Our approach to risk management

We manage our risks using an ERMF. The ERMF helps us make risk-based decisions consistently and efficiently across Monzo to support our mission of making money work for everyone.

It supports our high growth, customer-focused business objectives 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 while operating within the boundaries set by the ERMF.

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

Our ERMF has standards and practices that we follow when we manage risk. It covers all elements of managing risks including identifying, assessing, managing, monitoring and reporting 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 the overall culture, roles and responsibilities, and tools for managing all risk types across Monzo. It's made up of the elements in the diagram below.

Mission & Values → Business Model & Business Plan → **Risk Appetite** → **Risk Strategy** → **Control Environment** → **Risk & Control Reporting** → Better Business Decisions

Risk Appetite
- Risk Capacity
- Attitude to Risk
- Risk Appetite Metrics
- Reporting & Escalation

Risk Strategy
- What we do to remain within Appetite

Control Environment
- Identification & Assessment of Risks
- Policy & Control Definition
- Control Design and Operation

Risk & Control Reporting
- Control Testing & Reporting
- Risk Management & Monitoring
- Stress-testing & Scenario Analysis

Key Risks

Principal Risks • Risk Hierarchy • Risk Taxonomy & Definitions

Risk Governance

Roles and responsibilities • Governance Structure • Effective oversight & challenge

Three Lines of Defence

1LOD: Ownership • 2LOD: Challenge & Oversight • 3LOD: Independent Review