



ADVANZIA
BANK

SUSTAINABILITY REPORT 2024

ISSUED JUNE 2025



The luminous portrait “Adam” by Marie De Decker, displayed on the top floor of the Emerald building, captures the innocence of childhood and reflects on the responsibility of current generations in shaping the future. Created using 24-carat gold and digital techniques, the piece represents the connection between nature, technology and the human desire to build a better world.

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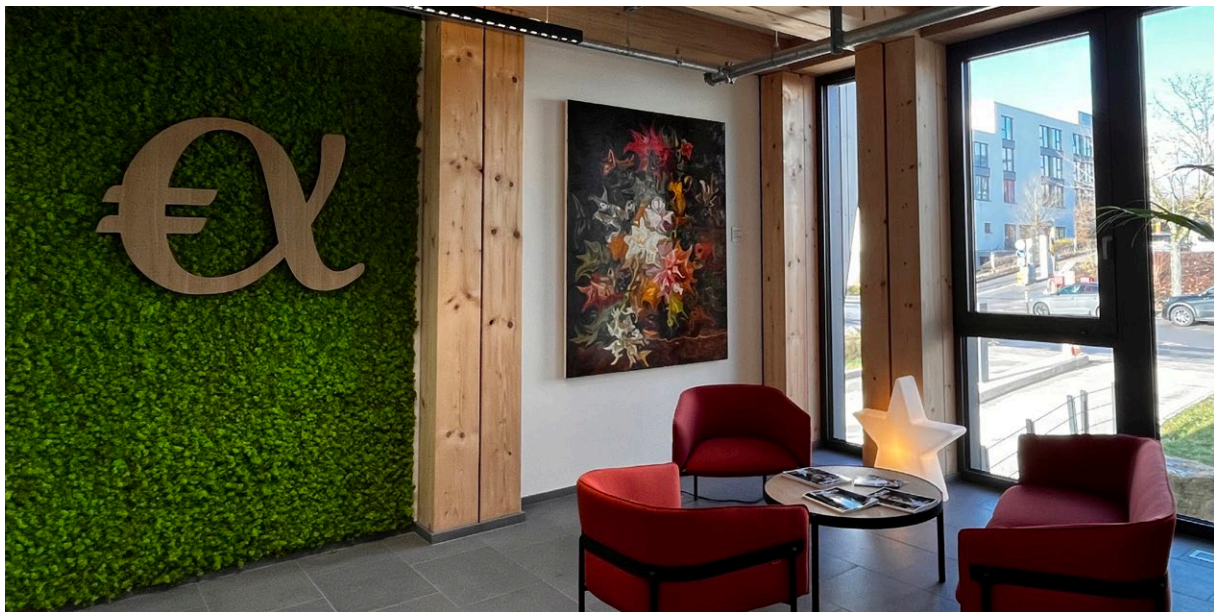
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ADVANIA'S COMMITMENT TO SUSTAINABLE GROWTH

Advanzia is a digital bank offering accessible finance through user-friendly digital solutions. As a credit card and payment solutions provider, Advanzia is committed to responsible lending, reducing its carbon emissions, and providing a great place to work for its employees. In our goal to become a more sustainable bank, this report lays out Advanzia's environmental, social and governance (ESG) approach and the progress made to date.

MESSAGE FROM THE CEO: A BANK IN TRANSITION

"2024 marked solid progress on Advanzia's purpose to offering simple, inclusive and increasingly sustainable digital payment and credit solutions.

We welcomed our people to Emerald, the first zero-carbon office building in the Benelux. As mentioned in last year's report, this move reflects our ambition to align our physical footprint with our environmental values. Emerald is more than just a workplace: it stands as a daily reminder that growth and climate responsibility can go hand in hand, while also offering a thoughtfully designed environment that supports employee health and wellbeing.

Our business continued to scale responsibly. We now serve 2.8 million cardholders across Europe. During the year we reinforced our responsible lending framework, introduced real-time digital onboarding in several markets, began rolling out a digital-only card, and expanded the card-renewal cycle lengthening initiative – originally launched in 2023 – to more customers, further reducing plastic use. These initiatives demonstrate how customer convenience, financial inclusion and environmental stewardship can coexist and mutually reinforce each other.

In preparation for the Corporate Sustainability Reporting Directive (pre-Omnibus), we completed our first double materiality assessment and embedded ESG factors into our corporate strategy. Four strategic pillars guide our sustainability journey: responsible business conduct, sustainable & digital credit card and payment solutions, being a responsible employer, and creating positive impact. Each pillar has seen tangible progress – from increasingly digital solutions that reduce paper and plastic use, to providing a balanced and flexible workplace for our employees, and continuing our community investment efforts. This report explores an initial alignment with the European Sustainability Reporting Standards (ESRS), serving as a reference point as we monitor how the regulatory framework may apply to us in the future.

As we approach our 20th anniversary in 2025, Advanzia's purpose remains unchanged: to help customers and partners reach their financial goals through flexible payment and credit solutions. Yet

the context is evolving rapidly – from AI-driven customer expectations to the pressing need for climate action and changing EU regulations. I am confident that our values of simplicity, transparency, collaboration and sustainability will continue to guide us. These values not only shape our business approach but also help us navigate this changing landscape and seize the opportunities ahead.

I would like to thank every member of #TeamAdvanzia, as well as our shareholders and partners, for their continued trust and dedication. Together we will continue to deliver sound growth while contributing positively to society and the environment."

Nishant Fafalia
CEO
Advanzia Bank





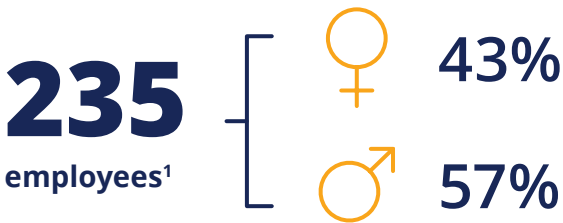
ADVANIA

AT A GLANCE

Advanzia Bank, headquartered in Luxembourg, is a European digital bank specialising in credit cards and Cards-as-a-Service (CaaS) solutions tailored for private consumers, business partners and financial institutions. Since receiving its banking license in 2005, Advanzia has grown to serve 2.8 million credit card customers, establishing itself as a leading issuer of credit cards in Germany, with operations extending to Luxembourg, Austria, Spain and Italy. Guided by its mission to provide flexible payment and credit solutions, Advanzia enables its customers and partners to achieve their financial goals.

Through its service partner ecosystem, the Bank works with reputable partners who can quickly adapt to evolving customer needs and fulfil its duty of care.

As an independent bank with a Luxembourg banking licence, Advanzia operates solely from Luxembourg. The Bank has no branches, and passports cross-border services in the EU to 16 countries. Kistefos, a Norwegian investment company, has been the majority shareholder since 2006.



¹ 235 employees on 31 December 2024, including 4 on maternity/parental leave.
² Result of a quantitative customer survey conducted between December 2023 and January 2024 by Heute und Morgen, targeting Advanzia's Gebührenfrei Mastercard Gold cardholders in Germany, the bank's primary consumer market. Approx. 20 000 emails were dispatched, yielding a 9% response rate from a representative sample. A follow-up survey is planned.

SUSTAINABILITY

AT ADVANZIA

HISTORY AND SUSTAINABILITY STRATEGY DEVELOPMENT

Since its founding in 2005, Advanzia has encouraged a grassroots culture of employee-led social initiatives. Through the “Advanzia Plus” programme, employees continue to lead projects that promote health, sustainability and community development in areas such as sports, education, culture and the environment.

In 2023, Advanzia introduced a sustainability development framework in preparation for evolving regulations, including the CSRD, whose scope is currently being reshaped by the Omnibus directive.

The publication of the Bank’s inaugural, public ESG report last year in June 2024 marked an important step in its journey to becoming more sustainable, and it coincided with the official inauguration celebrations of Emerald, the first zero-carbon office building in the Benelux.

Over the past year, Advanzia has continued to strengthen its sustainability approach and remains committed to pragmatically align with best practices while proactively preparing for future regulatory requirements.

ESG GOVERNANCE STRUCTURE

Advanzia’s ESG committee, created in June 2023, oversees the Bank’s sustainability strategy and is tasked with implementing a robust sustainability management framework. The committee is sponsored by the CEO and a dedicated ESG Coordinator works across departments and services as the liaison to the Management Committee (ManCom). The Bank’s Board of Directors receives annual updates and remains committed to Advanzia’s sustainability goals and the strategic investments necessary to achieve them.

DOUBLE MATERIALITY ASSESSMENT (DMA)

To strengthen its sustainability strategy and prepare for potential CSRD requirements, the Bank finalised its first double materiality assessment in 2024. This approach enabled a structured analysis of ESG topics from two key perspectives:

- **Impact materiality:** How Advanzia’s activities and operations may impact people, society and the environment (inside-out).
- **Financial materiality:** How sustainability matters may affect Advanzia’s financial performance, value creation and long-term success (outside-in).

The DMA was guided by a robust internal governance process. It involved close collaboration with the ESG Committee, subject matter experts from across key business functions, and regular touch-points with the Bank’s ManCom. This structure ensured that the assessment was informed by diverse internal expertise and aligned with strategic priorities, resulting in a well-rounded and credible outcome.

The assessment followed a four-step approach:

Step 1: Understanding Advanzia’s operations and value chain

The first step focused on building a clear and comprehensive view of Advanzia’s operations within the context of this assessment, mapping how key resources, relationships and activities are interconnected across the Bank’s end-to-end value chain. Through a thorough analysis – ranging from the raw materials used in plastic cards to how they are used and eventually discarded, as well as paper usage in customer communications and internal processes, along with a close look at outsourced data centers, outsourced employee functions (particularly in service centers), and key HR-related topics – the Bank gained a deeper understanding of where its most significant impacts may lie.

To complement this, the Bank engaged with representatives of key stakeholder groups (including employees, clients, suppliers and business partners) through interviews and surveys to ensure their perspectives were reflected in the process. This comprehensive understanding served as the foundation for narrowing down an initial list of relevant sustainability matters, which were then assessed in terms of potential impacts, risks and opportunities (IROs).

Step 2: Identifying impacts, risks and opportunities

To understand the potential IROs linked to the sustainability matters identified in Step 1, Advanzia conducted an in-depth analysis leveraging reviews of relevant regulatory, reporting and industry frameworks, benchmarking, climate risk assessment, ad hoc research, stakeholders and topical expert insights. This assessment covered the entire value chain and considered not only actual impacts, risks and opportunities, but also potential ones – reflecting the ESRS’s forward-looking approach. While the availability and quality of information was at times limited, particularly further down the value chain, the Bank views this as a starting point and is committed to refining its understanding over time.

Step 3: Assessing impacts, risks and opportunities

In the third phase, the Bank applied a scoring methodology aligned with Advanzia’s operational risk framework to ensure consistency with its broader risk management practices. For impact materiality, each topic was assessed against defined criteria: scale, scope, irremediable character and likelihood (where relevant) – capturing the depth and breadth of potential environmental and social consequences. For financial materiality, risks and opportunities were scored based on the magnitude of their potential financial effect and the likelihood of occurrence.

Various internal stakeholders were involved in the scoring process, bringing in cross-functional insights to ensure a balanced and informed evaluation. This structured and collaborative approach enabled the Bank to prioritise sustainability matters objectively and build a solid foundation for defining material issues.

Step 4: Prioritising material topics and mapping to sustainability strategy

Finally, Advanzia defined an appropriate scoring threshold to identify the most prevalent impacts, risks and opportunities either from an impact or financial perspective, or both. This resulted in a list of material sustainability matters that are currently deemed the most critical for the Bank. The material sustainability matters and underlying impacts, risks and opportunities were mapped back to the four pillars of its sustainability strategy, in an effort to continue and enhance positive impacts, mitigate if not remediate negative impacts and risks, and realise opportunities in the coming years.





MATERIAL SUSTAINABILITY MATTERS, IN LINE WITH ESRS TOPICS OF CSRD	FOUR PILLARS OF ADVANZIA'S SUSTAINABILITY STRATEGY			
	PILLAR 1: RESPONSIBLE BUSINESS CONDUCT	PILLAR 2: SUSTAINABLE AND DIGITAL CREDIT CARD AND PAYMENT SOLUTIONS	PILLAR 3: ADVANZIA, A RESPONSIBLE EMPLOYER	PILLAR 4: POSITIVE IMPACT
E1 – Climate change				
Climate change mitigation				
S1 – Own workforce				
Equal treatment and opportunity for all				
Other work-related rights				
Working conditions				
S2 – Workers in the value chain				
Working conditions				
S4 – Consumers and end-users				
Information-related impacts for consumers and/or end-users				
Social inclusion of consumers and/or end-users				
Responsible lending				
G1 – Business conduct				
Corporate culture				
Management of relationships with suppliers including payment practices				
Protection of whistle-blowers				
Fraud				

While Advanzia found clear value in conducting its first-ever double materiality assessment, and continues to build on its understanding of impacts, risks and opportunities, the Bank is also closely

monitoring developments related to the European Commission's Omnibus proposal to assess how potential changes may influence future disclosures in this report.

RESPONSIBLE BUSINESS CONDUCT



BUSINESS CONDUCT AND GOVERNANCE FRAMEWORKS

Advanzia's governance framework continues to provide a foundation for effective and responsible management. It features a clearly defined organisational structure with transparent and consistent lines of responsibility, alongside robust processes for identifying, preventing, managing, monitoring and reporting risks. These elements ensure strong accountability and oversight in the Bank's operations.

Aligned with the three lines of defence model, Advanzia maintains a comprehensive internal control framework supported by formal policies, procedures and a structured committee system. This framework enables sound risk management practices and reflects the Bank's commitment to governance excellence.

Beyond ensuring legal and regulatory compliance, the governance approach promotes ethical conduct across all areas of the Bank. It also underpins the Bank's commitment to serving stakeholders in a responsible, transparent and sustainable manner.

GOVERNANCE STANDARDS INCLUDE:

- ✓ Central administration and internal governance framework
- ✓ Whistle-blower procedure
- ✓ Code of conduct
- ✓ Committees and responsibilities procedure
- ✓ Compliance policy
- ✓ Complaint management procedure
- ✓ Conflict of interest policy
- ✓ Data protection policy
- ✓ Communication with CNPD procedure
- ✓ Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) policy
- ✓ Diversity policy
- ✓ Moral and sexual harassment procedure
- ✓ Remuneration policy

PROGRESS IN 2024

Through the continuous monitoring and assessment of incoming regulations as part of the Regulatory Watch, the Compliance department, together with key stakeholders of the Bank, remain abreast of upcoming changes in standards that must be upheld. In addition, the Compliance department provides daily support and advisory services to the various departments of the Bank, assisting them in complying with all applicable regulatory requirements. Periodic controls are

also conducted as part of the compliance monitoring programme to assess the design and effectiveness of processes implemented by the first line of defence.

In the course of 2024, a number of related processes and controls were strengthened in pursuit of this objective, with a particular focus on Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF).



DATA PROTECTION
AND DATA PRIVACY

As a financial institution, Advanzia processes large amounts of data, leading to privacy and data protection being a critical aspect to handle. As part of its social responsibility, Advanzia is committed to ensure the fundamental right to the protection of personal data for its customers and employees. For this purpose, compliance with the General Data Protection Regulation (GDPR) is of high importance. Consequently, Advanzia has adopted a data protection policy and multiple data protection procedures.

In line with the corporate values of the Bank, Advanzia acknowledges that the GDPR can be leveraged for increased transparency and trust building with its customers and employees, by ensuring transparency in its day-to-day communication with customers through its terms and conditions and data protection notices that are available on all customer websites, portals and apps.

	2023	2024
Number of data privacy complaints received	12	24
Number of identified data breaches* notified to CNPD	36	31*

*The data breaches were largely due to external factors (e.g. fraud). All cases are resolved. Internal awareness on data breaches was raised through in-person trainings.

PROGRESS IN 2024

In 2024, Advanzia strengthened its commitment to protecting customer privacy through a series of targeted initiatives.

The Bank undertook a comprehensive update of its data protection notices and cookie policies across more than 140 websites, ensuring greater transparency and compliance. To proactively manage privacy risks, multiple data protection impact assessments were conducted, supporting a more robust risk mitigation approach. The anonymisation process was further reinforced, enhancing the overall effectiveness of the bank's privacy framework. In parallel, extensive internal GDPR training was delivered to employees, embedding a stronger culture of privacy awareness across the Bank.



CYBER SECURITY

Advanzia is committed to protecting both the Bank and its customers from cyber threats, while continuing its journey of growth and digitalisation. Advanzia's IT and tech-related policies, along with its information security framework, are continuously monitored and enhanced to ensure resilience and compliance, and to fulfil the requirements of the Digital Operational Resilience Act (DORA).

Cyber security risks are identified and managed through internal committees and dedicated organisational structures. As part of this ongoing effort,

the Bank regularly reevaluates its partnerships and ICT servicing model.

A dedicated ISO team leads the Bank's information and cyber security efforts, working closely with the technology department, business functions and the management.

Advanzia's relative security effectiveness

	2023	2024
Security Rating by Cybersecurity, an independent rating institution measuring cyber security performance	700	730

Scale: Basic (250-630), Intermediate (640-730), Advanced (740-900)

PROGRESS IN 2024

Advanzia's Information Security Programme has strengthened preventive measures and enhanced the Bank's cyber security performance. The Bank has increased the level of automation and continues to improve processes that are important for threat identification and risk reduction. Through monitoring the security rating by independent rating agency Cybersecurity, the Bank aims to move towards and maintain its rating in par with its financial industry benchmark's upper 50 percentile.



CODE OF CONDUCT
AND COMPANY VALUES

The Bank’s code of conduct outlines the guiding principles of professional conduct and reminds the staff that values such as honesty, loyalty, professionalism, mutual respect, confidentiality and integrity are the basis for a responsible attitude of all Advanzia employees towards society in general, customers, other employees, service providers and competitors. The code provides detailed guidance on five key principles:

- 1. Loyalty, equity and integrity
- 2. Competence, care, diligence and anti-bribery
- 3. Respect for private data and confidentiality
- 4. Compliance with laws and regulations
- 5. Security and reliability



Between 2015 and 2024, Advanzia adhered to a set of six corporate values as guiding principles and beliefs that support employees to work towards a common business goal: simplicity, trust, transparency, excellence, diversity and flexibility.

PROGRESS IN 2024

In 2024, Advanzia reformulated and refined its purpose, mission and vision statements, along with corporate values that reflect the Bank’s culture and collective aspirations. This renewed framework was developed to guide future decision-making, build on a cohesive leadership vision for the management team, and strengthen the Advanzia brand. The process was characterised by a collaborative and inclusive approach, led by a cross-functional MVV (Mission, Vision, Values) working group and supported by workshops with the leadership teams. To ensure alignment and employee involvement, a company-wide survey took place in May 2025, enabling staff to provide feedback on how the values are embodied in practice and where further engagement is needed. The survey had a participation rate of 68%, and its results will be analysed and discussed by the leadership teams during dedicated workshops to define the next steps in the values rollout.



Purpose

Advanzia Bank’s purpose is to enable our customers and partners reach their financial goals by providing access to flexible payment and credit solutions.

Vision

Our vision is to be the leading European digital bank that makes finance, payments and credit accessible by leveraging technology to create easy-to-use products and services.

Mission

Our mission is to make finance easier and more inclusive by offering simple, smart and user-friendly payment and credit solutions that provide financial flexibility and deliver added value for our customers. Our way of working is guided by responsible lending, open communication and teamwork in cooperation with employees, business partners and customers.

Values

WE LOVE SIMPLICITY.

Lean and agile processes enable us to offer simple products and accessible solutions that meet our customers’ and partners’ unique and ever-changing needs. We strive to be efficient in how we tackle any challenge that comes our way. Our smart solutions offer easy and inclusive access to finance and an intuitive customer experience.

WE VALUE TRANSPARENCY.

Because trust is built on communication, we encourage information sharing, maintain open communication channels and ensure accessibility of information for our employees, customers, business partners and service providers.

WE WORK TOGETHER.

We work passionately as a team towards our common goal of making finance more inclusive. As an employer, we nurture a corporate culture of open and honest communication for and with our employees. Integrity, diversity and respect are at the heart of everything we do. #TeamAdvanzia.

WE EMBRACE SUSTAINABILITY.

We drive positive change by integrating responsible and sustainable practices in our conduct and our solutions, reducing our carbon footprint and providing an inspiring and secure workplace for our employees.



MANAGEMENT OF RELATIONSHIPS
WITH SUPPLIERS

Advanzia relies on a broad, carefully selected network of suppliers and service providers across its value chain. This ecosystem underpins its flexible, scalable operating model, safeguards business continuity and lays the groundwork for sustainable growth.

Although the Bank’s business footprint is pan-European, almost all procurement continues to originate in jurisdictions with high human-rights, social and environmental standards: 91% in the EU, 7% in the United States, 1% in the United Kingdom and 1% in Australia. This keeps exposure to elevated

ESG risk low while allowing the Bank to leverage world-class expertise in payments technology, data security and customer service.

The Bank’s most material partners – 32 strategic suppliers accounting for ~25% of annual spend – have signed written commitments to ethical, social and environmental standards.

CUSTOMER CENTRICITY

Advanzia is committed to enhancing its customer centricity by making its products and services more user-friendly for its customers and adapting to their evolving needs.

Customer satisfaction surveys

For nearly four years, Advanzia has conducted customer satisfaction surveys via Trustpilot across all consumer markets. In 2024, the Bank continued to receive an “excellent” rating for all its consumer products, underscoring its commitment to delivering great customer experience.

Net Promoter Score (NPS)

Between December 2023 and January 2024, Advanzia carried out a customer satisfaction survey in collaboration with the German market research agency Heute und Morgen. The survey focused on cardholders of the Gebührenfrei Mastercard Gold in Germany, Advanzia’s core market. Approximately 20 000 emails were sent, resulting in a 9% response rate from a representative sample. The findings concluded a Net Promoter Score (NPS) of 54, with two-thirds of respondents indicating they would recommend Advanzia. Key factors driving this loyalty included the card’s flexibility, transparent fee structure, ease of use and application process. These results demonstrate that Advanzia continues to deliver on its customer promise through accessible and straightforward financial solutions. A follow-up survey is planned.



Complaints handling

Advanzia’s Complaint Management Procedure sets out how the Bank manages, categorises, reports and resolves complaints related to its credit card and savings products. The procedure ensures an efficient and effective approach that aligns with the requirements of the Commission de Surveillance du Secteur Financier (CSSF). It also supports Advanzia’s commitment to improving service quality, enhancing customer satisfaction and minimising errors in both service delivery and complaints handling.



Service quality at customer contact centres

As the majority of Advanzia’s customer interactions via phone and email are handled by outsourced service centres, the Bank maintains a clear framework of service level agreements (SLAs) to ensure consistency and quality. These SLAs cover key performance

indicators such as call centre accessibility, response times for email enquiries, call handling durations and quality monitoring for both telephone and written correspondence.

PROGRESS IN 2024

Throughout 2024, these standards remained a central focus of Advanzia’s commitment to operational efficiency and continuous improvement. Regular evaluations and quality checks were conducted to ensure that service delivery remains aligned with the Bank’s defined service quality objectives.

In 2024, Advanzia continued to invest in digitalisation initiatives aimed at streamlining operations and enhancing the overall user experience. The Customer Service department continued its dedicated quality improvement programme to optimise service processes and reduce friction in customer interactions. These initiatives support the Bank’s ongoing ambition to reduce dependency on manual service channels like phone and email, while providing customers with greater autonomy through intuitive self-service features. Enhancements such as the ability to access PINs, card numbers, and account features via the mobile app demonstrate the Bank’s commitment to simplification, efficiency and user-driven innovation.

- Key digitalisation projects launched or expanded in 2024 included:
- **Customer onboarding:** Deployment of a new digital enrolment process for credit cards in core markets, enabling faster and paperless account opening. Open banking functionality was introduced in Spain to streamline application flows and support account verification. A test phase for digital cards is also underway, with a full launch planned for summer 2025.
 - **Customer engagement:** Advanzia continued to expand digital and real-time features across its mobile apps, including in-app provisioning, UX enhancements and more flexible self-service options. These tools are designed to improve accessibility, reduce manual interventions and align with the broader goals around sustainability, digital innovation and customer empowerment.
 - **Lifecycle management:** a new tool was launched to further digitise the customer journey and strengthen interaction capabilities. Moving beyond mass communication, customers will benefit from tailored communication based on their individual behaviour. The new tool enables Advanzia to embed customer insights into the engagement strategy, by delivering targeted communication to specific customer segments at the right moment and thereby ensuring relevant and impactful interactions.



ESG RISK MANAGEMENT

Avanzia has maintained a robust risk control and stress testing framework, designed to address evolving regulatory requirements and internal governance needs. This framework includes a clearly defined risk appetite and supports a growing risk culture embedded across the Bank’s three lines of defence.

ESG risks have been identified within the Bank’s overall risk inventory and are reviewed at least annually under the ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process). These processes are supported by regular stress testing, which evaluates the Bank’s capacity to absorb adverse developments without compromising its business model, risk tolerance or operational resilience. Among these stress scenarios is one that simulates the operational impact of a natural disaster damaging one of the Bank’s data centres.

Nevertheless, ESG risks have so far not been considered as material by the Bank and have therefore been addressed in a limited manner within existing risk assessment processes.

PROGRESS IN 2024

In response to growing regulatory and supervisory focus on sustainability and climate-related risks, Avanzia has initiated the gradual integration of ESG considerations into its risk management and governance structures. This includes the development of ESG-specific monitoring tools aimed at strengthening the Bank’s ability to identify and assess related exposures. These efforts are intended to ensure alignment with evolving regulatory expectations and reinforce the Bank’s broader sustainability commitments.





SUSTAINABLE AND DIGITAL CREDIT CARD SOLUTIONS



FINANCIAL INCLUSION

Avanzia’s business model is built on the principle of inclusivity, with its digital marketing strategy designed to reach a broad and diverse audience across its markets. By offering no-fee credit cards with an optional revolving credit facility, the Bank enables customers to manage their finances with greater flexibility and autonomy. This offering can be particularly valuable for individuals who may face barriers in accessing traditional banking services, such as students, temporary workers or migrants with limited credit histories.

By combining responsible lending practices with robust risk management, Avanzia strives to provide access to credit in a way that protects consumers while empowering them to manage their financial needs and participate in broader economic activity.



RESPONSIBLE LENDING

Responsible lending encapsulates Avanzia’s responsibility to accurately assess its customers’ creditworthiness, offer credit limits within the customers’ ability to repay, provide clear terms and conditions, and support customers if they experience repayment difficulties.

Transparency and simplicity

Avanzia is committed to providing clear, relevant and accessible information at every stage of the customer journey. This ensures that customers can make informed financial decisions, select products that suit their changing needs, and manage their obligations responsibly.

Advanced credit risk assessment and repayment safeguards

The Bank leverages AI-driven scoring models to assess creditworthiness efficiently and accurately. These models consider multiple data points, including:

- Information submitted by applicants (e.g. income, employment and housing status)
- External credit scores and history from established agencies
- Ongoing card usage patterns and payment behaviours

To reinforce this automated process, a second layer of controls is in place through defined risk-based rules. For instance, one measure ensures that the assigned credit limit does not exceed a certain percentage of the applicant’s stated net income.

To further promote financial responsibility, Avanzia principally requires a monthly minimum payment of 3% of the outstanding credit card balance. This ensures that customers have a clear and manageable repayment target at all times. Even if additional fees or charges arise, the total monthly payment will not exceed this 3% threshold. This approach provides predictability in managing financial obligations, reduces the risk of overindebtedness and supports sustainable borrowing behaviour.

“Low and grow” approach

Avanzia applies a prudent credit strategy that prioritises customer affordability. New cardholders receive a conservative initial credit limit, which may be gradually increased only after they have demonstrated consistent, responsible usage and repayment behaviour. This approach helps mitigate financial risk for both the Bank and the customer. Across all markets, the Bank’s average outstanding

loan balance per customer remains low. Customers who show signs of repayment difficulty are excluded from any future credit limit increases.

Supportive and ethical collections practices

To minimise credit risk, the Credit Risk Committee (CRC) regularly reviews the acceptance criteria and credit limit policies. When defaults occur, cases are referred to external collection agencies that are carefully selected based on ethical standards and professional conduct.

Avanzia remains aligned with regulatory requirements, including national banking laws and the provisions of CSSF Circular 22/824, which transposes the European Banking Authority’s guidelines on loan origination and monitoring.

PROGRESS IN 2024

Avanzia continued strengthening and finetuning its responsible lending framework:

- In 2024, a responsible lending working group was created to enhance responsible lending practices across the customer lifecycle. The group is comprised of members of the Management Committee and key representatives from cross-functional teams, including Customer Service, Risk Modelling, Risk Management, NPL (Non-Performing Loan) Management and the Chair of the ESG Committee, and is supported by technical teams to explore and implement technology-driven solutions, including partial automation where possible.
- Avanzia’s Data Analytics Workbench (DAW) platform enhances the Bank’s predictive analytics capabilities, enabling more accurate assessments of creditworthiness and faster model adjustments in response to

macroeconomic developments that may affect customers’ repayment capacities. By supporting more timely and precise decision-making, the DAW platform contributes to a more robust responsible lending process.

- Avanzia is assessing the opportunities offered by open banking per the Payment Services Directive (PSD2), which can provide access to aggregated information on customer bank accounts through customer opt-in, and may allow for more accurate estimations of customer affordability.
- The Bank adjusted its creditworthiness models several times in 2024 in favour of a more prudent credit assignment strategy, mitigating the risk of financial strain and further reducing the potential for customer overindebtedness.



DIGITALISATION, SUSTAINABLE INNOVATION AND GREEN TECH

Advanzia continues to leverage digital technologies, including cloud, big data, mobile platforms, artificial intelligence and advanced analytics, in order to drive operational efficiency, reduce carbon emissions and support more accessible and intuitive financial services.

Omni-channel innovation and mobile-first strategy

The Bank advanced its omni-channel approach by expanding the use of cloud-based solutions and API-driven real-time capabilities to support core digital projects such as customer enrolment, engagement and lifecycle management. These capabilities enable users to manage their financial products digitally, in real-time and with minimal friction, while also reducing reliance on paper-based, resource-heavy processes.

Cloud commitment and green IT

As part of its long-term sustainability roadmap, Advanzia is transitioning to a fully cloud-native infrastructure, contributing to a lower carbon footprint through improved energy efficiency and reduced physical hardware usage. While two data centres remain operational in Luxembourg, targeted initiatives have been implemented to mitigate their environmental impact, particularly regarding high energy consumption for cooling systems.

Paper reduction and product lifecycle optimisation

Advanzia has taken concrete steps to reduce waste and minimise its environmental footprint:

- Since 2023, the card renewal cycle was extended from three to five years, reducing plastic waste. In 2024, this initiative was rolled out across all markets, with implementation for the Professional Card Services segment expected by the end of 2025.
- In 2024, the Bank introduced a new in-app PIN feature, eliminating the need for PIN letters sent by post when customers forget or misplace their PINs.

PROGRESS IN 2024

Following a successful pilot launch in Austria in late 2023, Advanzia rolled out a fully digital onboarding journey in Germany and Italy. This new enrolment process replaces traditional paper-based application forms and contracts with an end-to-end digital flow, including electronic identification (eID), online KYC verification and e-signature, delivering a seamless application experience in just a few minutes. This new process enhances user convenience and contributes to reducing the Bank’s environmental footprint.

The Bank also redesigned the customer portal for its Deposit Account product, a fully online savings platform offering attractive interest rates. As of 2024, Advanzia’s 61 200 deposit customers receive their monthly and year-end statements exclusively online, further reducing paper usage.

Looking ahead, Advanzia is preparing to launch a digital card for select segments in Germany and Austria, with a phased rollout planned across all markets, tailored to the specific requirements and risk readiness of each segment. This digital-first initiative not only reduces the environmental impact associated with physical card production and delivery but also offers customer faster access and greater convenience.

Finally, in line with its commitment to reduce plastic waste, Advanzia is preparing to transition from virgin PVC cards – currently issued to its 2.8 million customers – to a more environmentally friendly material. An implementation assessment initiated in 2024 is underway to inform the future rollout of this initiative.



ADVANIA, A RESPONSIBLE EMPLOYER



At Advanzia, being a responsible employer means creating an inclusive, supportive and empowering environment where employees can thrive both professionally and personally. In 2024, the Bank continued to strengthen its commitment to employee wellbeing, development and engagement through a broad range of initiatives spanning flexible working, structured training programmes, diversity and inclusion, health and safety, and open communication.

From the move into the Emerald building – designed with employee comfort and sustainability in mind – to initiatives that promote learning, work-life balance and cultural belonging, Advanzia’s people agenda remains anchored in the belief that a motivated, diverse and healthy workforce is key to long-term success. These efforts not only support existing staff, but also help the Bank attract the right talent in a competitive labour market.

TRAINING AND CAREER DEVELOPMENT

Advanzia offers a range of training opportunities to help employees strengthen their skills and advance their careers. While individual training supports

role-specific capabilities and market awareness, group sessions enhance soft and leadership skills. Two structured programmes form the cornerstone of Advanzia’s long-term development efforts:

Advanzia Development Programme (ADP): Launched in 2019 in collaboration with the Management Institute St. Gallen, the ADP is a 12-month cross-departmental training cycle. It focuses on Strategic Management, Digital Transformation, Financial Management, Leadership, and Self-Management. Participants also develop and present a business concept paper to senior management. The fourth cycle of the ADP was launched in 2024, with up to eight employees selected through a competitive application and interview process.

Advanzia Leadership Programme (ALP): Introduced in 2022, this 9-month course targets mid-level managers and focuses on developing transformational leadership capabilities and strategic thinking aligned with the Bank’s values and business priorities. Since inception, 44 employees have participated in either programme, with a 90% retention rate among alumni.

PROGRESS IN 2024

In 2024, a total of 4 462 training hours were delivered to staff, corresponding to 20.28 hrs on average per employee.

Advanzia continues to run new ADP and ALP cycles every two years, with the next ALP cycle planned for 2026.

The Bank also incorporates career growth into its annual performance reviews and is currently refining its approach to individual development with new initiatives under consideration.

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DIVERSITY AND INCLUSION (D&I)


Advanzia remains committed to an inclusive workplace culture that values diversity in all its forms. As a signatory of the Diversity Charter Luxembourg since 2020, the Bank continues to promote diversity and inclusion through initiatives and ongoing engagement.




recruitment and promotion, mutual respect and diverse representation across all levels of the organisation. In 2024, work continued on enhancing the monitoring framework, with the aim of defining and tracking relevant D&I KPIs to better measure progress and impact.

To guide its efforts, Advanzia has implemented a Diversity Policy outlining core principles such as equal opportunity, non-discrimination, inclusive


 WORKFORCE GENDER DISTRIBUTION		
2024	42.6%	57.4%
2023	41.8%	58.2%

 AGE	<30 yrs	>=30 and <40 yrs	>=40 and <50 yrs	>=50 yrs
2024	11.5%	43.4%	31.5%	13.6%
2023	12.2%	45.5%	28.6%	13.6%

 SENIORITY	<3 yrs	>=3 and <6 yrs	>=6 and <11 yrs	>=11 and <16 yrs	>=16 yrs
2024	42.1%	19.1%	20.4%	8.5%	9.8%
2023	39.4%	25.8%	16.9%	11.7%	6.1%

 HIERARCHY			Total
2024			
Staff (up to “associate director level”; part of Collective Bargaining Agreement (CBA))	91.0%	78.5%	83.8%
Senior management (“director” level and above, non-CBA)	9.0%	21.5%	16.2%
2023			
Staff (up to “associate director level”; part of Collective Bargaining Agreement (CBA))	93.3%	80.6%	85.9%
Senior management (“director” level and above, non-CBA)	6.7%	19.4%	14.1%



 ADVANZIA'S LEADERSHIP TEAM BY GENDER All management functions from team lead to management committee		
2024	22.7%	77.3%
2023	24.4%	75.6%

 NATIONALITIES	Greater Region LU, BE, FR, GE	EU	Other
2024	62.6%	23.8%	13.6%
2023	65.7%	21.7%	12.6%

PROGRESS IN 2024

Advanzia continued to make progress in fostering a diverse and inclusive workforce. Based on market data indicating a 55% male to 45% female gender distribution in the banking sector, the Bank aims to reflect similar balance over time. While no quotas are applied, inclusive hiring practices and a skills-based recruitment approach remain central to Advanzia's commitment to equal opportunity and meritocracy.

In 2024, the gender distribution among new hires closely mirrored the Bank's overall workforce composition, with a slight predominance of male candidates (59%). This had no material impact on the company-wide gender balance. A guiding aim remains to ensure that at least 45% of new hires represent one gender.

The Bank also continued efforts to narrow the gender gap at senior levels. A short-term objective is to increase the proportion of women at director level and above to exceed 10% of all female employees.

In terms of nationality, Advanzia further broadened its employee base. While the Bank seeks to avoid the overrepresentation of any single nationality, nationality itself is never a selection criterion in the recruitment process. Representation across the leadership team remains an area of focus, with the goal of achieving a balance of gender and nationalities that reflects the broader staff composition.

The age distribution of the workforce remained stable in 2024, supported by active recruitment. The Bank aims to maintain this balanced structure in the years ahead.



ADEQUATE WAGES AND REMUNERATION

Advanzia's pay structure follows the Luxembourg collective bargaining agreement (CBA) for bank employees, which sets a transparent salary grid. Under this framework:

- Entry-level salaries are at least 30% higher than the statutory minimum wage and 8.6% above the qualified minimum wage.
- All employees covered by the CBA receive a 13th-month allowance, paid in December.

HEALTH & SAFETY

Advanzia is committed to providing a safe, healthy and balanced working environment that supports the physical and mental wellbeing of all employees. Given the nature of Advanzia's operations – primarily office-based financial services – the workplace is considered to present a low level of occupational risk.

To maintain a high standard of workplace safety, a dedicated Safety Officer conducts weekly inspections, with any issues addressed in collaboration with Facility Management. In addition, a staff-appointed Safety Delegate works closely with the Safety Officer to represent employee concerns and support effective resolution.

The Bank also offers regular initiatives that promote health and wellbeing, including first aid training, onsite eyesight tests, flu vaccinations, and awareness sessions on mental health, stress and ergonomics.

EMERALD WORKPLACE DESIGN

The Emerald building is a tangible expression of Advanzia's values, designed to support both environmental sustainability and employee wellbeing. It features ergonomic furniture, noise-reducing design elements and flexible areas for collaborative or focused work. Natural materials and greenery throughout the building create a calming, human-centric atmosphere.

To promote a healthy lifestyle, the workplace includes a free gym, nutritious vending options, and complimentary organic fruit several times a week. In addition, weekly sports sessions and a thoughtfully designed interior contribute to a workplace culture focused on long-term employee health.

Emerald's sustainability and energy efficiency features, such as high-quality drinking water, waste reduction systems and recycling facilities, reinforce Advanzia's dual commitment to people and the planet.

WORK-LIFE BALANCE

Advanzia is committed to promoting a healthy work-life balance and respecting employees' right to disconnect outside of working hours. The Bank encourages employees to take regular breaks and use their full annual leave entitlement. A core part of Advanzia's culture is the encouragement of healthy boundaries and disconnection from work-related communications during personal time.

PROGRESS IN 2024

In 2024, Advanzia introduced yearly health check-ups conducted by occupational health physicians, which will continue in the coming years. The Bank also held its first internal Health Day with trainings and workshops to raise awareness on wellbeing topics and foster a culture of proactive health management.




FLEXIBLE WORKING PRACTICES

Advanzia continues to offer a range of adaptable working arrangements tailored to individual needs. These include a teleworking scheme, sabbatical leave options and flexible work schedules to support a healthy work-life balance.

The Bank actively encourages employees to make use of their maternity, paternity or parental leave – whether on a full-time or part-time basis – emphasising that parental leave is equally available to both men and women.

In addition, employees are granted five days of social leave per year. This leave can be used to care for an ill household member or close relative, to respond to force majeure events, or for those engaged in volunteer emergency services.

Special leave, in line with the provisions from the collective bargaining agreement for bank employees, is granted for several occasions, such as marriage, the death of a close relative, moving of the main residence or for training purposes. 19.5% of Advanzia’s workforce made use of a special leave in 2024.

 PART-TIME EMPLOYMENT	♀	♂	Overall
2024	22.0%	5.9%	12.8%
2023	20.2%	6.5%	12.2%

 PARENTAL LEAVE TAKEN DURING THE YEAR	♀	♂	Overall
2024	9.0%	5.2%	6.8%
2023	10.1%	5.6%	7.5%

PROGRESS IN 2024

To support a better work-life balance, Advanzia has introduced flexible working arrangements, including part-time models and adaptable work schedules. These schemes allow employees to tailor the distribution of their working hours throughout the week, enabling a more balanced and fulfilling integration of professional and personal life.

SPORTS AND TEAM ADVANZIA

In 2024, Advanzia continued to foster a vibrant and inclusive workplace culture through a variety of social, cultural and sports-related initiatives under the “Team Advanzia” spirit.



Advanzia also maintained its focus on physical wellbeing through subsidised sports and fitness offerings. The on-site gym remained a popular facility among staff, and summer activities such as football and beach volleyball sessions continued to be well attended. The Bank was once again a proud co-sponsor of the Luxembourg Business Run, which saw participation from nearly a third of its employees. Staff also took part in various community and charity events, including the ING Night Marathon and the Luxembourg Pride Run.

The tradition of organising and partially sponsoring a winter sports trip to the Austrian Alps also continued in 2024, strengthening camaraderie and shared experiences beyond the workplace.



Two key staff events, the summer party and the Christmas party, remained annual highlights, bringing colleagues together in celebration. After-work social gatherings were also encouraged, including the quarterly Advanzia All meetings, which were traditionally followed by an apéritif or meal organised by employees to showcase and celebrate their cultural backgrounds. These events reflected the diverse and international nature of the Bank’s workforce. Informal team connections were supported throughout the year, including welcome lunches for new joiners as part of the tutor programme, as well as departmental and team-building activities.





COMMUNICATION AND DIALOGUE

Employee engagement and workforce dialogue

Advanzia is committed to maintaining an open and inclusive communication culture that encourages regular two-way dialogue across all levels of the organisation. In 2024, the Bank continued to strengthen its internal communication and engagement efforts to ensure transparency, employee involvement, and a shared understanding of business developments and workplace matters.

The intranet platform Spark remains the central hub for employees, offering access to important updates, resources, event information and business news. Quarterly Advanzia All meetings bring together all staff to share updates on the Bank’s financial performance, key project developments and strategic priorities. These meetings, led by the CEO and senior management, include a Q&A session where employees can raise questions directly with leadership, followed by time to connect informally with colleagues.

To support new employees, Advanzia offers a comprehensive onboarding programme that includes cross-departmental training sessions, access to key resources and a tutor scheme. The assigned tutor acts as a go-to contact for practical, cultural and informal support during the initial phase of employment.

Employee representation and structured dialogue

Advanzia maintains regular, formal engagement with its employee representatives through the legally mandated staff delegation. This body represents the collective interests of all employees and meets on a scheduled basis with management to discuss workplace conditions, strategic developments and any material impacts on the workforce. Topics requiring prior consultation, such as organisational changes or employment terms, are addressed in line with Luxembourg labour law. The responsibility for ensuring this engagement lies with the Head of HR, who reports directly to the CEO and ensures that regular dialogue and compliance requirements are met.

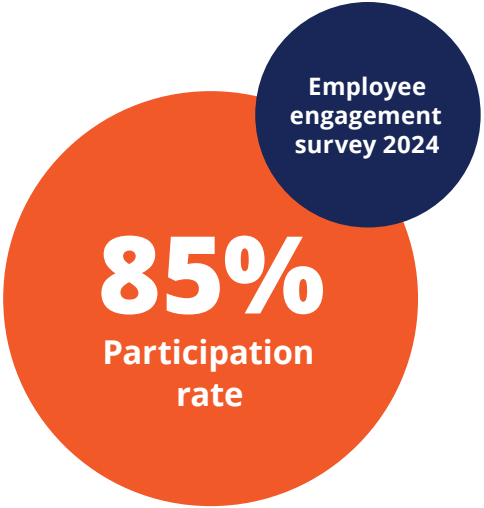
The staff delegation also has a dedicated section on Spark, provides a suggestion box and encourages employees to share feedback through various channels (personally, via email, through the box).

Employee feedback and continuous improvement

In 2023, Advanzia conducted its first employee engagement survey, achieving a strong participation rate of 81%. The Bank committed to conducting the survey annually to track progress and strengthen employee voice. A cross-functional working group reviewed the results, prioritised areas for improvement, and began implementing a targeted action plan in close collaboration with the leadership team. Regular updates on the follow-up actions are shared with employees to maintain transparency and accountability.

This structured, multi-level approach reflects Advanzia’s broader commitment to maintaining a supportive, responsive and inclusive work environment, where employee feedback actively informs decisions and contributes to the continuous improvement of the Bank’s people practices.

Feedback meetings are conducted with all new hires towards the end of their probation period to gather feedback on their experience after joining Advanzia and identify areas for improvement. A structured exit interview is conducted with all employees leaving the company, which is also a valuable source to identify areas for improvement.



PROGRESS IN 2024

Advanzia conducted another employee engagement survey in 2024 and achieved an even higher participation rate of 85%. The Bank is also committed to improving key drivers that were rated relatively low. An employee survey working group has been established and has been implementing concrete action points since 2023.





POSITIVE IMPACT



REDUCING ENVIRONMENTAL IMPACT

The zero-carbon Emerald building

In February 2024, Advanzia moved into the newly constructed Emerald building, the first zero-carbon office space in Benelux. The “excellent” green label certification by BREEAM, one of the world’s leading sustainability assessment methods, makes it one of the Greater Region’s most advanced office buildings regarding sustainable and climate-neutral construction and operation.

In line with the Bank’s commitment to climate accountability, Advanzia will initiate an assessment of its greenhouse gas (GHG) emissions in 2025, establishing a baseline for future measurement and reduction efforts.



Everyday green practices

- **SuperDrecksKëscht label:** certified since 2023, with staff receiving regular waste-sorting and circular-economy briefings.
- **Hybrid work:** One telework day per week for all staff, and an entitlement of up to 50 per year, for all employees (regardless of their country of residence), trimming commuter-related emissions.
- **Public-transport support:** Up to €50/month reimbursed for cross-border and domestic bus/train users, complementing Luxembourg’s nationwide free transport.
- **Electric-mobility infrastructure:** 34 EV charging points (shared) plus bike parking installed at Emerald.



STRENGTHENING THE SOCIAL FOOTPRINT

Employee-led community projects

Advanzia nurtures a culture in which employees turn good ideas into social initiatives. The Advanzia Plus (A+) working group within the ESG Committee helps convert those ideas into action.

2024 SNAPSHOT

>20 active projects	Ranging from food donations to internal photo contests, after-work sports events and wellness offers, all linked to the Bank’s values
Payroll giving	The majority of employees round down their net salary and donate the difference to charity every month
Volunteer leave	Two paid “Advanzia Plus Days” per employee for hands-on volunteering
Local and global sponsorships	>30 local and international sports clubs, cultural/social associations and charities received financial support and micro grants
On-site charity initiatives	Coin-collection boxes for Deutsches Kinderhilfswerk, bottle-cap collection for ASA asbl guide-dog training, and employee-run “Baking for Charity” is organised regularly throughout the year

These initiatives, driven largely from the ground up, demonstrate how #TeamAdvanzia channels its creativity and resources into environmental and social benefits at home and abroad.





APPENDIX

DEFINITIONS AND ABBREVIATIONS

A+	Advanzia Plus – Term describing social commitment in the shape of socially impacting projects for employees and charitable purposes
ADP	Advanzia Development Programme, career development programme aimed at high potentials
ALP	Advanzia Leadership Programme, career development programme aimed at the leadership team (middle and senior management)
AI	Artificial Intelligence
AML	Anti-Money Laundering
CBA	Collective Bargaining Agreement
CNPD	Commission Nationale pour la Protection des Données, the National Commission for Data Protection in Luxembourg
CRC	Credit Risk Committee
CSR	Corporate Social Responsibility

CSRD	Corporate Sustainability Reporting Directive, EU regulation that requires companies to disclose standardised information on ESG matters to improve transparency and comparability of sustainability reporting
CSSF	Commission de Surveillance du Secteur Financier – the Luxembourg financial sector supervisory commission
CTF	Counter Terrorist Financing
D&I	Diversity and Inclusion
DORA	Digital Operational Resilience Act
EBA	European Banking Authority
EFRA	European Financial Reporting Advisory Group, the independent body responsible for developing the European Sustainability Reporting Standards (ESRS)
ESG	Environmental, Social and Governance
ESG-C	The Environmental, Social and Governance Committee at Advanzia Bank
ESRS	European Sustainability Reporting Standards, a set of reporting standards developed by EFRA to support the implementation of the CSRD
GHG	Greenhouse Gas
ICT	Information and Communication Technology
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
ISO	Information Security Officer
KPI	Key Performance Indicator
MANCOM	Management Committee at Advanzia, responsible for advising the Executive Management Committee in its day-to-day management and representation of the Bank
MVV	Mission, Vision, Values
NPS	Net Promoter Score: Customer loyalty measurement by looking at their likelihood of recommending a company or brand
OMNIBUS	A proposed European legislative package that amends multiple existing directives, including the CSRD, to streamline and adjust sustainability reporting requirements for companies
PIN	Personal Identification Number
PSD	Payment Services Directive
PVC	Polyvinyl Chloride, a synthetic plastic polymer used to produce credit cards
SDK	SuperDrecksKëscht – Luxembourgish recycling label for companies
UX	User Experience



[advanzia.com](https://www.advanzia.com)