



**ADVANZIA
BANK**

ANNUAL REPORT 2023



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KEY FIGURES

2023

2.6
million
credit card customers¹

EUR 3.0
billion
gross loan balance

16.3%
loan balance
growth

90.6
million
transactions

EUR 6.3
billion
transaction volume

EUR 2.7
billion
in deposits

> 280
partnerships with
business partners
and banks

¹ Cards in force

CEO'S MESSAGE



The year 2023 was characterised by strong financial resilience and strategic focus on key markets, as well as digitalisation, with pivotal achievements including consistent growth in both the number of customers as well as credit card loan balance. This focus is expected to continue for 2024.

We completed a significant digital transformation milestone with the accelerated digital enrolment process going live in Austria, reducing enrolment for new credit card applicants from days to minutes and increasing customer satisfaction. The successful pilot in Austria has facilitated a planned rollout in Germany during 2024.

With a continued emphasis on customer centricity and the delivery of an omni-channel user experience for all our customers across Europe, the bank will continue harmonising the onboarding process and delivering digital services and value-added products to our customers.

The year saw us continue developing our robust position as the European go-to bank for Cards-as-a-Service (CaaS) solutions, with the Miles & More partnership launching in Italy, alongside the existing collaboration in France. We expect that additional partnerships currently in the pipeline will continue solidifying this positioning throughout 2024.

Further, a key priority has been developing our data platform and exploring analytical insights to enhance customer centricity, finetune risk management capabilities, fuelling innovation.

Additionally, we have increasingly diversified our funding and strengthened our capital position throughout the year, with successful securitisation transactions and AT1 issuance. This set a strong foundation for continued growth. We have seen healthy investor interest throughout, a testament to our sound business model.

We also prepared for our relocation into the Emerald building in early 2024, a new climate-neutral office building that embodies our commitment to sustainability. In addition, Avanzia began analysing the banks' ESG impacts to ensure compliance with rising regulatory requirements and to enable a responsible business model that, alongside strong financial performance, generates a positive impact for all of the bank's stakeholders. We plan on publishing our first external sustainability report to mark the Emerald building inauguration during early summer 2024.

Our success would not have been possible without our staff's continued relentless dedication and commitment, for which I am thankful. Team Avanzia is instrumental in the bank's steady and positive trajectory. I look forward to working with all our employees to continue driving results and progress towards our ambitious growth, profitability and digitalisation goals.

Nishant Fafalia

Interim Chief Executive Officer
(May-December 2023),
Chief Executive Officer since 1 January 2024

CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors, I am pleased to report yet another successful year for Avanzia, defined by continued growth and unwavering dedication to being the leading European specialised independent bank, and provider of credit cards and payment solutions.

There are a few key figures in the Directors' Report that I would like to highlight. Avanzia now has a customer base of 2.6 million credit card customers with a gross loan balance that rose to more than BEUR 3, a year-on-year increase of 16.3%.

Notwithstanding highly positive operational and organisational developments, Avanzia's net profits declined during 2023, compared to 2022. The decline was driven by increasing funding costs and the macroeconomic climate, coupled with Avanzia's expansion strategy. Nonetheless, we remain confident in our ability to deliver profitable growth through enhanced operational excellence and ongoing investments into digital transformation. Net profits reached MEUR 98 in 2023, and the bank maintained a solid 24.9% return on equity.

The Board of Directors remains committed to Avanzia's growth plans, maintaining its strategic emphasis on digitalisation and innovation, customer focus, human capital development and profitable growth based on a sustainable business model.

I would like to extend our gratitude to both Avanzia's management and employees for another remarkable year.

Bengt A. Rem

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



LEADERSHIP

BOARD OF DIRECTORS



Tor Erland Fyksen, Wiljar Nesse, Bengt Arve Rem, Eirik Holtedahl, Nishant Fafalia

Board of Directors

- ✓ **MR. BENGT ARVE REM** Chairperson of the Board, CEO of Kistefos AS, Class C Director
- ✓ **DR. THOMAS SCHLIEPER** Deputy Chairperson of the Board, Private investor, Seed Director (until 13 April 2023)
- ✓ **MR. EIRIK HOLTEDAHL** Deputy Chairperson of the Board, Private Investor, Seed Director (since 13 April 2023)
- ✓ **MR. NISHANT FAFALIA** Interim CEO of Avanzia Bank S.A. as of 4 May 2023, CEO since 1 January 2024, Class C Director (until 3 March 2024)
- ✓ **MR. KRISTIAN FREDRIK HUSEBY** Class C Director (since 4 March 2024)
- ✓ **MR. TOR ERLAND FYKSEN** Private investor, Founder Director
- ✓ **MR. WILJAR NESSE** Class C Director

Audit, Risk & Compliance Committee

- ✓ **MR. NISHANT FAFALIA** Chairperson (until 31 May 2023)
- ✓ **MR. TOR ERLAND FYKSEN** Chairperson (since 31 May 2023)
- ✓ **MR. WILJAR NESSE** Member
- ✓ **MR. EIRIK HOLTEDAHL** Member (since 31 May 2023)

Nomination & Remuneration Committee

- ✓ **MR. BENGT ARVE REM** Chairperson
- ✓ **MR. WILJAR NESSE** Member (since 31 May 2023)
- ✓ **MR. EIRIK HOLTEDAHL** Member (since 31 May 2023)
- ✓ **MR. NISHANT FAFALIA** Member (until 31 May 2023)
- ✓ **DR. THOMAS SCHLIEPER** Member (until 13 April 2023)

LEADERSHIP MANAGEMENT TEAM



Nishant Fafalia



Kaj Larsen



Patrick Thilges



Paulo Bastos



Romain Fettes



Linda Früh

Executive Management Committee

- ✓ **MR. ROLAND LUDWIG** Chief Executive Officer (until 7 March 2023)
- ✓ **MR. NISHANT FAFALIA** Interim Chief Executive Officer (as of 4 May 2023) and Chief Executive Officer (since 1 January 2024)
- ✓ **MR. KAJ LARSEN** General Counsel
- ✓ **MR. PATRICK THILGES** Chief Financial Officer

Management Committee

- ✓ **MR. ROLAND LUDWIG** CEO (until 7 March 2023)
- ✓ **MR. NISHANT FAFALIA** Interim CEO (as of 4 May 2023) and CEO (since 1 January 2024)
- ✓ **MR. KAJ LARSEN** General Counsel
- ✓ **MR. PATRICK THILGES** Chief Financial Officer
- ✓ **MR. ROMAIN FETTES** Chief Technology Officer
- ✓ **MS. LINDA FRÜH** Chief Commercial & Product Officer
- ✓ **MS. ANNEMARIE JUNG** Chief Product Officer (until 4 May 2023)
- ✓ **MR. PETRUS JOHANNES (PIETER) VERHOECKX** Chief Customer Relations Officer (until 30 June 2023)
- ✓ **MR. PAULO BASTOS** Chief Customer Service Officer (since 1 July 2023)



REPORT

OF THE BOARD OF DIRECTORS

Avanzia is a digital bank that offers competitive and flexible consumer finance and card servicing solutions for private customers, business partners and banks. The bank promotes its own branded Mastercard Gold credit cards through different online marketing channels in various European markets. As the leading CaaS provider in Europe, Avanzia also offers white-labelled and co-branded credit card solutions that are distributed via a robust business partner network, and through turn-key credit card programmes for banks and financial institutions.

OVERALL RESULTS

Resilient financial performance

Despite challenging macro conditions marked by inflation and economic slowdown, Avanzia continued to showcase its financial resilience, delivering steady growth in number of performing clients

and loan balance (mainly in Germany and Austria), which enabled solid results based on comfortable credit risk management.

The decline in net profit compared to the previous year can be attributed mainly to increased funding costs, the macroeconomic climate causing credit quality to rebound to pre-pandemic levels, and the bank's growth in the less mature markets (Italy, France and Spain).

Funding diversification

In Q1 2023, Moody's Investor Service assigned Avanzia its first deposit and issuer ratings of Ba1 (outlook positive), providing a standardised and globally recognised proof-of-business soundness and creditworthiness to external stakeholders. The credit rating is expected to continue to improve Avanzia's access to external funding by broadening its potential investor base.



In Q2 2023, the envisioned issuance of senior unsecured debt, which was expected to apply upward pressure on the bank's credit ratings, was postponed due to unfavourable market conditions. Following this update, Moody's Investor Service adjusted the bank's rating outlook from positive to stable during the third quarter, as expected. The bank continues to explore opportunities to issue senior unsecured debt.

In November 2023, the bank's existing securitisation framework was increased to EUR 1 billion to support its continued growth, of which MEUR 850 were drawn at the end of December. The increased facility supports continued diversification of Advanzia's funding mix, while also strengthening the financial position by providing up to MEUR 150 of contingent committed funding. This milestone showcases the bank's ability to obtain efficient asset-backed funding in a scalable manner.

In December 2023, Advanzia successfully issued a NOK 500 million AT1 bond to continue to strengthen its capital base. This reinforced the bank's position as a frequent issuer of hybrid capital instruments, contributing to building the bank's brand in the capital markets. Backed by the solid investor interest in its most recent AT1 facility, Advanzia plans to issue a Tier 2 bond in 2024, subject to favourable market conditions.

Continued digital transformation

The bank continued its digitalisation programme by successfully rolling out its harmonised application and onboarding process in Austria as part of its omni-channel customer enrolment initiative. This reduced enrolment time from days to minutes, and boosted customer satisfaction through AI-powered solutions, such as automated ID checks, a fully compliant electronic signature and real-time credit scoring. This pilot in Austria has paved the way for a

rollout in Germany, the bank's largest market, which is planned for 2024.

To enhance customer engagement, the bank continued to roll out new features and self-service options across its mobile apps and web portals, aiming to create a centralised touchpoint for customer interactions. With the ongoing migration of the Capitol and Deposit web portal, coupled with other innovations such as the implementation of direct debit functionalities in Austria and the rollout of a new customer referral programme, Avanzia continues to improve the user experience for its customers.

Steady growth in customer base

Overall, the bank exhibited strong loan balance growth in 2023, exceeding the levels achieved in 2022. Furthermore, the number of new active customers also rose considerably, while Avanzia's existing client base at the same time was more active, with increasing transaction volumes per card.

Avanzia welcomed 405 000 new active credit card customers². By the end of the year, Avanzia had a total of 2.6 million credit cards in force³ and a gross loan balance of MEUR 3 039, with profit after taxes of MEUR 98.

During 2023, the total turnover on all cards reached EUR 6.3 billion or EUR 3 900 per performing active customer⁴, while the average loan balance per active customer amounted to approximately EUR 1 700. Avanzia's main income driver, the gross loan balance, amounted to MEUR 3 039 at the end of the year, corresponding to a year-on-year increase of 16.3%.

Product and market development

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

Own branded products

During Q1 2023, in line with the market, the bank began raising the interest rate for new customers in Austria and Germany to ensure continued profitability following increased funding costs and higher loan loss provisions. By the end of the year, Avanzia implemented interest rate adjustments for both new and existing customers in most of its markets, with the adjusted APR depending on regulatory and market conditions, as well as strategic growth expectations.

In **Germany** and **Luxembourg**, the "Gebührenfrei Mastercard Gold" had a total gross loan balance of MEUR 2 463⁵ by the end of the year. Both card applications and new active clients continued to surge throughout the year, driven by sustained marketing campaigns.

In **Austria**, customer onboarding for the "free Mastercard Gold" was fully overhauled into an accelerated digital enrolment process. This successful implementation supported growth in the market, partially offsetting the negative impact of limited available digital marketing opportunities. The year ended with a total gross loan balance of MEUR 166.

In **France**, "carte ZERO" sales activities were significantly reduced, with overall performance in line with expectations and a gross loan balance of MEUR 186. Similarly, in **Spain**, the year ended with a total gross loan balance of MEUR 122 for "Tarjeta YOU". **Italy**, the bank's most recent market, reached a gross loan balance of MEUR 36. The bank will continue to work on increasing profitability, and in particular the credit risk scoring models in these markets, before growth might be increased again.

CaaS

The go-live of the Miles & More credit card in Italy was a particular highlight in the CaaS co-branding segment. At the same time, Avanzia secured multiple new co-branded partnerships in Austria (in particular within the travel segment), while the bank

²New active customers are those who have used their cards for the first time.

³Cards in force: the number of issued cards, including active and inactive cards.

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

⁵The loan balance figures in this chapter also include the co-branded cards.

reconfirmed the success of white-label co-branding card solutions in Spain, Italy and France.

The provision of turnkey **CaaS solutions for private banks** and financial institutions continues to be of high strategic relevance. Throughout 2023, the bank refined its pan-European positioning and conducted a detailed analysis of segment and market needs to finetune and grow its offering of bespoke and modular solutions. Improved service flexibility and tailored product enhancements are priorities for 2024.

At the end of the year, Avanzia serviced close to 100 banks in 11 countries and solidified its position as the leading CaaS provider in Europe.

Avanzia Deposit Account

Besides credit cards, Avanzia also offers an online sight deposit account, the **Avanzia Deposit Account**. Thanks to introductory campaigns for new depositors and loyalty campaigns for its existing customers, the bank registered a net inflow of MEUR 354, representing a 15.1% growth compared to 2022, while active deposit customers increased to a total of 58 900 accounts.

STRATEGIC ROADMAP

Market and product priorities

Regarding product and market development, the bank has a four-pillar strategy for 2024.

Firstly, Avanzia will continue to optimise and improve growth in its current markets and continue expanding its existing customer portfolio. On multiple occasions in 2023, the bank reduced its growth in France, Spain and Italy while implementing several initiatives to increase the long-run profitability in these markets, while at the same time retaining focus on Germany and Austria as profitable growth markets.

Secondly, Avanzia will concentrate on enhancing existing product characteristics, exploring potential product diversification through complementary products and revenue streams, offering enhanced value-added services, and pushing cross-/up-sell activities.

Thirdly, Avanzia will build on its strong position as the European go-to bank for its CaaS offering. Various service and product enhancements are in the pipeline to strengthen the offer and to build the bank's competitive advantage as a well-known and trusted partner for bespoke credit card solutions.

Finally, the bank will over time continue pursuing opportunities to diversifying across products and markets, while remaining focused on its core competencies of offering credit card and payment products.

Customer centricity and innovation

Avanzia Bank is committed to continue elevating customer centricity in all its markets. By increasingly placing the customer at the core of its operations, Avanzia aims to enhance customer experience and to provide tailored and intuitive self-service digital solutions. Integrating AI-powered solutions is expected to not only streamline processes but also increase efficiency and accuracy, drive operational excellence, and reinforce the bank's position as a forward-thinking digital bank dedicated to meeting the evolving demands of its customers and business partners.

IT transformation and platform enhancements

Avanzia's cloud-based digital banking platform forms a robust foundation for enhanced digitalisation, product development and customer engagement. The bank plans to continue investing in its core banking system and back-end infrastructure to ensure the provision of business functionalities necessary to support further growth. The legacy payment processing service of the core banking platform will be replaced by a new standalone platform in 2024-2025, providing continued support

for upcoming payment regulations and standards. Several core banking enhancements are also expected to be delivered to bolster growth and reduce low-value customisations.

The rollout of the Data Analytics Workbench through 2023 significantly streamlined the delivery of AI risk models. These API-enabled models were key enablers for the new enrolment processes, reducing the time required to score incoming applications to less than one second in the Austrian market. The expanded rollout of these processes will deliver the same benefits to other consumer and institutional markets during 2024.

The implementation of the data exploration platform has improved data management practices and simplified end users' access to data. The project will be formally completed in 2024 and subsequently rolled out to all end users. At the same time, the bank will explore additional improvements to the data platform, such as data sandboxing and state-of-the-art data processing.

During 2023, a new vulnerability detection and management platform was implemented, providing a strong cybersecurity foundation. This security posture will be further enhanced during 2024 through the new identity governance and administration service, focusing on rapid, transparent and automated access rights management and re-certification.

Avanzia was not involved in any kind of research or development activities during the year.

Human capital development

Avanzia's continued success is driven by its most valuable asset, the people working for the bank. At the end of the year, the bank employed a total of 208 individuals, compared to 195 at the end of 2022.

Throughout 2023, multiple initiatives were launched to foster employee satisfaction, enhance wellbeing and develop skills. This includes for example

strengthened employee engagement measures to provide valuable insights into priorities and initiatives for the bank to formalise and implement.

The bank's increased focus on human capital development is supported by the move to the carbon-neutral new Emerald building in February 2024 (also located in Munsbach). The planned Well certification, a global rating system that evaluates the performance of buildings in view of sustainability, enhanced health and well-being for its occupants, will make Emerald an environment where "Team Avanzia" can thrive.

Focus on environmental, social and governance (ESG) aspects

Avanzia is committed to maintaining a sustainable and responsible business model that creates value for its customers, employees and stakeholders with stable growth, minimised risk and continued profitability. Harnessing ESG aspects to create sustainable business models is becoming a key value driver complementing Avanzia's ambitious growth strategy.

At the end of 2023, the bank began work on its first Double Materiality Assessment (DMA), forming the basis for its future ESG strategy. An ESG Committee was set up to raise organisational awareness of the bank's ESG ambitions, facilitate change, and support the leadership team and employees in embedding ESG and sustainability aspects into their daily work. The committee will also define relevant focus points and strategic pillars, including the publication of a first public ESG report in 2024 alongside the inauguration of the carbon-neutral new office, the Emerald building.

As the bank takes steps to fully comply with the Corporate Sustainability Reporting Directive's (CSRD) disclosure obligations by the start of 2026, it is increasingly aware that a robust ESG strategy and an established ESG reporting framework provides confidence to potential investors and enhances value for all its stakeholders.

ECONOMIC AND BUSINESS OUTLOOK FOR 2024

During 2023, the economy in Germany, Advanzia's largest market, was the weakest of its euro zone peers, driven by high energy costs, frail global orders and high interest rates. Leading economic institutes reduced their growth expectations to 0.9%, below the 1.4% average for advanced economies in 2024. Weak global growth, in particular in China, coupled with high interest rates are expected to cap demand for German exports, while escalating tensions in the Middle East at the same time further cloud the trade outlook.

In November 2023, retail sales exhibited their largest fall since April 2022, driven by declining internet and mail order sales. Despite this, Advanzia demonstrated its resilience by delivering steady loan balance growth in Q4 2023. The expectation is that the steady loan balance growth will continue throughout 2024.

Loan loss provisions followed the expected trend with recent figures being in line with forecasts. As Germany may still be struggling with slowing economic growth and regaining its footing following the pandemic and energy crisis, the bank continues to closely monitor the macroeconomic development and receivables performance in all its markets.

Looking ahead, the bank's business outlook is marked by a dedicated commitment to continue innovating to improve customer experience. Advanzia is targeting continued growth in its core markets Germany and Austria, while retaining a prudent approach in remaining markets in light of their profitability.

The bank projects a notable increase in net profit for 2024, driven by continued market optimisation, provision of value-added services for its customers, enhanced operational excellence through AI-driven solutions, and a clear focus on data and IT transformation. Furthermore, Advanzia will continue to solidify its position as the go-to bank for CaaS in Europe.

Avanzia has a strong capital position, coupled by diversified funding which was further strengthened by the successful securitisation transaction and AT1 issuance in 2023. This supports Advanzia in delivering continued loan balance and client base growth across all markets. Moreover, the bank will seek to further diversify its funding sources to support its growth ambitions.

As a responsible corporate entity, Advanzia will intensify its focus on human capital development, nurturing a skilled workforce as intangible assets and core contributors to the bank's success. Advanzia's commitment to environmental, social and governance aspects will be further strengthened, aligning its operations with increased regulatory requirements, enabling a sustainable and responsible business model that, alongside continued profitability, generates a positive impact for all stakeholders.

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:

1. 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;
2. The second line of defence encompasses support functions such as the financial and accounting functions, as well as compliance and risk control functions; and
3. The third line of defence consists of the internal audit function.

To ensure an adequate internal control environment, the bank has implemented different levels, including 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 the fields of audit, risk and compliance as well as remuneration and appointments, and 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:

1. Day-to-day controls performed by operating staff;
2. Key critical controls, including, inter alia, hierarchical control, validation process, reciprocal control, account balance reconciliation, and compliance checks with internal limits; and
3. Controls performed by the Executive Management Committee (EMC) members over activities and functions that 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 BoD and the ARC.

The risk control function is responsible for anticipating, identifying, measuring, monitoring, managing and duly reporting on the risks to which the bank is exposed. The Chief Risk Officer (CRO) heads the risk control function.



Tony Cragg, *Compound*, 2017. Courtesy of the artist and Christen Sveaas' Art Foundation.

Installation view from "Tony Cragg – Material in Mind" at Kistefos Museum, The Twist, 29.04-15.10.2023.
Photo: Michael Richter.

Kistefos Museum, one of Europe's most important sculpture parks for contemporary art, shows globally recognised artworks in a spectacular and atmospheric rural setting. The Kistefos Museum 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.

SPOTLIGHT ON CARDS-AS-A-SERVICE

> 280
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.





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*



↑ 15% increase in credit card turnover

Capitol

“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*





ABOUT ADVANIA

A EUROPEAN DIGITAL BANK

Avanzia Bank S.A. (hereafter referred to as “the bank” or “Avanzia”) 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 2.6 million credit card customers, Avanzia is a leading digital credit card issuer in Germany, with a strong presence in Luxembourg, Austria, France, Spain and Italy. Avanzia conducts its operations solely from Luxembourg and has no branches.

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 Gold credit card offers a flexible payment method with an optional revolving credit facility and a range of attractive advantages and insurance benefits. The Avanzia Deposit Account is a deposit product that offers favourable conditions and a highly competitive interest rate.

BESPOKE CAAS SOLUTIONS

Avanzia currently has business partnerships with more than 280 companies, associations and financial institutions for its CaaS offering. Business partners

use Avanzia’s co-branded credit cards to strengthen their customer loyalty strategy and generate 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 Capitol brand. Avanzia handles the complete card programme, encompassing 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. 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. Kistefos, 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: 2 090 600
- ✓ Gross loan balance⁷: MEUR 2 456

gebührenfrei.de



LUXEMBOURG



- ✓ Market entry: 2006
- ✓ Credit card customers⁶: 2 700
- ✓ Gross loan balance⁷: MEUR 6

gebührenfrei.de



FRANCE



- ✓ Market entry: 2012
- ✓ Credit card customers⁶: 106 200
- ✓ Gross loan balance⁷: MEUR 186

cartezero.fr



AUSTRIA



- ✓ Market entry: 2015
- ✓ Credit card customers⁶: 147 000
- ✓ Gross loan balance⁷: MEUR 166

free.at



SPAIN



- ✓ Market entry: 2019
- ✓ Credit card customers⁶: 102 700
- ✓ Gross loan balance⁷: MEUR 122

tarjetayou.es



ITALY



- ✓ Market entry: November 2021
- ✓ Credit card customers⁶: 89 600
- ✓ Gross loan balance⁷: MEUR 36

cartayou.it

ADVANIA DEPOSIT ACCOUNT

- ✓ Market entry: 2006
- ✓ Deposit customers: 58 900
- ✓ Deposit balance: MEUR 2 699

advanziakonto.com



CARDS-AS-A-SERVICE FOR FINANCIAL INSTITUTIONS

- ✓ Market entry: 2014
- ✓ Number of partnerships: nearly 100
- ✓ Transaction turnover: MEUR 700



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.

No fees

Credit card terms and conditions are similar in all markets, with the absence of fees being an especially attractive feature. Avanzia neither charges annual fees nor transaction fees on purchases or cash withdrawals. Further, no foreign exchange fees are applied. Delivering on our "zero fee" policy reflects Avanzia's core values of simplicity and transparency.

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 a minimum amount. If the customer does not pay in full, if any cash withdrawals have been made, or if payments are made after the

deadline, Avanzia charges interest. The interest rate is variable, and dependent 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 highly competitive interest rate. There are no account or transaction fees and no minimum investment period. In addition, 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 for our partner banks to opt for either 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, including for example 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.

COMMITMENT TO ESG

Avanzia Bank has nurtured a culture of grassroots employee-led social initiatives since its foundation in 2005. As its commitment to CSR strengthened over the years, the bank became certified in 2013 and has maintained the ESR label issued by the Luxembourgish INDR ever since. In 2023, in addition to supporting more than 30 socially impacting projects, employee wellbeing measures, green initiatives and sponsorships to charities, Avanzia launched an ESG Committee to begin work on its first Double Materiality Assessment as the start of a future ESG strategy.

Avanzia is committed to becoming a more sustainable bank that, alongside its profitable growth, takes a clear and transparent ESG stakeholder approach with measurable commitments and a long-term vision, based on a solid, sustainable and responsible business model. Its first public sustainability report will be published in 2024, alongside the inauguration of its new carbon-neutral office, the Emerald building.





ASA asbl



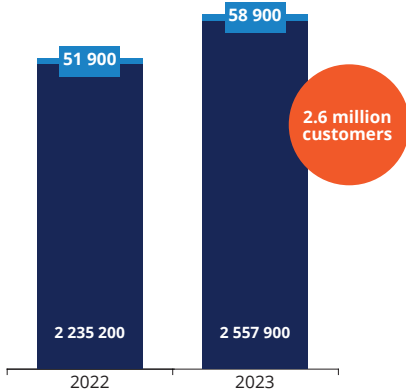
LABELS AND CERTIFICATIONS



BUSINESS KPIs

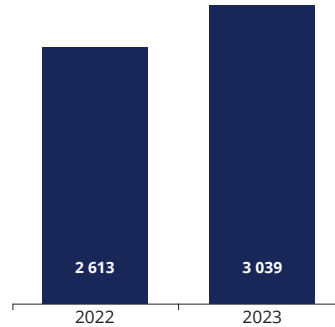
CUSTOMER VOLUME: ACCELERATED GROWTH

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



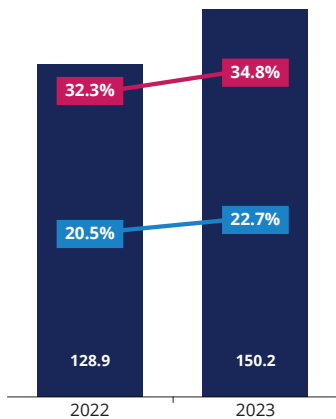
CARD LOAN VOLUME¹: STRONG LOAN BALANCE GROWTH

- Gross credit card loans (MEUR)



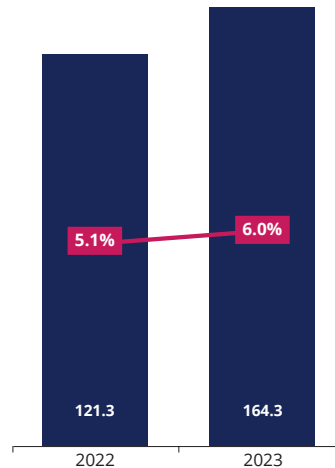
OPERATING EXPENSES AND COST-INCOME RATIO: HIGH COST EFFICIENCY

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



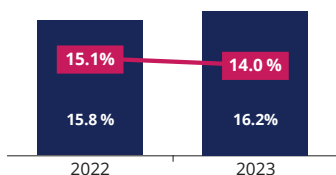
TOTAL LOAN LOSSES: CONTROLLED LOAN LOSSES

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



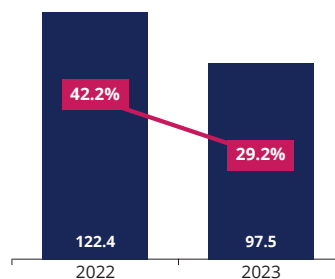
YIELD AND NET INTEREST MARGIN CREDIT CARDS: HIGH MARGINS

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



NET PROFIT AND RETURN ON EQUITY: SOLID NET PROFIT AND RETURNS

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



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

Tony Cragg, Sail, 2018. Courtesy of the artist and Christen Sveaas' Art Collection.

Installation view from "Tony Cragg – Material in Mind" at Kistefos Museum, The Twist, 29.04-15.10.2023.
Photo: Michael Richter



FINANCIAL STATEMENTS

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

In thousands of EUR

Assets	2023	2022
Cash and cash equivalents	1 188 294	695 188
Loans and advances	2 921 652	2 507 724
<i>whereof: financial institutions</i>	193 342	161 347
<i>whereof: corporates</i>	12	12
<i>whereof: customers</i>	2 728 298	2 346 365
Property, plant and equipment	4 692	775
Intangible assets	19 422	24 606
Investment securities	50	-
Tax assets	5 668	-
Other assets	15 827	20 153
Total assets	4 155 605	3 248 446
Liabilities and equity	2023	2022
Amounts owed to financial institutions	37 143	20 689
Amounts owed to customers	2 711 097	2 355 662
Structured financing	836 765	439 426
Tax liabilities	4 742	10 181
Other liabilities	35 678	23 802
Subordinated liabilities	55 000	55 000
Total liabilities	3 680 425	2 904 760
Subscribed capital	17 553	17 553
Issue premiums	9 890	9 890
Other equity instruments	98 724	58 588
Other reserves	41 265	38 359
Profit (loss) carried forward	216 390	162 376
Result for the financial year	97 500	122 412
Interim dividends	-	-60 120
Interest paid on Tier 1	-6 142	-5 372
Total equity	475 180	343 686
Total liabilities and equity	4 155 605	3 248 446

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of EUR

	2023	2022
Financial and operational income and expenses	432 187	398 619
Interest income	474 090	378 008
Interest expenses	-89 564	-16 269
Fee and commission income	76 881	63 367
Fee and commission expenses	-25 940	-21 697
Net exchange result	-706	-596
Other operating income	1 852	1 689
Other operating expenses	-4 426	-5 883
Administrative expenses	-135 450	-119 163
Personnel expenses	-24 581	-22 594
General administrative expenses	-110 869	-96 569
Depreciation and amortisation	-10 104	-9 782
Depreciation on property, plant and equipment	-1 721	-1 684
Amortisation on intangible assets	-8 383	-8 098
Impairment on intangible assets	-4 631	-
Other loan losses	-3 936	-2 887
Impairment on financial assets	-160 406	-118 411
Result on activities before taxes	117 660	148 376
Income taxes	-20 160	-25 964
Result on activities after taxes	97 500	122 412
Result for the year	97 500	122 412
Other comprehensive income for the year	-	-
Total profit and loss and other comprehensive income for the year	97 500	122 412

