



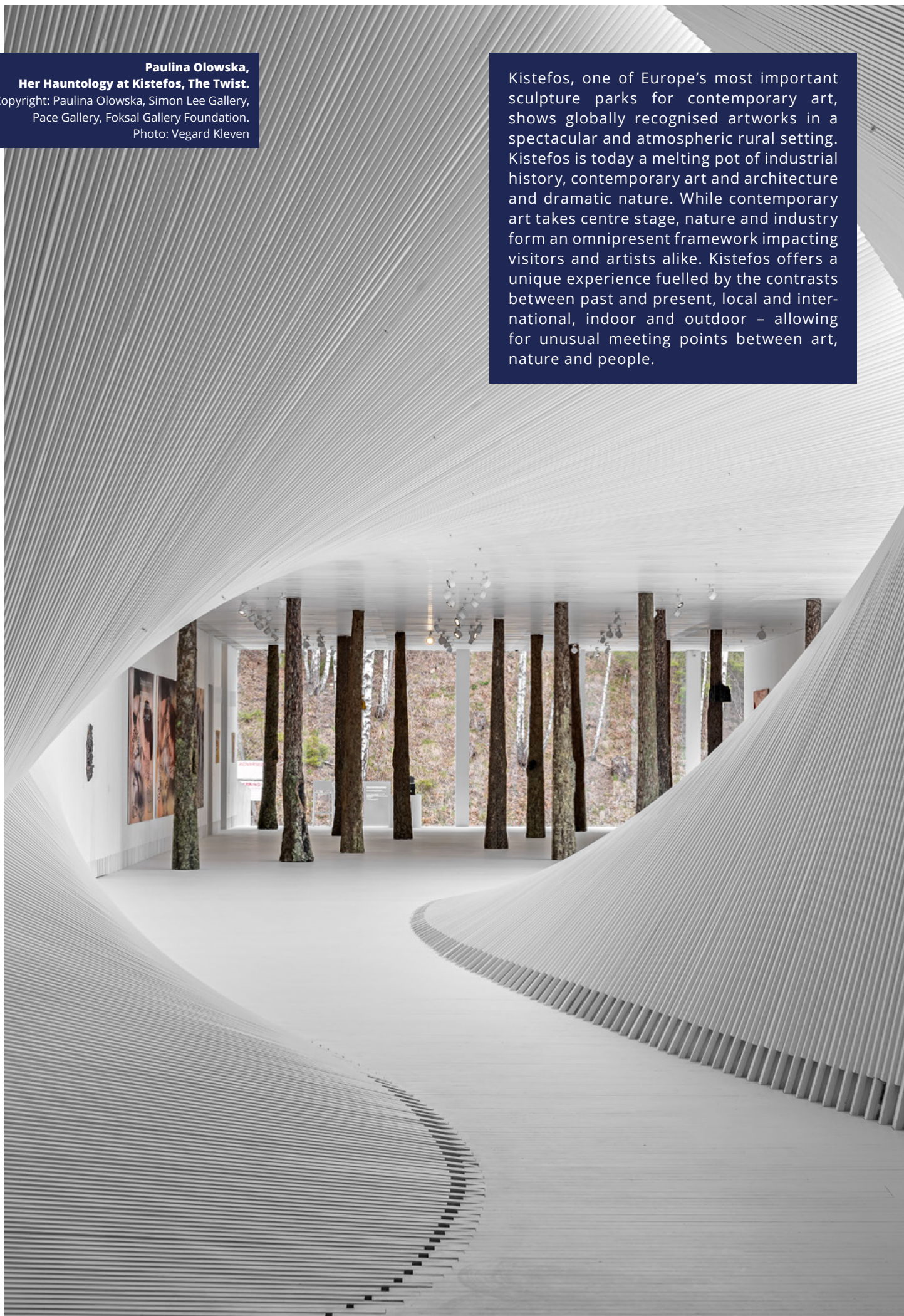
**ADVANZIA
BANK**

ANNUAL REPORT 2022

**Paulina Olowka,
Her Hauntology at Kistefos, The Twist.**

Copyright: Paulina Olowka, Simon Lee Gallery,
Pace Gallery, Foksal Gallery Foundation.
Photo: Vegard Kleven

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.





**ADVANZIA
BANK**

ANNUAL REPORT 2022

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KEY FIGURES

2022

74.4
million
transactions

EUR 2.3
billion
in deposits

2.2
million
credit card customers¹

> 270
partnerships with
business partners
and banks

EUR 2.6
billion
gross loan balance

15.3%
loan balance
growth

EUR 5.3
billion
transaction volume

¹ Cards in force

CEO'S MESSAGE

Avanzia Bank has stayed on course yet again, despite the ongoing disruption of the global economy due to the after-effects of the pandemic. 2022 was a success for the bank in many different ways: We continued to invest in new customer onboarding that is sustaining our growth, and we have reached various digital transformation milestones. The new Capitol app for our Cards-as-a-Service (CaaS) offering, and the successful final migration of all private banks to the Capitol omni-channel platform were great achievements, and a demonstration of the bespoke service Avanzia Bank delivers to this business segment.

The year saw exceptional growth in the first full year of operations in Italy, with consistently high application numbers showing how well customers receive Carta YOU. We look forward to continuing this strong market launch, increasing our online visibility, and finetuning our risk and acceptance policies to keep our competitive edge in this new market.

The 2022 results show once more how consistently successful our credit risk underwriting capabilities are. They also underline Avanzia's flexibility and adaptability when it comes to changing acceptance criteria and marketing strategy to enhance portfolio performance and keep our risks low and acceptable.

With a strong emphasis on the ongoing expansion of mobile services and the delivery of an omni-channel user experience for all our customers across Europe, the bank will continue to concentrate on the transformation of our customer enrolment and onboarding processes. A key focus will also be on the digitalisation of our current data platforms and analytical capabilities in order to support further growth.

We also look forward to moving into our new climate-neutral office building Emerald at the end of 2023. This move will be a milestone moment, coinciding with a strengthened commitment to ESG, as we plan to build a strategic framework that outlines societal, environmental and governance impacts whilst committing to sustainable growth alongside continued strong financial performance.

I am grateful for the relentless dedication and commitment of our employees and service partners, whose tenacity, engagement and resilience are key to continuing Avanzia's success story.

Roland Ludwig

Chief Executive Officer (until 7 March 2023)
Avanzia Bank S.A.



CHAIRPERSON'S STATEMENT



Once again, the Board of Directors is pleased to report yet another successful year for Advanzia Bank, highlighted by continued growth and digitalisation amongst other notable achievements in 2022.

The continued expansion into new markets and the bank's relentless focus on digitalisation and customer experience are bearing fruits and are strengthening Advanzia's unique position as a specialised, growing and profitable digital bank in Europe.

There are a few numbers from the Directors' Report that I would like to highlight. Advanzia now has a customer base of 2.2 million credit card customers with a loan balance that grew to 2.6 billion EUR, corresponding to a loan balance growth of 15.3%. Despite rising funding costs and a continued challenging macroeconomic environment, the bank kept its profits stable, reaching 122 million EUR and maintaining its market-leading return on equity of 34.8%.

The board is committed to Advanzia's ambitious growth plans for the future, maintaining its strategic emphasis on digitalisation, customer centricity, sustainable and profitable growth, and strengthening human capital management. The strategic roadmap will solidify Advanzia's distinct position as a specialised pan-European and independent card issuer.

On behalf of the board, I would like to express our sincere appreciation to both Advanzia's management and employees for another remarkable year with great results during continued challenging circumstances.

Bengt A. Rem

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

LEADERSHIP

BOARD OF DIRECTORS



Bengt Arve Rem



Thomas Schlieper



Nishant Fafalia



Tor Erland Fykse



Wiljar Nesse

Board of Directors

- ✓ **MR. BENGT ARVE REM** Chairperson of the Board, CEO Kistefos AS
- ✓ **DR. THOMAS SCHLIEPER** Deputy Chairperson of the Board, Private investor
- ✓ **MR. NISHANT FAFALIA** Kistefos AS, Investment Director
- ✓ **MR. TOR ERLAND FYKSEN** Private investor
- ✓ **MR. WILJAR NESSE** Class C Director

Audit, Risk & Compliance Committee

- ✓ **MR. NISHANT FAFALIA** Chairperson
- ✓ **MR. TOR ERLAND FYKSEN**
- ✓ **MR. WILJAR NESSE**

Nomination & Remuneration Committee

- ✓ **MR. BENGT ARVE REM**, Chairperson
- ✓ **MR. NISHANT FAFALIA**
- ✓ **DR. THOMAS SCHLIEPER**

LEADERSHIP MANAGEMENT TEAM



Romain Fettes, Linda Früh, Kaj Larsen, Roland Ludwig, Patrick Thilges, Annemarie Jung, Pieter Verhoeckx.

Executive Management Committee

- ✓ **MR. ROLAND LUDWIG** Chief Executive Officer (until 7 March 2023)
- ✓ **MR. NISHANT FAFALIA** Interim Chief Executive Officer (subject to CSSF approval)
- ✓ **MR. FRANK HAMEN** Chief Risk Officer (until 25 July 2022)
- ✓ **MR. KAJ LARSEN** General Counsel (as of 26 July 2022)
- ✓ **MR. PATRICK THILGES** Chief Financial Officer (EMC member as of 24 October 2022)

Management Committee

- ✓ **MR. ROLAND LUDWIG** Chief Executive Officer (until 7 March 2023)
- ✓ **MR. NISHANT FAFALIA** Interim Chief Executive Officer (subject to CSSF approval)
- ✓ **MR. FRANK HAMEN** Chief Risk Officer (until 30 September 2022)
- ✓ **MR. KAJ LARSEN** General Counsel (as of 15 June 2022)
- ✓ **MR. PATRICK THILGES** Chief Financial Officer
- ✓ **MR. ROMAIN FETTES** Chief Information Officer
- ✓ **MS. LINDA FRÜH** Chief Digital Officer
- ✓ **MS. ANNEMARIE JUNG** Chief Product Officer (as of 1 December 2022)
- ✓ **MR. JOHANNES NEANDER** Chief Commercial Officer (until 23 November 2022)
- ✓ **MR. PETRUS JOHANNES (PIETER) VERHOECKX** Chief Customer Relations Officer



REPORT OF THE BOARD OF DIRECTORS

Avanzia Bank is a digital bank that offers competitive and flexible consumer finance and card servicing solutions for private customers, business partners and banks. Avanzia promotes its own branded Mastercard Gold credit cards through online marketing channels in various European markets. It also offers Cards-as-a-Service solutions through white labelled and co-branded credit cards that are distributed via business partner networks, and through turnkey credit card programmes for banks and financial institutions – an area in which Avanzia is a leading provider in Europe and beyond.

OVERALL RESULTS

Strong financial performance

The global economy continued to be disrupted by the pandemic throughout 2022, mainly through reversed generous monetary policy and high inflation leading to higher interest rates. Despite the market environment and increased funding costs, Avanzia continued to keep profits stable whilst investing in new customer onboarding, diversifying its funding base and reaching important digital transformation milestones. The 2022 results demonstrate the success of Avanzia's credit risk underwriting and its ability to

flexibly adapt marketing strategies and acceptance policies in order to improve portfolio performance and minimise risk. In 2022, the bank paid to its shareholders a dividend of MEUR 93.0 out of the financial result 2021 and an interim dividend of MEUR 60.1 out of the interim result from January 2022 to June 2022.

Continued digital transformation

The bank continued its digitalisation programme based on its state-of-the-art cloud-based platform, with a new mobile app now rolled out for its CaaS offering, and a successful migration of all financial institutions and private banks to the bank's Capitol omni-channel platform.

Increasing customer base and market growth

Overall, the loan balance grew satisfactorily during 2022, much more pronounced than in 2021. The number of new active customers also grew, and Avanzia's existing client base was more active with increasing transaction volumes per card reaching record levels in the second half of the year.

The bank's credit card portfolio increased by 300 000 new active credit card customers². At the end of the year, the bank had 2.2 million credit cards in force³ and a gross loan balance of MEUR 2 613. Profit after taxes was MEUR 122.



In 2022, the total turnover on all cards reached EUR 5.3 billion or EUR 3 800 per performing active customer⁴, and the average loan balance per active customer amounted to approximately EUR 1 700. Avanzia's main income driver, the gross loan balance, increased by 15.3% compared to the previous year, to MEUR 2 613⁵.

Avanzia employed 196 people in total at the end of the year, compared to 193 at the end of 2021.

Product and market development

Avanzia operates across Europe, offering its own branded consumer credit cards to consumers, as well as Cards-as-a-Service white label loyalty cards and turnkey credit card solutions to business partners and private banks.

Own branded products

In **Germany** and **Luxembourg**, the "Gebührenfrei Mastercard Gold" concluded the year with a total gross loan balance of MEUR 2 112⁶. Overall, card applications and new active clients increased substantially throughout the year due to various new campaigns with attractive customer benefits.

In **France**, "carte ZERO" sales development was positive with overall performance in line with expectations. The total gross loan balance reached MEUR 175.

In **Austria**, customer onboarding for the "Free Mastercard Gold" experienced constant growth despite limited digital marketing opportunities. The year ended with a total gross loan balance of MEUR 148.

The bank's performance in **Spain** showed increased "Tarjeta YOU" sales volumes and intensified lead generation from affiliate partners. Optimisations in the application process and risk management approach also contributed to an increase in acceptance rates. The year ended with a total gross loan balance of MEUR 94.

The bank celebrated its first full year in **Italy** in November 2022 and ended the year with a total gross loan balance of MEUR 7.5, mainly thanks to expanded advertising campaigns and increased online marketing for "Carta YOU".

⁴ Active customers are customers with at least one movement on their account in the last month.

⁵ The gross loan balance includes the Professional Card Services portfolio.

⁶ The loan balance figures in this chapter also include the co-branded cards.

Cards-as-a-Service

The go-live of the eventimcard for CTS Eventim, Europe's largest ticket and event provider, was a particular highlight in the **CaaS co-branding** segment in Germany. Austria also saw the conclusion of a new co-branded partnership, and the bank entered a significant number of new partnerships in Spain. Following its recent launch in Italy, Avanzia signed three new business partnerships, including Miles & More which already cooperates with Avanzia in France.

During 2022, Avanzia completed the migration of its former brand Omnium to the Capitol platform for its turnkey **CaaS solutions for private banks** and financial institutions. The bank also launched the new Capitol app for all private bank cardholders – a further milestone for the bespoke service delivered from the bank's state-of-the-art omni-channel platform.

By the end of the year, Avanzia serviced close to 100 banks in 11 countries and solidified its position as the leading Cards-as-a-Service provider in Europe.

Avanzia deposit account

Besides credit cards, Avanzia also offers an online sight deposit account, the **Avanzia deposit account**. By the end of 2022, the deposited balance stood at MEUR 2 344, a 5.8% growth compared to 2021.

ECONOMIC OUTLOOK

The German economy is expected to shrink through the middle of 2023 as businesses and households are faced with high inflation and increased borrowing and energy costs. Forecasts by the European Central Bank expect inflation in the Euro zone above its 2% target through 2025 and a shallow recession over the winter months. Despite the macro climate, the bank's performance across all markets showed resilience to geopolitical conflicts and inflation pressure, achieving growth targets within anticipated risk. Credit risk measured by loan loss provisions increased during 2022, showing the expected trend of returning to pre-pandemic levels. The bank continues to closely monitor the macroeconomic development and receivables performance, ready to take action should unexpected events arise.

With a strong capital position and 2022 performance, the bank expects continued growth in 2023 of the loan balance and client base across all markets it serves.

STRATEGIC ROADMAP

Digital banking platform

With all of Avanzia's markets fully digitalised and operating from the cloud-based digital banking platform, 2022 saw continued customer growth overall, an accelerated market entry in Italy, the migration of all banks to the Capitol platform and the successful launch of the new Capitol app as key digitalisation milestones.

The successful setup of the omni-channel platform and related cloud infrastructure and interfaces in 2022 will facilitate the migration of remaining legacy frontends to the omni-channel platform in 2023. The continued omni-channel transformation will also result in a streamlined and harmonised customer enrolment processes.

Internally, the bank continued to optimise the digital workspaces for its employees and call centres in 2022. Virtual desktops and digital communication channels such as the launch of a new intranet were introduced to facilitate remote work and further enhance digital collaboration.

Value-added services

The provision of value-added services for the bank's products and services is a key component for enhancing customer loyalty, boosting card usage and increasing revenues. Integrated in the customer journey and sold digitally via the product apps, the bank initiated various value-added features in 2022 – a particular milestone is the successful provision of Payment Protection Insurance (PPI) in all markets except Italy.

Data platform

A 2022 milestone was the implementation of a new Data Analytics Workbench providing a Scoring-as-a-Service framework and enabling real-time risk scoring, which is a key component for enrolment and application enhancement.

The strategic Data Integration initiative launched in 2022 will modernise all the bank's current data platforms, enabling deep-dive analysis and enhanced data exploration in order to support further growth. A new data analytics platform will provide centralised data access empowering all business departments through self-service capabilities and facilitating the creation of Artificial Intelligence models (examples include predictive behavioural models and campaigning, customer segmentation modelling and cross-selling opportunities). The business needs for the future data platform were analysed and the project is ready for implementation in 2023.



Growth market Italy

Since launching in Italy in November 2021, Carta YOU continues to be well received by Italian customers with consistently high and increasing application numbers throughout 2022. The product's online visibility continues to enhance thanks to the full deployment of all planned marketing and sales channels. Minor enhancements to the onboarding process have facilitated the customer journey and increased card activation rates.

In 2023, the bank's credit risk policies will continue to be finetuned, building on specific Italian data feeding into the risk data platform and enabling increasingly accurate behavioural scoring to maximise card usage whilst minimising default risks.

The bank was not involved in any kind of research or development activities during the year ended 31 December 2022.

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 (i.e. "risk-taking" departments) and carry out controls to mitigate those risks;
- ✓ 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 specialised committees, operational controls (i.e. day-to-day controls) as well as dedicated internal control functions.

Specialised committees

The Board of Directors (BoD) is assisted by specialised committees, in particular in the fields of audit as well as remuneration and appointments or internal governance and professional ethics, according to its needs and considering the organisation, nature, scale and complexity of the bank's activities.

The BoD has established an Audit, Risk and Compliance Committee (ARC), responsible for assisting the BoD in the assessment of the internal control framework and a Nomination and Remuneration Committee (NRC), responsible for assisting the BoD in the remuneration domain.

Operational controls

Operational controls are subdivided into three categories:

- ✓ Day-to-day controls performed by operating staff;
- ✓ Key critical controls, including, inter alia, hierarchical control, validation process, reciprocal control, account balance reconciliation, compliance checks with internal limits;
- ✓ Controls performed by the EMC members over activities and functions for which fall under their direct responsibility.

Internal controls

The bank has implemented three distinct and independent internal control functions encompassing risk control, compliance and internal audit. The staff in charge of the internal control function report to the EMC, the Board of Directors, and the Audit, Risk and Compliance Committee.

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

Compliance function: The Compliance function is responsible for the anticipation, identification, assessment and reporting of compliance risks and assists the EMC in limiting these risks and providing measures to comply with the applicable laws, regulations and standards. The Chief Compliance Officer (CCO) is the authorised member in charge of the Compliance function.

Internal Audit function: The Internal Audit function ensures that the internal control framework operates effectively by assessing the efficiency of central administration, internal governance, and business and risk management. The function is headed by the Chief Internal Auditor (CIA), who reports directly to the EMC and has an unrestricted access to the Chairperson of the Board of Directors.

SPOTLIGHT ON CARDS-AS-A-SERVICE

> 270
partnerships

From co-branded loyalty cards to turnkey card programmes, Avanzia manages modular and digital CaaS solutions for business partners and banks across Europe

- ✓ One dedicated Account Management team for all of Europe
- ✓ Seamless integration
- ✓ Fast time to market
- ✓ Digital customer experience
- ✓ 24/7 customer service support

CO-BRANDED CARDS FOR BUSINESS PARTNERS

Avanzia is the best-in-class provider of loyalty card programmes in Europe

Eventimcard

The first co-branded live entertainment Mastercard in Germany

“Avanzia Bank and Mastercard are experienced partners that allow us to combine customer loyalty benefits with the advantages of modern payment solutions for our customers across Europe.”

Dr. Frithjof Pils, *Managing Director of EVENTIM LIVE, part of the EVENTIM Group*

eventimcard⁺

Miles & More Gold Mastercard

New programme to be launched in Italy

“The Miles & More Gold Mastercard issued by Avanzia is not just a credit card, but it increases the added value of our award programme with Miles & More and Lufthansa in Italy, which is one of our most relevant markets. The card gives our customers a more valuable brand experience thanks to great benefits, such as a welcome bonus, comprehensive travel insurance and the possibility to earn award miles. Furthermore, our Italian cardholders benefit from additional exclusive advantages such as no ATM fee and no foreign exchange fee.”

Armin Czapl, *Head of Financial Services & Innovations, Miles & More GmbH*

Miles & More





TURNKEY CARD PROGRAMMES FOR PRIVATE BANKS

Avanzia is the leading CaaS provider for banks in Europe

- ✓ Modular end-to-end solution
- ✓ Secure 24/7 digital access through web portals and app
- ✓ Premium customer service and lifestyle benefits
- ✓ White-label solution with out-of-the-box customisation

“Visa is pleased to partner with Avanzia Bank to continue developing premium credit card products that address the needs of private banking clients and facilitate the implementation of turnkey card programmes for financial institutions.”

Jean-Marie de Crayencour, *Visa Country Manager Belgium & Luxembourg*



“Mastercard values its long-standing partnership with Avanzia to provide tailor-made credit cards and payment solutions that meet the elevated requirements of high-net-worth clients across the globe.”

Dr. Andreas Spengel, *Senior Vice President Market Development, Mastercard*




↑ 35% increase in credit card turnover



ABOUT ADVANIA

A EUROPEAN DIGITAL BANK

Avanzia Bank is a European digital bank specialising in credit cards and Cards-as-a-Service (CaaS) 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 2.2 million credit card customers, Avanzia is a leading digital credit card issuer in Germany, with a strong and increasing presence in Luxembourg, Austria, France, Spain and Italy. Avanzia conducts its operations solely from Luxembourg and has no branches in other countries.

FLEXIBLE OWN BRANDED PRODUCTS

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

BESPOKE CARDS-AS-A-SERVICE SOLUTIONS

Avanzia has business partnerships with over 270 companies, associations and financial institutions for its Cards-as-a-Service offering.

Business partners use Avanzia's co-branded credit cards to strengthen their customer loyalty strategy and create a competitive advantage. Private banks and other financial institutions implement turnkey Visa and Mastercard credit card solutions delivered by Avanzia, either under their own brand or under the flagship brand Capitol. Avanzia takes care of the complete 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, Avanzia has a banking licence in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), which oversees the activities of the country's financial sector. Avanzia passports cross-border services in the EU to 16 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 holds 60.3% of the issued shares.

OUR CORE MARKETS



GERMANY



- ✓ Market entry: 2006
- ✓ Credit card customers⁶: 1 861 400
- ✓ Gross loan balance⁷: MEUR 2 107

gebührenfrei.de



LUXEMBOURG



- ✓ Market entry: 2006
- ✓ Credit card customers⁶: 2 500
- ✓ Gross loan balance⁷: MEUR 6

gebührenfrei.de



FRANCE



- ✓ Market entry: 2012
- ✓ Credit card customers⁶: 102 800
- ✓ Gross loan balance⁷: MEUR 175

cartezero.fr



AUSTRIA



- ✓ Market entry: 2015
- ✓ Credit card customers⁶: 133 000
- ✓ Gross loan balance⁷: MEUR 148

free.at



SPAIN



- ✓ Market entry: 2019
- ✓ Credit card customers⁶: 91 600
- ✓ Gross loan balance⁷: MEUR 94

tarjetayou.es



ITALY



- ✓ Market entry: November 2021
- ✓ Credit card customers⁶: 25 700
- ✓ Gross loan balance⁷: MEUR 7

cartayou.it

ADVANIA DEPOSIT ACCOUNT

- ✓ Market entry: 2006
- ✓ Deposit customers: 51 900
- ✓ Deposit balance: MEUR 2 344

advanziakonto.com



CARDS-AS-A-SERVICE FOR FINANCIAL INSTITUTIONS

- ✓ Market entry: 2014
- ✓ Number of partnerships: nearly 100
- ✓ Transaction turnover: MEUR 609



⁶ Cards in force. Includes own brands as well as co-branded cards.
⁷ Gross loan balance includes own brands as well as co-branded cards.



OUR PRODUCTS AND SOLUTIONS

OWN BRANDED 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, Spain and Italy. 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. Avanzia charges 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 Avanzia deposit account

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

Competitive 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.



CARDS-AS-A-SERVICE

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, which encompasses scheme licensing, card issuance, processing, settlement, and customer service. This solution allows our partner banks to choose a branded or white labelled credit card in the most cost-efficient way and with minimal administration. To support our partners' branding strategies, we offer personalisation at every client touch point – 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.

Co-branded credit cards for business partners

Avanzia has professional partnerships with more than 180 companies and associations that 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.

ADVANZIA PLUS

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY



In 2022, Avanzia Bank supported more than 30 projects related to employee wellbeing and sponsorships in support of socially impacting projects in Luxembourg and abroad. Throughout the year, more than 1 000 Avanzia participants (aggregated) took part in:

- ✓ Sports events such as the BusinessRun and after-work football, volleyball and table tennis
- ✓ Employee wellness initiatives such as Yoga at Work and Massage at Work that were relaunched in 2022
- ✓ Volunteering initiatives such as Baking for Charity and the newly launched Avanzia Plus Day – an initiative that encourages employee volunteering by granting one day of paid leave
- ✓ Giving donations through the ongoing Payroll Giving initiative in support of Unity Foundation – a project in which the vast majority of our staff participates





ASA asbl



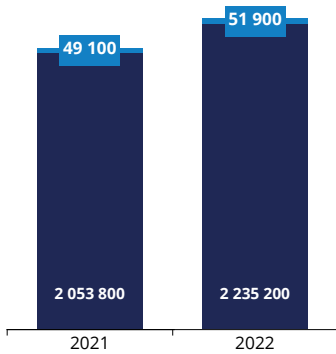
LABELS AND CERTIFICATIONS



BUSINESS KPIs

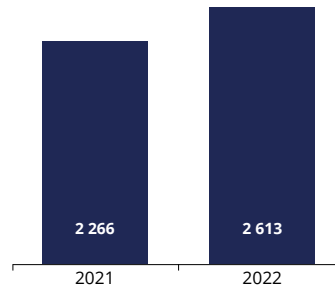
CUSTOMER VOLUME: ACCELERATED GROWTH

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



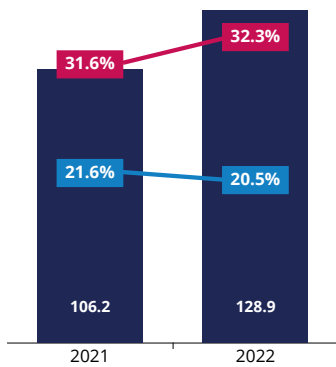
CARD LOAN VOLUME¹: STRONG LOAN BALANCE GROWTH

- Gross credit card loans (MEUR)



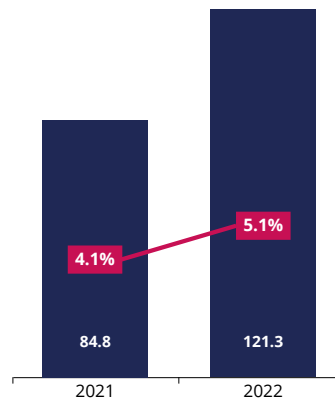
OPERATING EXPENSES AND COST-INCOME RATIO: HIGH COST EFFICIENCY

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



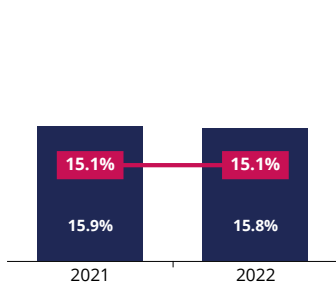
TOTAL LOAN LOSSES: CONTROLLED LOAN LOSSES

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



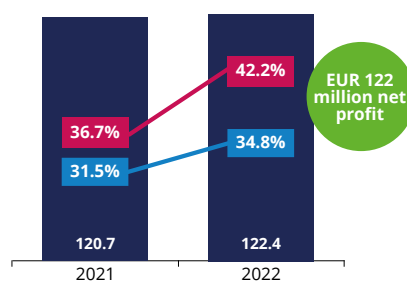
YIELD AND NET INTEREST MARGIN CREDIT CARDS: STABLE MARGINS

- Yield (credit card loans weighted)
- Net interest margin (credit cards)



NET PROFIT AND RETURN ON EQUITY: STABLE NET PROFITS

- Net profit (MEUR)
- Return on equity
- Return on shareholders' equity



¹ The gross loan balance includes the Professional Card Services portfolio.

**Paulina Olowska,
Her Hauntology at Kistefos, The Twist.**

Copyright: Paulina Olowska, Simon Lee Gallery,
Pace Gallery, Foksal Gallery Foundation.
Photo: Vegard Kleven



FINANCIAL STATEMENTS

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

In thousands of EUR

Assets	2022	2021
Cash and cash equivalents	695 188	897 579
Loans and advances	2 507 724	2 185 484
<i>whereof: financial institutions</i>	161 347	143 123
<i>whereof: corporates</i>	12	12
<i>whereof: customers</i>	2 346 365	2 042 349
Property, plant and equipment	775	2 260
Intangible assets	24 606	27 374
Other assets	20 153	13 401
Total assets	3 248 446	3 126 098
Liabilities and equity	2022	2021
Amounts owed to financial institutions	20 689	23 475
Amounts owed to customers	2 355 662	2 221 257
Structured financing	439 426	400 198
Tax liabilities	10 181	20 378
Other liabilities	23 802	22 927
Subordinated liabilities	55 000	55 000
Total liabilities	2 904 760	2 743 235
Subscribed capital	17 553	17 553
Issue premiums	9 890	9 890
Other equity instruments	58 588	61 668
Other reserves	38 359	29 859
Profit (loss) carried forward	162 376	147 120
Result for the financial year	122 412	120 726
Interim dividends	-60 120	-
Interest paid on Tier 1	-5 372	-3 953
Total equity	343 686	382 863
Total liabilities and equity	3 248 446	3 126 098

STATEMENT OF COMPREHENSIVE INCOME

In thousands of EUR

	2022	2021
Financial and operational income and expenses	398 619	336 048
Interest income	378 008	325 171
Interest expenses	-16 269	-14 461
Fee and commission income	63 367	45 103
Fee and commission expenses	-21 697	-17 964
Net exchange result	-596	-24
Other operating income	1 689	4 820
Other operating expenses	-5 883	-6 597
Administrative expenses	-119 163	-97 542
Personnel expenses	-22 594	-21 075
General administrative expenses	-96 569	-76 467
Depreciation and amortisation	-9 782	-8 647
Depreciation on property, plant and equipment	-1 684	-1 774
Amortisation on intangible assets	-8 098	-6 874
Other loan losses	-2 887	-3 854
Impairment on financial assets	-118 411	-80 992
Result on activities before taxes	148 376	145 014
Income taxes	-25 964	-24 287
Result on activities after taxes	122 412	120 726
Result for the year	122 412	120 726
Other comprehensive income for the year	-	-
Total comprehensive income for the year	122 412	120 726





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