



**ADVANZIA  
BANK**

ANNUAL REPORT 2020



**The prize winning Twist  
by Bjarke Ingels group at the  
Kistefos Museum, Norway.**  
Photo: Hélène Binet

Kistefos, one of Europe's most important sculpture parks for contemporary art, shows globally recognised artworks in a spectacular and atmospheric rural setting. Kistefos is today a melting pot of industrial history, contemporary art and architecture and dramatic nature. While contemporary art takes centre stage, nature and industry form an omnipresent framework impacting visitors and artists alike. Kistefos offers a unique experience fuelled by the contrasts between past and present, local and international, indoor and outdoor – allowing for unusual meeting points between art, nature and people.



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# CONTENTS

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## **3 KEY FIGURES 2020**

## **4 CEO'S MESSAGE**

## **5 CHAIRPERSON'S STATEMENT**

## **6 LEADERSHIP**

- 6 Board of Directors
- 6 Audit Committee
- 7 Management Team

## **8 REPORT OF THE BOARD OF DIRECTORS**

- 8 Overall results
- 10 Economic outlook
- 10 Corporate development
- 11 Internal governance

## **12 SPOTLIGHT OMNI-CHANNEL PROGRAMME**

## **14 ABOUT ADVANZIA**

- 14 A European digital bank
- 14 Transparent and flexible consumer products
- 14 Bespoke credit card solutions
- 14 Regulatory stability
- 14 Solid shareholder structure

## **15 OUR CORE MARKETS**

## **16 OUR PRODUCTS AND SOLUTIONS**

- 16 No-fee credit cards for private customers
- 17 Savings account for private customers
- 17 Turnkey credit card programmes for financial institutions
- 18 Co-branded credit cards for business partners

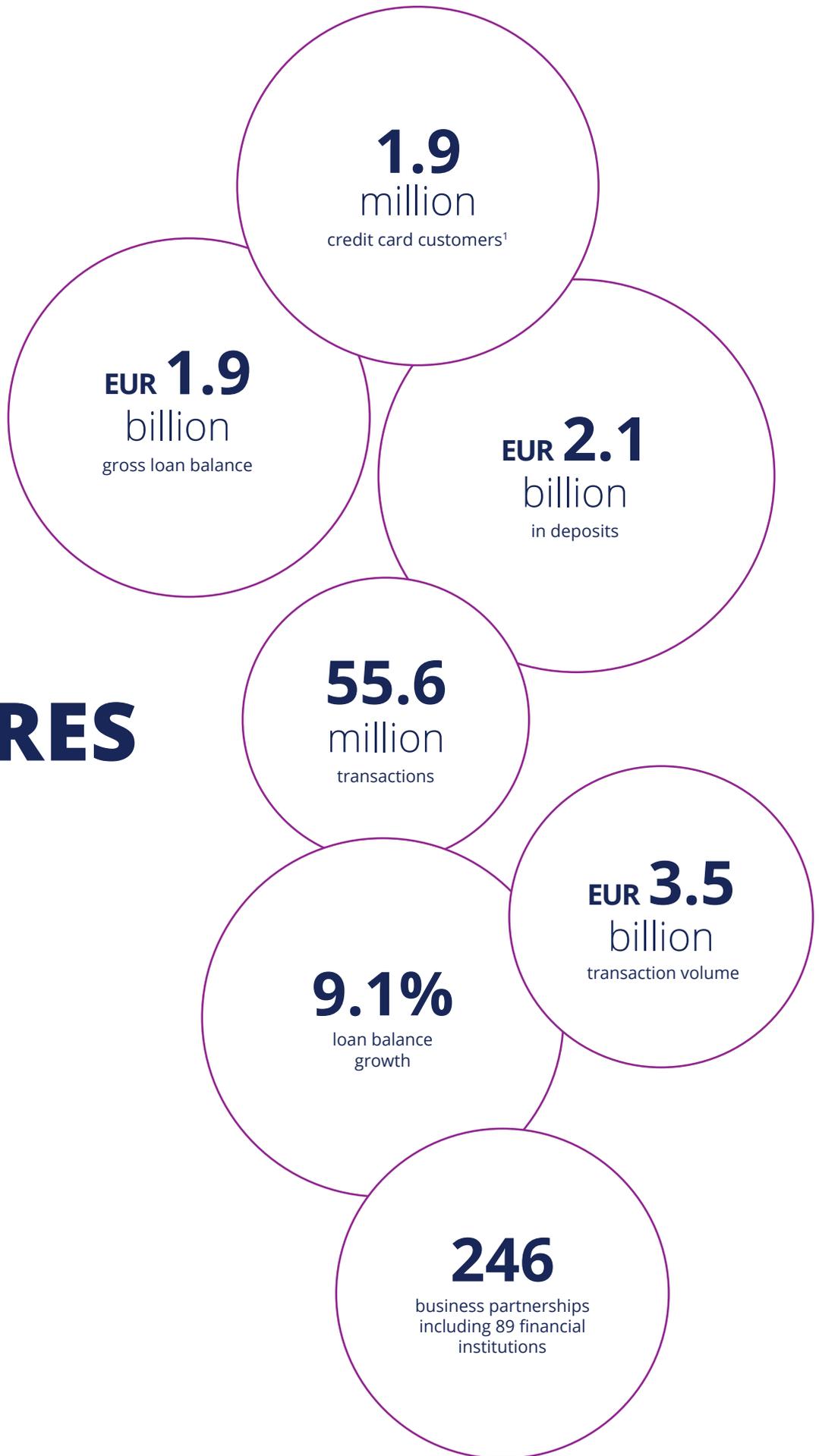
## **19 OUR COMMITMENT TO CSR**

## **20 BUSINESS KPIs**

## **22 FINANCIAL STATEMENTS**

# KEY FIGURES 2020

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<sup>1</sup> Cards in force

# CEO'S MESSAGE

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2020 was a year unlike any other and brought unexpected challenges to every aspect of our personal and professional lives. The outbreak of the COVID-19 pandemic not only disrupted the economy, but forced businesses and people alike to rapidly change our way of working and communicating.

Despite these challenges, Avanzia Bank continued to improve its business, drive significant digital initiatives and, perhaps most importantly, gain market share in our core markets. Further, I am proud to say that all of our mature markets now contribute positively to the bank's profitability, following focused, long-term improvement efforts across our markets, but in particular in France. Avanzia's 2020 results demonstrate the success of our credit risk strategy and our ability to quickly adapt acceptance policies and marketing strategies to improve portfolio performance and minimise risk.

By offering an online payment and customer experience, Avanzia is a vital puzzle piece in the payment ecosystem, and we have kept our promise by continuing to deliver service excellence to our customers, business partners and partner banks.

In 2020, we reached important milestones in our digital transformation journey when we launched mobile payments and new mobile apps across our markets. We concluded the year with 251 000 new cardholders and more than 1.9 million cardholders in total, which represents a growth of 13% compared to last year.

The bank will continue to prioritise and focus on digital transformations and growth initiatives in 2021 and beyond. As a digital banking forerunner we aim to create a fully customer-centric banking platform that can deliver a unified omni-channel experience

for our customers. Furthermore, we aim to further expand our offering in Europe, either by entering new markets or by acquiring portfolios.

I am thankful for the commitment of our trusted service partners who adapted rapidly to new circumstances, and I am particularly impressed by the resilience and flexibility of all our 204 employees during these unprecedented times. Without this engagement, Avanzia's business transformation and growth would not have been possible.

**Roland Ludwig**  
Chief Executive Officer  
Avanzia Bank S.A.



# CHAIRPERSON'S STATEMENT

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Once again, the board is pleased to report another successful year for Avanzia Bank, with continued growth, increased digital transformation, and a series of important strategic milestones completed during 2020, despite all the challenges posed by the coronavirus pandemic.

Avanzia launched a new cloud-based digital platform, which is not only transforming the customer experience but also paves the way for future growth opportunities. As part of the omni-channel programme that was initiated in 2020, the bank continues to increase scalability and flexibility of its card solutions and service offerings across markets. The development of a holistic and state of the art digital banking platform will enable the use of new and emerging technologies and capabilities. It will also allow Avanzia to deliver a future orientated customer offering, build a long-term competitive advantage and serve as a strong base for future growth.

With the acquisition and migration of the Capitol card portfolio from Catella Bank successfully completed, the bank has further established its position as the leading provider for professional card services for banks and financial institutions in Europe. The bank now services 89 financial institutions in 12 countries.

There are a few numbers in the Directors' Report that are particularly worth highlighting: Avanzia now has a customer base of 1.9 million credit card customers with a loan balance that grew to MEUR 1 881. The bank reached a new milestone with a net profit of MEUR 100, representing a growth of 37% and resulting in a market-leading return on equity of 38.9%.

Looking ahead, the board would like to emphasise the bank's ambitious goals for the years to come. The strategic priority continues to be the digitalisation of the bank's customer-centric platforms, which is key to the bank's continued long-term success and will bring Avanzia closer to the unique position of being a specialised pan-European and independent card issuer.

On behalf of the board, I would like to extend our sincere gratitude to both Avanzia's management and employees for another remarkable year and great results during most challenging circumstances.

**Bengt A. Rem**

Chairperson of the Board of Avanzia Bank S.A.  
 Chief Executive Officer of Kistefos AS,  
 Avanzia's majority shareholder since 2006

# LEADERSHIP

## BOARD OF DIRECTORS

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From left: Bengt A. Rem, Thomas Schlieper, Erlend Bondø, Nishant Fafalia, Tor Erland Fyksen.

## Board of Directors

- ✓ **MR. BENGT ARVE REM** Chairman of the Board, CEO Kistefos AS
- ✓ **DR. THOMAS SCHLIEPER** Deputy Chairman of the Board, Private investor
- ✓ **MR. ERLEND BONDØ** Kistefos AS, CFO Kistefos AS
- ✓ **MR. NISHANT FAFALIA** Kistefos AS, Investment Director
- ✓ **MR. TOR ERLAND FYKSEN** Private investor

## Audit Committee

- ✓ **MR. NISHANT FAFALIA** Chairman of the Audit Committee
- ✓ **MR. ERLEND BONDØ** Member of the Audit Committee
- ✓ **MR. TOR ERLAND FYKSEN** Member of the Audit Committee

# LEADERSHIP MANAGEMENT TEAM

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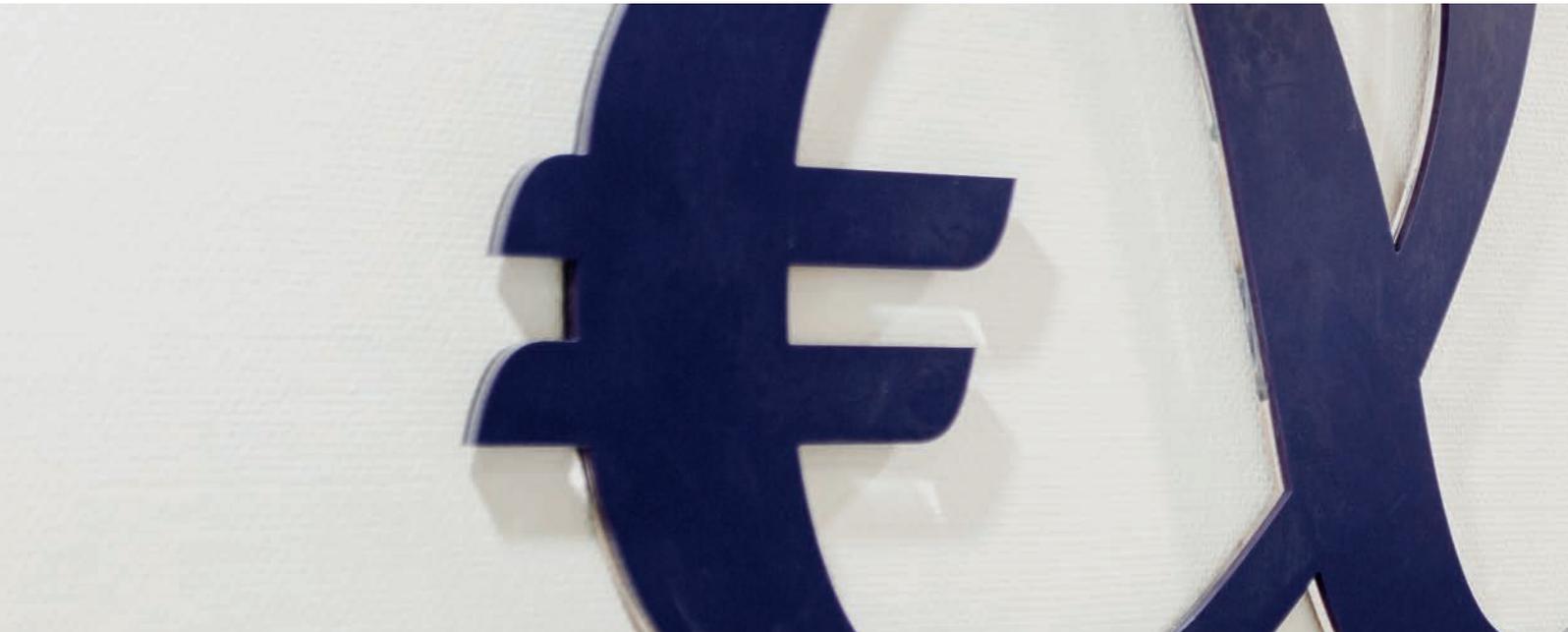
From left: Romain Fettes, Pieter Verhoeckx, Linda Früh, Roland Ludwig, Frank Hamen, Johannes Neander, Patrick Thilges.

## Executive Management Committee

- ✓ **MR. ROLAND LUDWIG** Chief Executive Officer
- ✓ **MR. FRANK HAMEN** Chief Risk Officer

## Management Committee

- ✓ **MR. ROLAND LUDWIG** Chief Executive Officer
- ✓ **MR. FRANK HAMEN** Chief Risk Officer
- ✓ **MR. ROMAIN FETTES** Chief Information Officer
- ✓ **MS. LINDA FRÜH** Chief Digital Officer
- ✓ **MR. JOHANNES NEANDER** Chief Commercial Officer
- ✓ **MR. PATRICK THILGES** Chief Financial Officer
- ✓ **MR. PETRUS JOHANNES (PIETER) VERHOECKX** Chief Customer Relations Officer



# REPORT

## OF THE BOARD OF DIRECTORS

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Avanzia Bank is a digital bank that offers competitive and transparent solutions for private customers, business partners and banks. The bank promotes its own branded Mastercard Gold credit cards through online marketing channels, and distributes its white label/co-branded credit cards via business partner networks. Avanzia is also a leading pan-European provider of turnkey credit card programmes for banks and financial institutions.

### OVERALL RESULTS

#### Resilience amid coronavirus pandemic

The outbreak of the COVID-19 pandemic has disrupted the global economy and impacted people and businesses in unprecedented ways, creating an urgent need to change communication processes and expedite digital transformation. Despite these challenges, Avanzia Bank not only sustained its business, but also outperformed the market in all European countries, with all of the bank's markets now showing profitable results.<sup>2</sup> The 2020 results demonstrate the success of the bank's credit risk underwriting and its agility in adequately adapting acceptance policies and marketing strategies to improve portfolio performance and minimise risk.

#### Digital transformation

The bank reached major milestones in its omni-channel UX programme this year, offering a fully digital customer and payment experience with the launch of three new mobile apps in Austria, France and Spain for its private and business customers. The bank also launched mobile payment solutions in all markets.

#### Solid financial results

The outbreak of the COVID-19 pandemic in Europe in March 2020 affected the economy and resulted in an overall slowdown of the loan balance growth. After a strong start in January and February, applications, credit card activity and loan balance development developed adversely throughout the end of the second quarter. However, as of the third quarter, transaction levels, loan balance growth and the number of applications recovered to nearly pre-pandemic levels. In the fourth quarter, with the resurgence of the pandemic, performance was more muted again, but nevertheless, the bank kept its growth path.

The bank's credit card portfolio increased by 251 000 new active credit card customers.<sup>3</sup> At the end of the year, the bank had 1.9 million credit cards in force<sup>4</sup> and a gross loan balance of MEUR 1 881. Profit after taxes was MEUR 100.

<sup>2</sup> With the exception of the bank's new market Spain.

<sup>3</sup> New active customers is the number of customers who have used their cards for the first time.

<sup>4</sup> Cards in force: The number of issued cards including active and inactive cards.



# ADVANZIA BANK

In 2020, the total turnover on all cards reached EUR 3.5 billion or EUR 3 000 per active customer<sup>5</sup>, and the average loan balance per active customer amounted to approximately EUR 1 500. Advanzia's main income driver, the gross loan balance, increased by 9.1% compared to the previous year, to MEUR 1 881.

Advanzia employed 204 people in total at the end of the year, compared to 189 at the end of 2019.

### Product and market development

Advanzia operates throughout Europe, offering its consumer credit cards, white label loyalty cards and turnkey credit card solutions to consumers, business partners and private banks respectively.

In **Germany**, the bank's largest market, the Gebührenfrei Mastercard Gold ended the year with a gross loan balance of MEUR 1 604. The bank continued to diversify its consumer marketing strategy amid fluctuations in transaction behaviour due to the pandemic, but overall results in the private customer segment remained relatively stable. The launch of the Advanzia Developer Portal and the new Lead API significantly improved customer service and communication with the bank's business

partners. However, the development of card loyalty programmes for business partners was negatively impacted due to the overall decline in credit card transactions for travel, events and entertainment.

In **France**, carte ZERO outperformed the market in terms of turnover. The bank showed more resilience than the competition during the lockdown phases. A strong focus on end-to-end security of the customer onboarding process led to an improved and stable customer acquisition performance. The gross loan balance reached MEUR 134, a stable growth compared to 2019.

In **Austria**, the Free Mastercard Gold experienced slower growth, partly due to the limitations of online media bookings, which were offset by the newly implemented Lead API that contributed to application growth. The bank also launched Payment Protection Insurance (PPI) in Austria, providing additional financial safety for its customers with an optional insurance package. The year ended with a gross loan balance of MEUR 109, and the bank was able to sign its first business partnership agreement with a leading consumer electronics retailer.

<sup>5</sup> Active customers are customers with at least one movement on their account.

The bank's performance in **Spain** was marked by a stronger pandemic impact than in other European markets, with relatively stable applications for Tarjeta YOU, but slower card activation from newly onboarded customers. An adapted marketing plan and prudent credit risk underwriting resulted in 66 100 credit card customers at the end of 2020. The bank successfully launched its business partnership offer in Spain with the first partnership signed by year-end.

Besides credit cards, Avanzia also offers an online sight deposit account, the **Advanziakonto**. By the end of 2020, the deposited balance stood at MEUR 2 070, a 2.9% growth compared to 2019.

During 2020, Avanzia has become the leading provider for **Professional Card Services for private banks** and financial institutions in Europe. With the full migration of the Capitol card portfolio successfully completed, Avanzia serviced 89 banks in 12 countries by the end of the year.

## ECONOMIC OUTLOOK

Germany's GDP fell 5% in 2020, representing the first economic contraction in a decade. Despite the fall in GDP and the scale of the pandemic impact, the bank experienced a significant reduction in new default cases in all markets. In Q3, the gradual recovery in retail sales and business sentiment in the German economy led to resumed loan balance growth, followed by a more stable development in Q4 despite new confinement measures in Germany.

The German economy is expected to return to growth in 2021, and Avanzia consequently expects a solid development in the bank's growth, especially in the second half of the year. The bank remains strongly capitalised and well positioned to weather the pandemic with limited impact on its financial metrics expected beyond 2020.

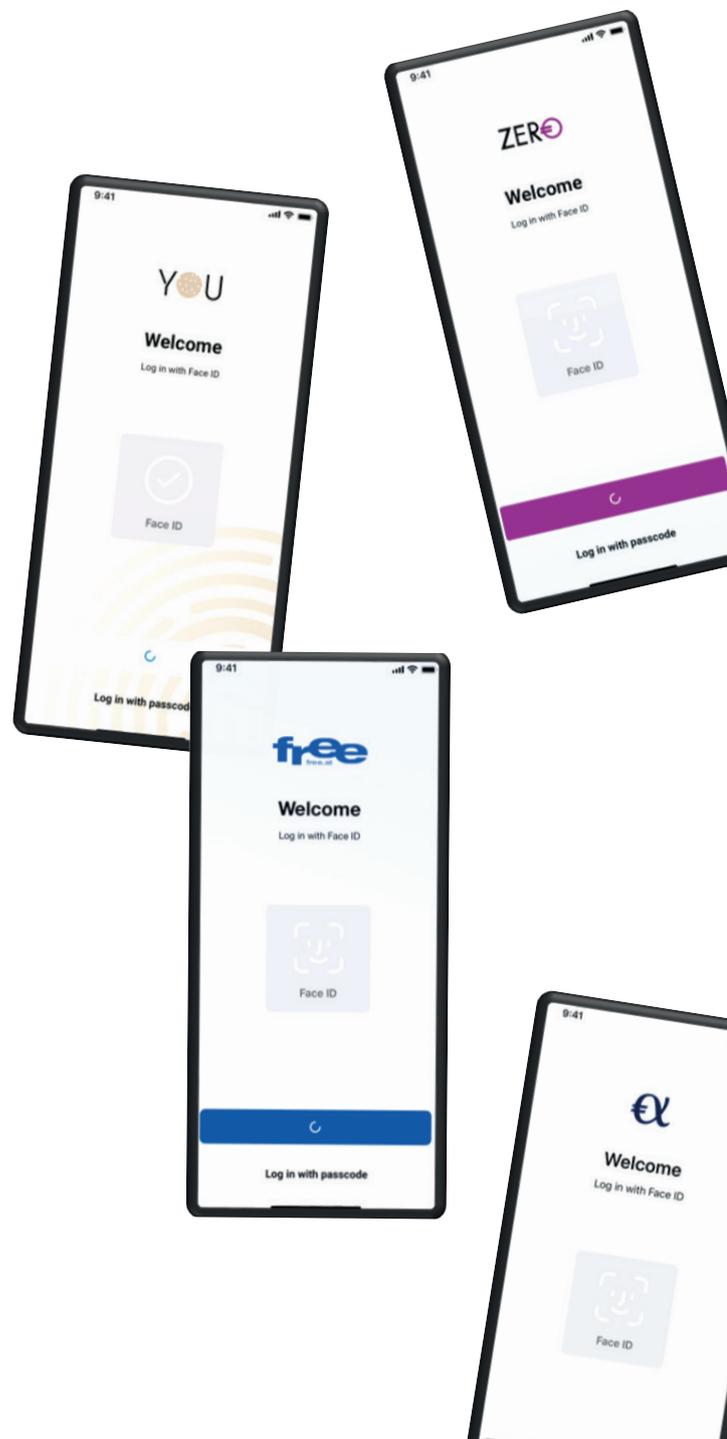
With most European countries implementing local or larger scale lockdowns facing a third pandemic wave, macroeconomic uncertainty remains. Alongside updates to the macroeconomic outlook, the bank is closely monitoring receivables performance and actions taken by servicers to determine if any credit or liquidity pressures require further measures. The bank's provisions not only reflect the improvement in credit losses realised in 2020, but also expected losses for 2021 and beyond.

A sustained solid development in Avanzia's growth and results is expected, but Avanzia continues to closely monitor the macroeconomic development.

## CORPORATE DEVELOPMENT

### Digitalised customer experience

In 2020 the bank launched the omni-channel programme with the successful go-live of new mobile apps for Austria, France and Spain in the fourth quarter. By introducing these digital solutions, the bank reached a significant milestone towards its goal of implementing a customer-centric, digital UX platform – covering the complete lifecycle of a cardholder with frictionless integration of all touchpoints, and preparing the bank for future growth.





### Mobile payment

The bank completed the rollout of Google Pay, Apple Pay and Garmin Pay in the available markets, offering its customers flexible, convenient and secure contactless payment. Additional features are in development and will be released continuously.

### Professional card services

Following the successful acquisition of the bank card servicing operations of Catella Bank in 2019, Avanzia was able to solidify its position as the leading provider of turnkey credit card solutions for private banks and financial institutions this year. With the full migration of the Capitol card portfolio successfully completed, new sales activity continued and major steps were taken towards harmonising processes and developing new service features in order to expand the business model for further growth.

### Secure online payments

Avanzia Bank rolled out two forms of Strong Customer Authentication (SCA), providing more secure online payments and better customer protection. Firstly, the bank introduced a new in-app payment authorisation process as part of the mobile app launch in Austria, Spain and France. Secondly, as an alternative to the app, the bank implemented two-factor authentication, requiring online transactions to be authenticated by a four-digit code in addition to the standard SMS code. The implementation of the latter is in line with the requirements of the revised Payment Services Directive (PSD2) and will be completed in January 2021.

## INTERNAL GOVERNANCE

Internal governance is established to ensure a clear organisational structure and well-defined processes and responsibilities. The bank applies the “three-lines-of-defence” model:

- ✓ The first-line-of-defence consists of business units that take or acquire risks and carry out controls;
- ✓ The second-line-of-defence encompasses support functions such as the financial and accounting functions, as well as compliance and risk control functions;
- ✓ The third-line-of-defence consists of the internal audit function.

In order to ensure an adequate internal control environment, the bank has implemented different levels of control. These include operational controls as well as dedicated internal control functions.

### Operational controls

Operational controls are subdivided into three categories: (1) day-to-day controls performed by operating staff; (2) key structural controls including EMC (Executive Management Committee) review, account balance reconciliation and compliance checks with internal limits; (3) controls performed by the EMC over activities and functions for which it is directly responsible.

### Internal controls

The bank has implemented three distinct and independent types of internal control encompassing risk control, compliance and the internal audit. The people in charge of the internal control function are reporting to the EMC, the Board of Directors, and the Audit Committee.

### Risk control

The purpose of the risk control function is to anticipate, identify, measure, monitor, control and report on the risks to which the bank is exposed. The Chief Risk Officer (CRO) heads risk control.

### Compliance

The compliance function is responsible for the anticipation, identification and assessment of compliance risks to the bank and assists the EMC in limiting these risks. The CRO is the authorised member in charge of compliance.

### Internal audit

The internal audit function ensures that the system of internal controls is operating effectively by assessing the efficiency of central administration, internal governance and business and risk management. The function is headed by the CEO, as the authorised management member in charge of internal audit.



# SPOTLIGHT

## OMNI-CHANNEL PROGRAMME

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**ANNA THYS**, Project Manager  
*A streamlined approach*

"It has been an amazing journey – from the initial excitement in March at the onset of the omni-channel project, from building the teams and setting up the collaboration with our platform provider during lockdown conditions, to the successful launch of our **new apps** in November. Streamlining nearly 30 people in various teams and embracing scrum methodology was quite a challenge and I am proud of our achievements. We have created a **cloud-based infrastructure** that is **scalable** and allows us to create new mobile services much **faster**."

**TOM MORSCH**, Head Product Development  
*Evolving the product*

"It has been a rewarding experience to be involved in defining and creating the new frontend platform that is destined to become a core part of our product offering in all of Avanzia's markets. The benefits for our customers are clear in terms of **ease of access, user experience and security**. Our omni-channel approach is a key component of the bank's **customer centric strategy** and will optimise customer communication, engagement and loyalty."





**MAXIME THIEL**, Solution Architect  
360-degree assessment

“As a Solution Architect, I translate business requirements into technical language, because not only teams, but also platforms need to collaborate and speak the same language. Introducing **cloud-native technologies** delivered with a DevOps mind-set is only the beginning of Avanzia’s transformation and a first and irrevocable step towards **banking digitalisation and operational simplification.**”



**PHILIPP ATHEN**, Test Manager  
Next-level architecture

“During the omni-channel project, we were able to develop **automated flows** that improved the concepts of test customer creation and flow monitoring. In addition, the **synergies** created between testers and developers, business architects and everyone involved in this transition has brought our **testing architecture to the next level** and will benefit future projects and teams.”



**MANDVIKA RATHORE**, Business Analyst  
A changed mind-set

“During frequent course corrections, changing requirements and feedback cycles, it was imperative to keep all stakeholders in the bank aligned to a **common goal: Adding value** for our clients. Even the most technical requirement was written from the point of view of the customer – a crucial approach for the development of a truly **customer-centric platform** based on an agile delivery framework.”

# ABOUT ADVANIA

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## **A EUROPEAN DIGITAL BANK**

Avanzia Bank is a European digital bank specialising in credit cards and card payment solutions for consumers, business partners and financial institutions. Avanzia was granted a banking license by the Luxembourg Ministry of Treasury and Budget in December 2005. With 1.9 million credit card customers, we are a leading online credit card issuer in Germany, with a strong presence in Luxembourg, Austria, France and Spain.

## **TRANSPARENT AND FLEXIBLE CONSUMER PRODUCTS**

Avanzia currently offers two consumer products: a Mastercard Gold credit card and a deposit account. The no-fee Mastercard offers an optional revolving credit facility and is a flexible payment method recognised worldwide with a range of attractive advantages, including 24/7 customer service and various insurance benefits. The Avanzia Deposit Account offers favourable conditions and a competitive interest rate.

## **BESPOKE CREDIT CARD SOLUTIONS**

Avanzia has business partnerships with over 240 companies, associations and institutions that use our co-branded credit cards to strengthen their customer loyalty strategy and create a competitive advantage. We offer turnkey Visa and Mastercard credit card solutions for banks and other financial institutions, and deliver the whole card programme, which encompasses scheme licensing, card issuance, processing, settlement and customer service.

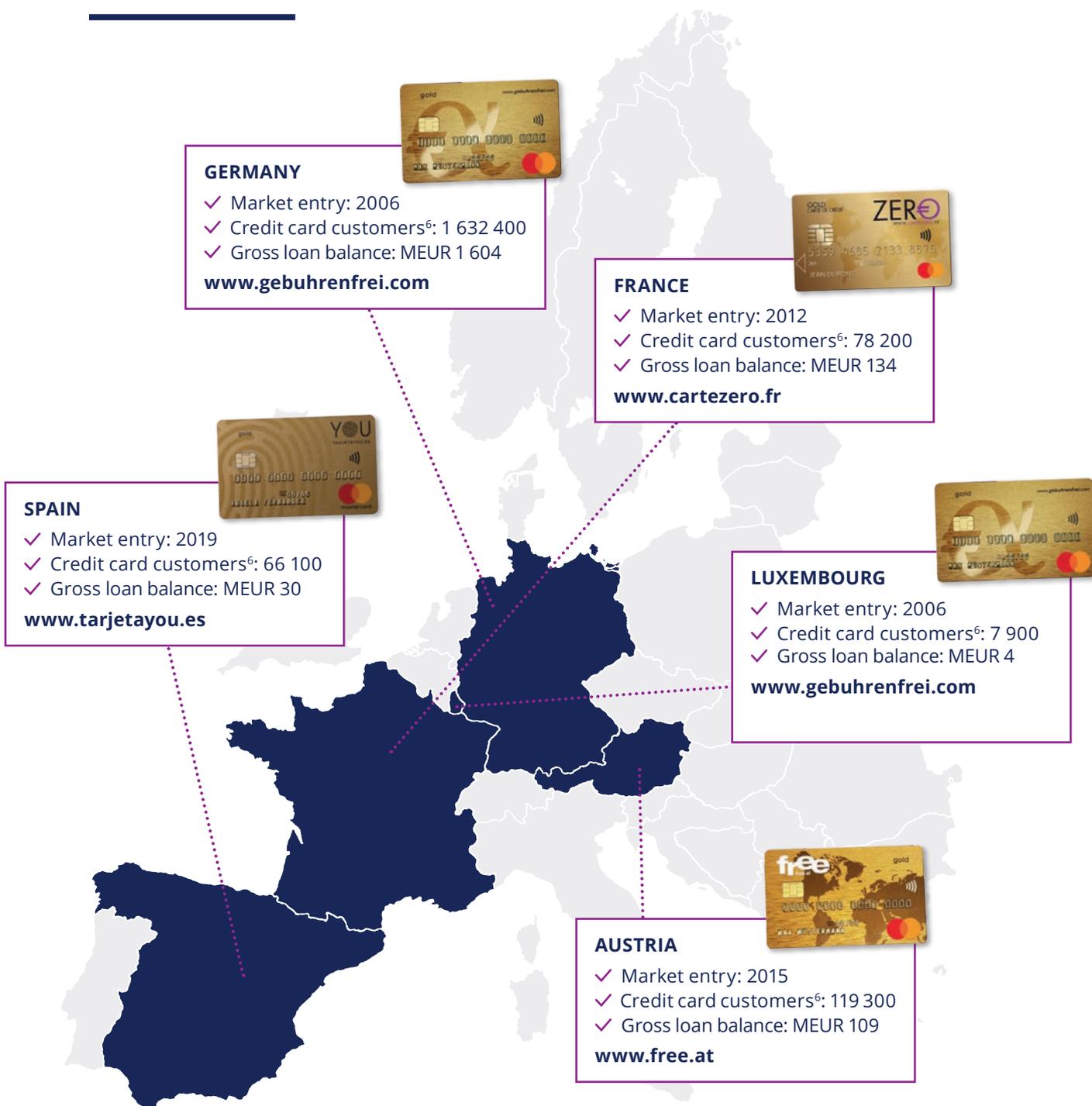
## **REGULATORY STABILITY**

Avanzia is headquartered in Luxembourg, a socially and politically stable financial hub in the heart of Europe. As such, we are subject to Luxembourg banking laws which are based on EU regulations CRD CRR (Basel 3), and we are regulated by the Commission de Surveillance du Secteur Financier (CSSF), which oversees the activities of banks operating in Luxembourg. We are passporting cross-border services in the EU to 13 countries.

## **SOLID SHAREHOLDER STRUCTURE**

Avanzia is an independent bank, with a limited number of private investors. The Kistefos Group, based in Oslo, Norway, has been the controlling shareholder since 2006, and currently holds 60.3% of the issued shares.

# OUR CORE MARKETS



**ADVANIA DEPOSIT ACCOUNT**

- ✓ Market entry: 2006
- ✓ Deposit customers: 49 600
- ✓ Deposit balance: MEUR 2 070
- [www.advaniakonto.com](http://www.advaniakonto.com)



European product

**PROFESSIONAL CARD SERVICES FOR FINANCIAL INSTITUTIONS**

- ✓ Market entry: 2014
- ✓ Number of partnerships: 89
- ✓ Transaction turnover: MEUR 346



<sup>6</sup>Cards in force



# OUR PRODUCTS AND SOLUTIONS

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## NO-FEE CREDIT CARDS FOR PRIVATE CUSTOMERS

### The Mastercard Gold

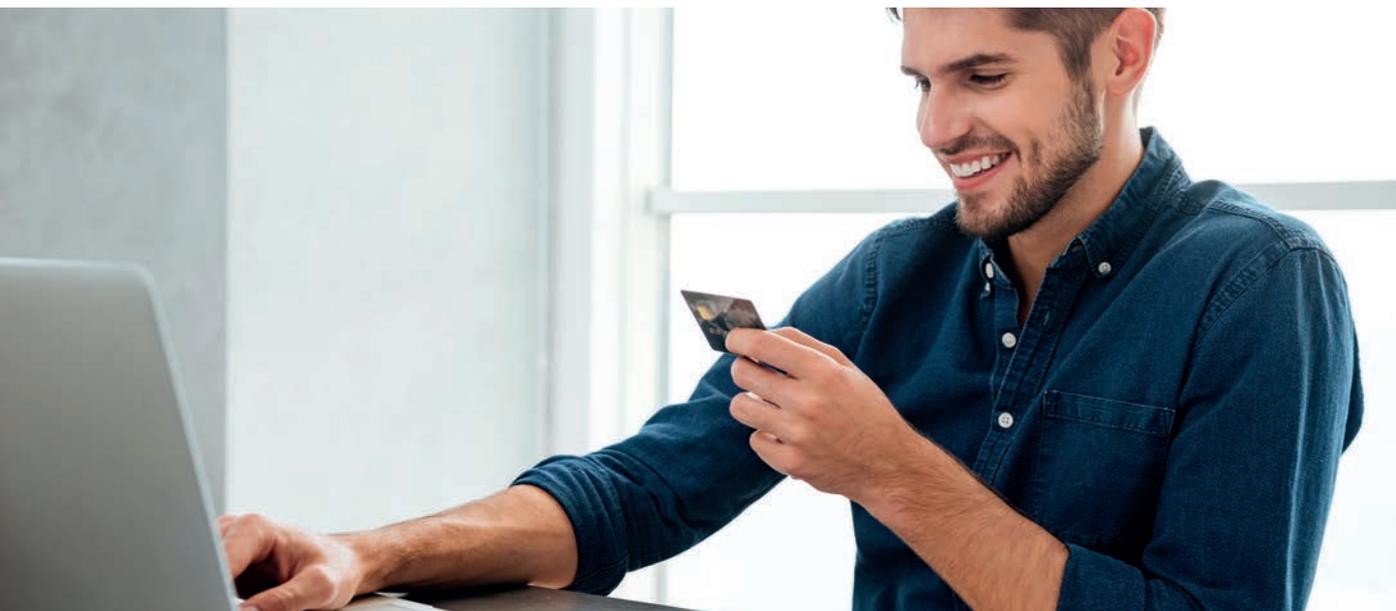
Avanzia's Mastercard Gold credit card is a flexible and globally accepted means of payment currently available in Germany, Luxembourg, France, Austria and Spain. The card has all the benefits of a Gold credit card, such as travel insurance and 24/7 customer service.

### No fees

Credit card terms and conditions are similar in all markets, with the absence of fees being an especially attractive feature. We charge neither annual fees nor transaction fees on purchases or cash withdrawals. We also do not apply any foreign exchange fees. Delivering on our "zero fee" policy reflects Avanzia's core value of simplicity.

### Revolving credit

Our credit cards offer an optional revolving credit facility. This means that the customer does not have to repay their entire loan balance by the end of the month, but can choose to pay anything between the full balance and the minimum amount. If the customer chooses not to pay in full, or if they have made cash withdrawals, or payments after the deadline, we charge interest. The interest rate is variable, and depends on the market and other factors, but is always conveniently available to view on our product websites, in line with our core values of transparency and trust.



## SAVINGS ACCOUNT FOR PRIVATE CUSTOMERS

### The Advanzia deposit account

The Advanzia deposit account is a straightforward consumer savings account that offers simple, transparent and favourable terms and conditions.

### Attractive interest rate

The "Avanziakonto" offers a competitive interest rate. There are no account or transaction fees and no minimum investment period, and the full credit balance is available on demand. There is a minimum deposit amount of EUR 5 000 in order for the customer to benefit from the favourable interest rate.

### A European offering

The deposit account product is marketed online in several European countries with customer service available in German, French and English.

## TURNKEY CREDIT CARD PROGRAMMES FOR FINANCIAL INSTITUTIONS

Our Professional Card Services business line specialises in turnkey credit card solutions for banks and financial institutions and takes care of the entire card programme, from licensing, issuance and processing, to settlement and customer service. This solution allows our partner banks to choose a branded or white-label credit card in the most cost-efficient way and with minimal administration. To support our partners' branding strategies, we offer personalisation at every client touchpoint – for example, on card application forms, monthly statements, cardholder web access, and on the card itself. Our flexible card programme can accommodate partners with client bases of all sizes.



*“Together with Avanzia, we developed an exciting product for our customers that offers great advantages, such as contactless payment and an attractive bonus programme. We are pleased to have found a strong partner in Avanzia Bank.”*

Erwin Reisinger, eCommerce,  
EXPERT Austria e.Gen



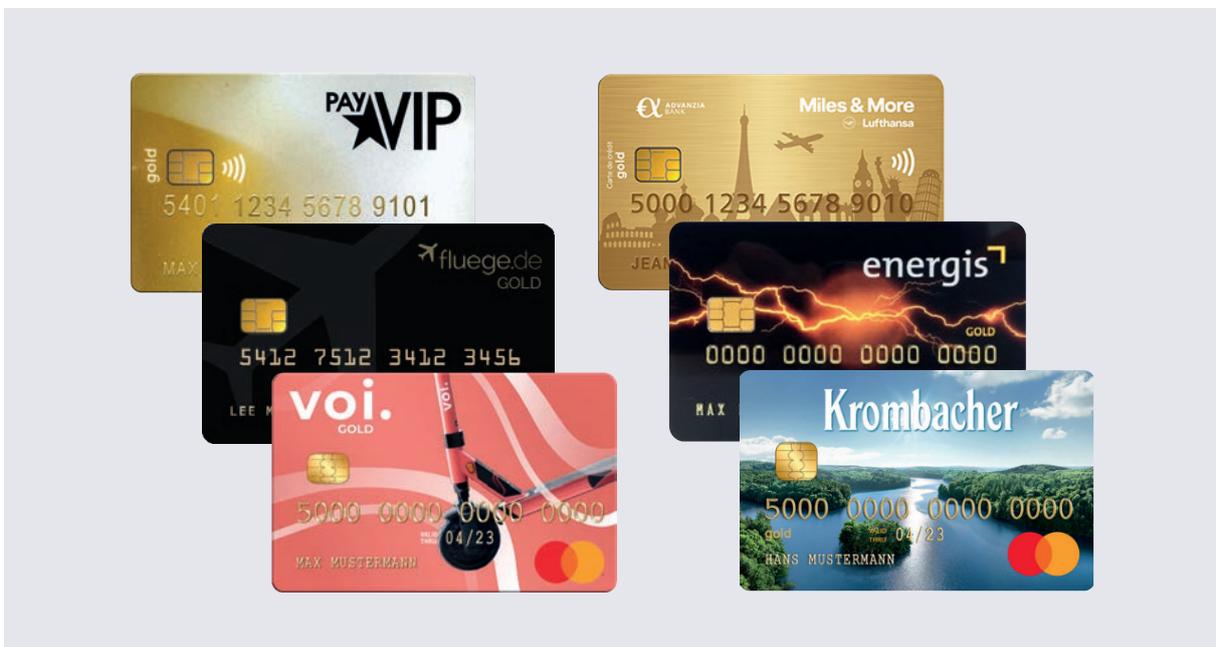
*“We are very pleased that Avanzia Bank has extended its offer for business partners to the Spanish market. The Tarjeta Si Mastercard Gold is not only a great addition to our portfolio, but also an attractive product for our customers. Thanks to the option to pay contactless anywhere and at any time, our customers enjoy maximum flexibility.”*

Alfonso Cano, CEO,  
Gestion Integral de Cobros y Pagos

## CO-BRANDED CREDIT CARDS FOR BUSINESS PARTNERS

Avanzia has professional partnerships with over 240 companies, associations and institutions, which use our co-branded credit cards to create competitive advantage and enhance customer loyalty. We enable them to introduce a premium branded credit card with excellent additional benefits. We are experts in targeting, acquiring and retaining

customers, and offer guidance throughout the entire marketing lifecycle, including: branded card design; customised card benefits and features; a fast and effective online application process; and tailor-made incentive schemes that offer real added value to our partners and their customers.





# OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY



In 2020, Avanzia Bank initiated and sponsored a number of projects in line with its commitment to Avanzia Plus, aimed at encouraging social responsibility and supporting socially impacting projects for our employees and for society.



Donation to "Fondation de Luxembourg" in support of the Luxembourg Government's COVID-19 Task Force.



Silver sponsor of the Business Run and winner of the award for the company with most participants.



Avanzia Bank became official signatory of the Diversity Charter, confirming our commitment to diversity and inclusion.



Avanzia employees walked nearly 0.5 million steps for ELA Luxembourg.

## Transcom Cares Croatia

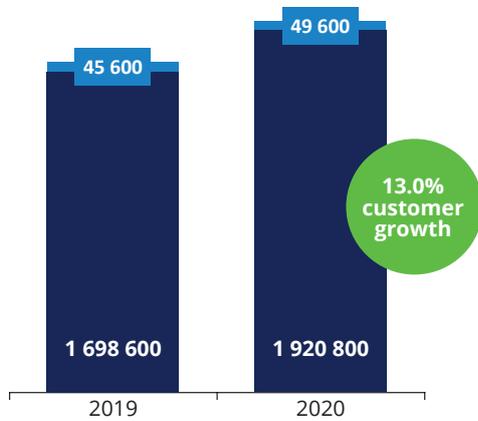
Financial contribution in support of our Transcom call centre agents impacted by the earthquake in Zagreb in March 2020.

# BUSINESS KPIs

2019 figures have been restated

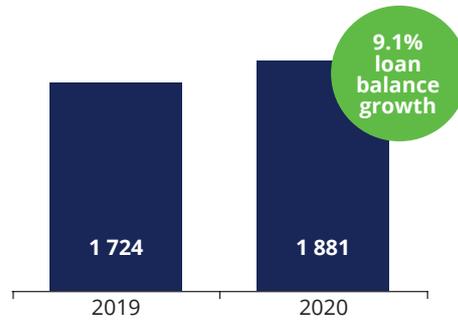
## CUSTOMER VOLUME: CONTINUED GROWTH

- Deposit customers (active clients)
- Credits cards customers (cards in force)



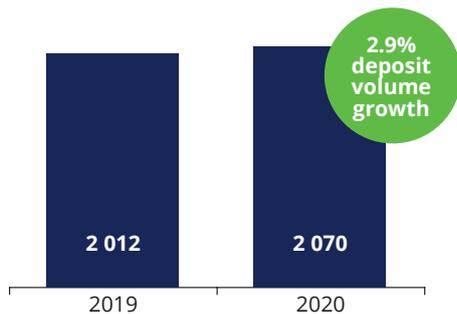
## CARD LOAN VOLUME: CONTINUED BALANCE GROWTH

- Credit card volume gross (MEUR)



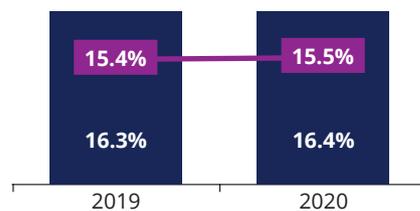
## DEPOSIT VOLUMES: GROWTH IN LINE WITH FUNDING REQUIREMENTS

- Deposit volume (MEUR)



## YIELD AND NET INTEREST MARGIN CREDIT CARDS: STABLE MARGINS

- Yield
- Net interest margin



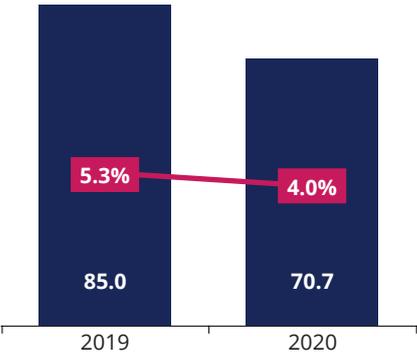
**OPERATING EXPENSES AND COST-INCOME RATIO:  
LOW COST-INCOME RATIO**

- Operating expenses (MEUR)
- Cost-income ratio excl. acquisition costs
- Cost-income ratio



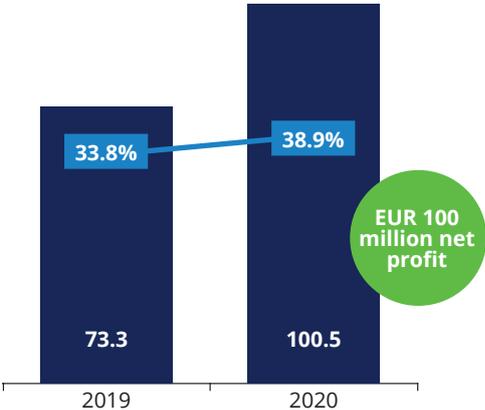
**TOTAL LOAN LOSS PROVISIONS  
LOWER LOAN LOSSES**

- Total loan loss provisions (MEUR)
- Loan loss rate (12 months trailing)



**NET PROFIT AND RETURN ON EQUITY:  
CONTINUED GROWTH IN NET PROFIT**

- Net profit (MEUR)
- Return on equity



# FINANCIAL STATEMENTS

For arithmetical reasons, the following tables and the respective notes may contain rounding differences.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

*In thousands of EUR*

<b>Assets</b>	<b>2020</b>	<b>2019 (Restated)</b>	<b>1 January 2019 (Restated)</b>
Cash and cash equivalents	707 502	720 464	508 997
Loans and advances	1 896 606	1 780 392	1 448 685
<i>whereof: financial institutions</i>	129 438	147 728	48 857
<i>whereof: corporates</i>	-	38	11
<i>whereof: customers</i>	1 767 168	1 632 626	1 399 817
Tangible assets	3 892	5 183	986
Intangible assets	29 800	32 561	7 970
Other assets	12 101	9 803	4 234
<b>Total assets</b>	<b>2 649 901</b>	<b>2 548 403</b>	<b>1 970 872</b>
<b>Liabilities and equity</b>	<b>2020</b>	<b>2019 (Restated)</b>	<b>1 January 2019 (Restated)</b>
Amounts owed to financial institutions	208 807	225 368	100 657
Amounts owed to corporates	-	39	40
Amounts owed to customers	2 070 318	2 012 425	1 646 427
Tax liabilities	20 549	9 057	17 814
Other liabilities	21 491	35 561	20 315
Subordinated liabilities	25 000	33 617	8 544
<b>Total liabilities</b>	<b>2 346 165</b>	<b>2 316 067</b>	<b>1 793 797</b>
Subscribed capital	17 553	17 553	17 553
Issue premiums	9 890	9 890	9 890
Other equity instruments	21 221	22 526	-
Other reserves	21 659	16 826	13 416
Deposit guarantee scheme reserve	-	-	511
Profit (loss) carried forward	134 706	132 805	75 718
Profit for appropriation	-	-	59 987
Result for the financial year	100 480	73 281	-
Interim dividends	-	-40 045	-
Interest paid on AT1 (Additional Tier 1)	-1 773	-500	-
<b>Total equity</b>	<b>303 735</b>	<b>232 336</b>	<b>177 075</b>
<b>Total liabilities and equity</b>	<b>2 649 901</b>	<b>2 548 403</b>	<b>1 970 872</b>

## STATEMENT OF COMPREHENSIVE INCOME

*In thousands of EUR*

	<b>2020</b>	<b>2019 (Restated)</b>
<b>Financial and operational income and expenses</b>	<b>296 770</b>	<b>265 517</b>
Interest income	292 524	263 421
Interest expenses	-15 831	-14 819
Commission income	40 319	41 235
Commission expenses	-15 915	-19 276
Net exchange result	-376	-545
Other operating income	3 780	3 191
Other operating expenses	-7 731	-7 690
<b>Administrative expenses</b>	<b>-94 188</b>	<b>-86 498</b>
Personnel expenses	-19 792	-17 888
General administrative expenses	-74 396	-68 610
<b>Depreciation and amortisation on (in)tangible assets</b>	<b>-8 155</b>	<b>-4 762</b>
Depreciation on tangible assets	-1 914	-1 763
Amortisation on intangible assets	-6 241	-2 999
<b>Impairment on financial assets</b>	<b>-68 408</b>	<b>-81 971</b>
<b>Other loan losses</b>	<b>-2 320</b>	<b>-3 061</b>
<b>Result on activities before taxes</b>	<b>123 699</b>	<b>89 225</b>
Income taxes	-23 219	-15 944
Result on activities after taxes	<b>100 480</b>	<b>73 281</b>
Result for the year	<b>100 480</b>	<b>73 281</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>100 480</b>	<b>73 281</b>

Advanzia Bank changed an accounting policy for the identification and measurement of the Expected Credit Loss (ECL) under IFRS 9. For more details, please consult the Financial Report 2020 available on [www.advanzia.com](http://www.advanzia.com).



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**The prize winning Twist  
by Bjarke Ingels group at the  
Kistefos Museum, Norway.**  
Photo: H  l  ne Binet



