regulatory requirements for our going concern assessment period and conclude it's appropriate to continue preparing our financial statements on a going concern basis. The financial statements therefore do not contain adjustments that would result if the Company was unable to continue as a going concern.

In the individual financial statements, the Company has applied the following exemptions from the requirements of IFRS available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share based payments
- The following paragraphs of IAS 1 Presentation of financial statements:
- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS); and
- 111 (statement of cash flows information)
- IAS 7 Statement of cash flows
- Paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors (new and revised standards that have been issued but not yet effective)
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group.

iii. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates.

There are no critical accounting estimates relevant only to the activities of the company.

2. Taxation

Current taxation
We measure current income tax assets and liabilities at the amount we expect to recover from or pay to the taxation authorities. They involve a degree of estimation and judgement. To compute the amounts, we use the tax rates and tax laws which are enacted or substantively enacted at the reporting date.

We base tax assets and liabilities relating to open and judgemental matters, on our assessment of the most likely outcome/(s) based on the tax authorities having full knowledge of all relevant information. We engage constructively and transparently with the tax authorities with a view to resolving any uncertain tax matters.

Monzo Bank Holding Group Ltd's profits / losses are taxed in the UK at a prevailing rate of 25% (FY2024:25%).

Amounts recognised in profit or loss

	2025 £'000	2024 £'000
Profit / (Loss) on ordinary activities before tax	11,964	(460)
Main rate of corporation tax	25 %	25 %
Expected tax charge	2,991	(115)
Effects of:		
Expenses not deductible for tax	221	—
Group relief	(1,570)	115
Total UK corporate tax charge for the period	**1,642**	**—**

3. Other assets

Other receivables
Represent amounts due from our partners, payment scheme providers and customers during the normal course of our business. These values fluctuate depending on the timing of invoicing, the stage in the dispute lifecycle and subsequent settlement.

Intercompany Receivable
Represent amounts due from MBL and MINC.

Prepayments
We recognise prepayments where we've bought goods or services that we haven't yet used.

	2025 £'000	2024 £'000
Other receivables	15,421	15,113
Intercompany accounts receivable	310,914	265,241
Prepayments	437	—
Total other assets	**326,772**	**280,354**

4. Investment in subsidiary

The Company's investment in subsidiaries represents the 100% holding in MBL, the 100% holding in MBEU following its incorporation in August 2024 and its holding in Monzo Inc after MBHG bought 100% of MINC shares on 31 March 2025.

The investment in subsidiaries is held at historical cost less impairment. We assess impairment annually or as we become aware of any indicators of impairment.

The investment in MBL is held at cost less impairment. We consider the carrying value of MBHG's investment in MBL to be supported by its underlying net assets and that there have been no trigger events to suggest an impairment is necessary.

MBEU was incorporated as a fully owned subsidiary of MBHG, with a nominal initial investment of €0.01 from MBHG on incorporation. The value of the investment contains the cost of all capital injections from the parent, less any impairments which at March 2025 are £nil.

On 31 March 2025 MBL sold its investment in MINC to MBHG at a value equal to its carrying value of cost less impairment (£2.2m).

	2025 £'000	2024 £'000
Opening balance	599,145	—
On incorporation	—	—
Net asset value at reorganisation date	—	501,895
Additions	218,597	97,250
Impairment	—	—
As at 31 March 2025	**817,742**	**599,145**

5. Subordinated liability

	2025 £'000	2024 £'000
Subordinated debt liability		
As at 1 April 2024	15,113	—
Novation of Subordinated Debt		14,963
Interest expense	2,108	1,132
Interest expense paid	(1,800)	(982)
As at 31 March 2025	**15,421**	**15,113**

Further details on the subordinated liability, please see Note 18 in the consolidated financial statements for the group.

6. Share capital and share premium

	Nominal	Number of ordinary shares	Share Capital £'000	Share premium £'000	Total share capital and share premium £'000
On incorporation	£0.001	10	—	—	—
At group reorganisation	£0.001	192,449,300	193	—	193
Issued during the year	£0.001	24,274,976	24	339,388	339,412
As at 31 March 2024		**216,724,286**	**217**	**339,388**	**339,605**
Issued during the year	£0.001	20,801,501	21	162,342	162,363
As at 31 March 2025		**237,525,787**	**238**	**501,730**	**501,968**

20.8m (FY2024: 24.3m) of ordinary shares were issued and fully paid during the year. These ordinary shares have several share classes, all of which have the same full voting rights attached and rank equally in all respects, with the exception of anti-dilution rights and the distribution of proceeds from a share sale event which involves a change in control.

Glossary

ALCo — Asset and Liability Committee.

ARPU — average revenue per customer. This is the average amount of money we get from each weekly active user.

BAC — Board Audit Committee.

Basel 3.1 — global regulatory standards which aim to improve the comparability and credibility of Risk Weighted Assets (RWAs) calculations. They also reduce the gap between internal models and standardised approaches to improve competition in the market.

Capital runway — the forecasted amount of time before we need additional capital/ fundraising.

Cash-flow positive — a measure of profitability that excludes the non-cash expenses from the income statement, like provisions, depreciation and share option expenses.

CET1 — Common Equity Tier 1 capital is the highest quality regulatory capital as it absorbs losses as soon as they happen.

CET1 ratio — a core measure of a bank's financial strength. You calculate it by dividing CET1 by Risk Weighted Assets (RWAs). The higher the ratio the more reserves a bank has.

CoL — cost of living, meaning the amount of money you need to pay for everyday essentials. It's also used more generally to describe the tougher economic circumstances people are living under.

CRR — Capital Requirements Regulation.

CSA — Credit Support Annex agreements are legal documents regulating the terms and conditions under which collateral is posted to mitigate counterparty credit risk in bilateral derivatives transactions. It's a voluntary annex within the International Swaps and Derivatives Association Master Agreement.

EBA Guidelines — European Banking Guidelines. The aim of these guidelines is to set out how we're expected to manage interest rate risk coming from non-trading book activities (IRRBB). For more information follow this link.

EVE — Economic Value of Equity. This measures the sensitivity of our assets and liabilities to changes in interest rates and assesses the net impact of potential yield curve moves on the value of our equity.

ERCC — Enterprise Risk and Compliance Committee.

Free cash flow — the money we have left after paying for our operating expenses and capital expenditures i.e. its before certain non-cash accounting adjustments like share based payments, depreciation, provisions and expected credit losses.

GBRC — Group Board Risk Committee.

HQLA — High quality liquid assets. Assets are considered to be HQLA if we can easily and immediately convert them into cash at little or no loss of value.

ICAAP — The Internal Capital Adequacy Assessment Process allows us to assess our capital adequacy and makes sure we have an appropriate risk management framework. We summarise this process in the ICAAP document which we complete on a regular basis (usually annually).

ILAAP — The Internal Liquidity Adequacy Process allows us to assess our liquidity adequacy and makes sure we have an appropriate risk management framework. We summarise this process in the ILAAP document which we complete on a regular basis (usually annually).

IRRBB — Interest Rate Risk in the Banking Book. This is current or possible risks to our capital and earnings from negative movements in interest rates that affect our banking book positions.

ISDA — The International Swaps and Derivatives Association (ISDA) is a private trade organisation whose members, mainly banks, transact in the over-the-counter (OTC) derivatives market i.e. business to business vs using an exchange.

LCH — The London Clearing House is authorised to act as a central counterparty, facilitating the clearing and settlement of a wide range of financial transactions across various asset classes, including interest rate swap derivatives.

Monzonauts - Employees of Monzo.

NomCo — Nomination and Governance Committee.

Payment schemes — different types of infrastructure and rules used to process payments, for example CHAPS (Clearing House Automated Payment System), BACS (Bankers' Automated Clearing System), Faster Payments and SWIFT (Society for Worldwide Interbank Financial Telecommunication).

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

Pillar 2 — these are capital requirements (Pillar 2A and Pillar 2B) in addition to Pillar 1 requirements to help make sure we hold appropriate levels of capital for the unique risks we're exposed to. Pillar 2 requirements are determined as part of the Supervisory Review and Evaluation Process (SREP). The PRA reviews and evaluates our capital requirements, including our own assessment of capital adequacy, as determined by the ICAAP.

Pillar 2 taxes - these are unrelated to the capital requirements discussed above. Pillar 2 taxes seek to impose a global minimum tax rate to large international groups. Monzo has not yet met the thresholds to come under Pillar 2 taxes.

PMA — post model adjustments are adjustments we make to our modelled ECL values when we consider or identify known limitations or weaknesses in our models that risk our ECL being biased.

Primary bank - Applies to UK Retail customers. A customer is primary bank if their inbound or outbound payment flows (meeting certain criteria) are greater than or equal to £800; in both the last 35-days and the 35 days prior to that (35-70 days).

RDEC — Research and Development Expenditure Credit. This is a tax credit we claim against eligible research and development costs we incur building our business.

RemCo — Remuneration Committee.

RWA — Risk Weighted Asset. These are the assets we're exposed to that are rated by their level of risk using Basel regulations. We apply risk weightings to these assets to calculate our capital requirements.

WAU - Weekly Active User. These are the customers who initiate any money movement on their Monzo account or receive funds which move their balance, excluding those initiated by Monzo.