

ANNUAL REPORT 2024



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Key figures



2.8m
credit card customers¹



EUR 3.6bn
gross loan balance²



18.2%
loan balance growth²



EUR 4.5bn
total assets



113.9m
transactions



EUR 7.8bn
transaction volume



EUR 151m
net profit



54.8%
net profit growth

¹ Cards in force.

² Including Professional Card Services (PCS).

CEO's message



A YEAR OF MILESTONES AND MOMENTUM

2024 was a year of remarkable achievements, and I am incredibly proud of what we accomplished together. We set ambitious goals – and we delivered. From customer service excellence to financial performance and our steadfast commitment to responsible lending and long-term sustainable growth, we made significant progress across the board.

We raised the bar in customer experience. Launching a cutting-edge digital credit card enrolment process and onboarding new customers in minutes effectively set a new industry benchmark. As a digital-only bank, this milestone reinforces our commitment to anticipating evolving customer needs while ensuring compliance in a complex regulatory landscape.

We moved into a new home for Team Advanzia. Emerald is Benelux's first zero-carbon office building, which is a great accomplishment for us, and it is something that Luxembourg and the Greater Region can be proud of. The building reduces our carbon emissions and supports employee wellbeing and work-life balance, with spaces designed for health, collaboration and sports.

We strengthened our Cards-as-a-Service market position. By securing partnerships with leading brands, we solidified our role as the go-to provider of scalable and bespoke credit card and payment solutions.

We enhanced our funding diversification with additional capital market financing, ensuring a solid foundation for future growth, and strengthening our role in the financial markets.

We embraced sustainability as a driver for positive change. Publishing our first ESG Report was more than just a step toward regulatory compliance - it reaffirmed our first public commitment to responsible lending, reducing our environmental impact, and providing a great place to work for our employees.

None of these achievements would have been possible without the dedication of Team Advanzia. Their hard work fuels our success. As we move forward, I'm excited to continue this journey of growth, innovation and digital transformation together.

Nishant Fafalia

Chief Executive Officer
Advanzia Bank S.A.

Chairperson's statement

STRONG GROWTH, EXCELLENT PERFORMANCE AND CONTINUED DIGITALISATION

It is my privilege to highlight Advanzia's excellent performance during 2024 on behalf of the Board of Directors.

Despite ongoing economic challenges, Advanzia demonstrated strong financial performance, achieving a net profit of EUR 151 million, an increase of EUR 53 million from 2023. This growth was driven by customer growth in key markets delivering an 18.2% rise in gross loan balance to EUR 3.6 billion, and improved net interest margins. The Bank delivered a 37.9% return on shareholders' equity.

Advanzia successfully continued to diversify its funding sources and secured an investment-grade rating from Moody's (Baa3, stable outlook), underscoring the Bank's financial strength and established position in the capital markets, which is a remarkable feat.

The customer base grew significantly, with 374 000 new active credit card customers, bringing the total to nearly three million customers. Innovations such as the fully digital credit card onboarding process and digital card features enhanced the customer experience, reducing onboarding times and boosting satisfaction.

As we enter 2025, the Board remains committed to supporting Advanzia's strategic growth, leveraging technology and continuing its IT transformation, with the ultimate goal of strengthening its position as a leading European digital bank. We fully endorse the Bank's dedication to sustainability and its ambition to remain an employer of choice in Luxembourg.

On behalf of the Board of Directors, I would like to thank everyone at Advanzia Bank for their continued trust and contribution to the Bank's success.



Bengt A. Rem

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

Leadership

Board of Directors

Management Team



Bengt Arve Rem



Eirik Holtedahl



Tor Erland Fyksen



Nishant Fafalia



Kaj Larsen



Patrick Thilges



Kristian Fredrik Huseby



Wiljar Nesse



Paulo Bastos



Johan Bjurup



Linda Früh

BOARD OF DIRECTORS

- ✓ **Bengt Arve Rem** - Chairperson of the Board, CEO of Kistefos AS, Class C Director
- ✓ **Eirik Holtedahl** - Deputy Chairperson of the Board, Private Investor, Seed Director
- ✓ **Nishant Fafalia** - CEO of Advanzia Bank S.A., Class C Director (until 3 March 2024)
- ✓ **Tor Erland Fyksen** - Private investor, Founder Director
- ✓ **Kristian Fredrik Huseby** - Class C Director (since 4 March 2024)
- ✓ **Wiljar Nesse** - Class C Director

AUDIT, RISK AND COMPLIANCE COMMITTEE

- ✓ **Tor Erland Fyksen** - Chairperson
- ✓ **Eirik Holtedahl** - Member
- ✓ **Wiljar Nesse** - Member

NOMINATION AND REMUNERATION COMMITTEE

- ✓ **Bengt Arve Rem** - Chairperson
- ✓ **Eirik Holtedahl** - Member
- ✓ **Wiljar Nesse** - Member

EXECUTIVE MANAGEMENT COMMITTEE

- ✓ **Nishant Fafalia** - Chief Executive Officer
- ✓ **Kaj Larsen** - General Counsel
- ✓ **Patrick Thilges** - Chief Financial Officer

MANAGEMENT COMMITTEE

- ✓ **Nishant Fafalia** - Chief Executive Officer
- ✓ **Kaj Larsen** - General Counsel
- ✓ **Patrick Thilges** - Chief Financial Officer
- ✓ **Romain Fettes** - Chief Technology Officer (until 29 February 2024)
- ✓ **Paulo Bastos** - Chief Customer Service Officer
- ✓ **Johan Bjurup** - Chief Technology Officer (since 1 March 2024)
- ✓ **Linda Früh** - Chief Commercial & Product Officer
- ✓ **Frank Hamen** - Chief Risk Officer (since 15 March 2024)



Frank Hamen



OVERALL RESULTS

Strong financial performance

Advanzia has demonstrated strong financial resilience throughout the year and delivered a steady growth in the number of performing clients, despite ongoing macroeconomic challenges, increasing inflationary pressure towards the end of the year in Germany and consumer spending remaining below pre-pandemic levels.

For the year 2024, Advanzia reported a net profit of MEUR 151, an increase of MEUR 53 compared to 2023. This can be attributed towards a substantial growth in the number of customers and credit card balance in Germany and Austria, as well as an improving net interest margin.

During 2024, the Bank paid a dividend of MEUR 50 out of its financial result for 2023, and an interim dividend of MEUR 30 out of its interim result from January 2024 to August 2024.

Increased funding diversification

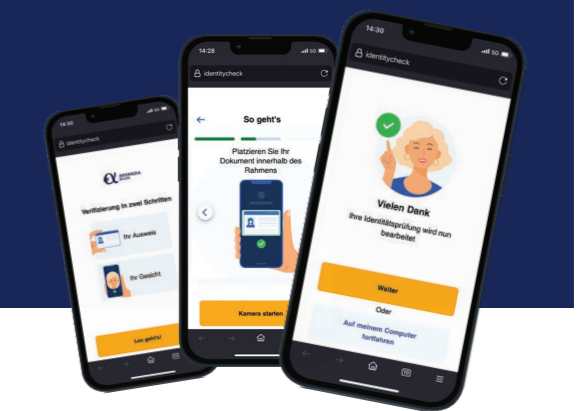
Throughout 2024, the Bank further diversified its funding sources to support its growth ambitions.

During February 2024, Advanzia successfully issued a MEUR 55 Tier 2 bond to continue strengthening its regulatory capital base. In April 2024, Advanzia successfully issued its inaugural senior unsecured notes, raising MEUR 200 from institutional investors across Europe. Subsequently, and in connection with this, the Bank's deposit and issuer rating was upgraded to *investment grade* by Moody's (Baa3, stable outlook).

Advanzia remains committed to further diversifying its funding sources and strengthening its position in the capital markets during 2025.

Digital transformation and enhanced customer experience

Following the rollout in Austria in November 2023, the Bank introduced its fully digital and accelerated application process in its key market Germany in summer 2024, and in Italy at year-end. The new enrolment journey reduces application time from 10 days to minutes and provides credit card applicants with a seamless and frictionless omni-channel experience across all devices. Real-time credit scoring, automated and AI-driven ID checks and a fully compliant e-signature boost customer satisfaction and increase conversion. A rollout of the new digital customer onboarding for the Bank's deposit product is scheduled for 2025.



To enhance customer engagement and streamline time-to-market for new features, the Bank has prioritised enhancing its customer frontend solutions in 2024 and will continue to focus on this in 2025. This initiative aims to replace the legacy enrolment platform including its existing web portals and mobile apps, and commencement of a phased rollout is planned for Q1 2025.

Report of the Board of Directors

Advanzia is a digital bank dedicated to making finance accessible and more inclusive by offering simple, smart and user-friendly payment and credit solutions that provide financial flexibility and deliver added value for its customers. Specialising in consumer finance and card servicing solutions, the Bank services end customers, as well as institutional clients such as business partners and private banks.

Advanzia markets its own-branded Mastercard Gold credit cards across multiple European markets through various online channels. As Europe's leading CaaS provider, Advanzia further delivers white-labelled and co-branded credit card solutions distributed via a strong business partner network, as well as turnkey credit card programmes for banks and financial institutions.



Advanzia further strengthened its financial position through funding diversification and key capital market milestones, such as the upgrade of our credit rating to investment grade. Combined with our strong regulatory capital base, we are well-positioned for future growth. In 2025, we remain committed to expanding our funding sources and intensifying our market presence.



Patrick Thilges
Chief Financial Officer

Additionally, several new capabilities were introduced to elevate the customer experience. Notably, the digital card was launched, enabling customers to access key card details (PAN, CVC) and PIN directly via the mobile app. To increase the PPI customer experience, the mobile app user journey was enhanced, increasing in-app sales, and a PPI overlay was added to capture opt-ins after the card application process.

During 2024, the total turnover on all cards amounted to EUR 7.8 billion or EUR 4 400 per performing active customer⁵, while the average loan balance per active credit card client was approximately EUR 1 800. Advanzia's main income driver, the gross loan balance, amounted to MEUR 3 592 at the end of the year, corresponding to a year-on-year increase of 18.2%.

Product and market development

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

Own-branded products

To reflect increasingly challenging market conditions, with higher funding cost, strengthened inflationary pressure and increased regulatory complexity, Advanzia completed interest rate adjustments to both new and existing clients across most markets during the year.

Throughout the year, sustained marketing campaigns led to a significant increase in both card applications and the number of new active clients for the "Gebührenfrei Mastercard Gold". The German and Luxembourgish markets ended the year with a total gross loan balance of MEUR 2 964⁶.

In Austria, the year concluded with a total gross loan balance of MEUR 187, reflecting continued growth driven by innovative marketing campaign strategies, despite limited digital marketing opportunities. Advanzia's own-branded Mastercard product in Austria is "Free.at".

In Spain, the year ended with a total gross loan balance of MEUR 122 for "Tarjeta YOU". Italy reached a gross loan balance of MEUR 73. The Bank will focus on enhancing profitability, particularly by refining credit risk scoring in these markets, before considering renewed growth.

Due to the absence of profitable growth perspectives, the Bank decided to initiate an exit from the French market during 2024. Consequently, onboarding of new customers was permanently ceased, and the French portfolio is expected to churn naturally over the coming years. "Carte ZERO" concluded the year with a gross loan balance of MEUR 166.



Cards-as-a-Service (Caas)

A standout moment in the CaaS co-branding segment was the launch of the Hilton Honors credit card in Germany and Austria. Hilton, a leading global hospitality company, offers the award-winning Hilton Honors guest loyalty programme, with the credit card serving as an exclusive benefit for its members.

In addition, the Bank secured additional co-branded partnerships with United Internet (Germany's leading email service provider), Turkish Airlines and Intersport. These collaborations further reinforce the Bank's positioning as a trusted partner with extensive expertise, operational capabilities and scalability to successfully manage high-volume card portfolios and loyalty programmes.

Advanzia continues to build on its strong position as the European go-to bank for its CaaS offering for private banks. Various service and product enhancements were implemented to further develop the card management offering and to extend the Bank's competitive advantage as a well-known and trusted partner for bespoke premium credit card solutions. This resulted in the onboarding of several new private banks during the year, contributing to Advanzia now servicing close to 100 banks in 14 countries and solidifying its position as the leading CaaS provider in Europe.

Advanzia Deposit Account

In addition to credit cards, Advanzia also offers an online sight deposit account, the Advanzia Deposit Account. During the year, the Bank registered a net outflow of MEUR 14, representing a 0.5% decrease compared to 2023, while active deposit customers increased to a total of 61 200 accounts. This development was consistent with the Bank's strategy of continuing to diversify its funding mix.



³ New active customers are those who have used their cards for the first time.

⁴ Cards in force: The number of issued cards, including active and inactive cards.

⁵ Active customers are customers with at least one movement on their account in the last month.

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



Advanzia accelerated its digital transformation with AI-driven onboarding and an intuitive, fully digital enrolment journey. In 2025, we will further enhance our platforms whilst continuing to modernise our systems. This will enable seamless integration, data and analytics, and advance our capabilities to support the business and ensure repeatability and scalability.



Johan Bjurup
Chief Technology Officer

Continued growth in customer base

Overall, the Bank exhibited strong loan balance growth in 2024, surpassing the growth from 2023. The significant growth in loan balance stems from a combination of strong growth in new active customers, coupled with increased volumes per card.

Advanzia onboarded 374 000 new active credit card customers³. By the end of the year, Advanzia had more than 2.8 million credit cards in force⁴ and a gross loan balance of MEUR 3 592, with profit after taxes amounting to MEUR 151.

STRATEGIC ROADMAP

In 2024, the Bank revisited its strategic roadmap to address macroeconomic challenges and ensure continued focus on selective growth and long-term profitability, as well as offering a great customer experience. While maintaining its existing core pillars, the Bank adjusted its approach to accelerate progress towards its long-term vision: Becoming the leading European digital bank that makes finance, payments and credit more accessible by leveraging technology to create easy-to-use products and services.

Commercial pillars: products and markets

The Bank's commercial pillars continue to be market and product development. However, the focus has shifted to how markets are managed, while product development continues to be a key component of the Bank's commercial strategy for the coming years.

Avanzia will approach markets based on their maturity and the Bank's experience. In mature markets like Germany and Austria, where performance is strong, the Bank will focus on optimising growth and continue to invest. In contrast, the Bank will focus on optimising credit models in Spain and Italy prior to committing to significant investments in these markets. Lastly, France was discontinued in 2024 after more than a decade of unsatisfactory performance.

Avanzia will focus on three key levers to develop new products: First, improving the features of existing credit card offerings; second, exploring product diversification through complementary products, value-added services, and cross-/up-selling opportunities; and third, expanding into new business areas, such as its current CaaS bespoke offering for private banks, to create new revenue streams while staying focused on its core competency in consumer finance and payments.

Enhancements to the digital banking platforms

Avanzia's cloud-based digital banking platform is a robust foundation for enhanced digitalisation, product development and customer engagement. There are two levers:

Firstly, the customer experience ecosystem remains focused on elevating customer centricity, enhancing customer experience and delivering

tailored, intuitive self-service digital solutions across all markets by integrating flexible and AI-powered technologies. This initiative follows three key steps:

- 1. Replacing the legacy enrolment platform.** This was successfully implemented in the key markets in 2024, with only smaller markets still pending implementation.
- 2. Enhancing the engagement platform.** This phase was further accelerated in 2024 and is expected to start delivering benefits to customers in 2025.
- 3. Customer service and lifecycle management.** This step focuses on improving customer value while enhancing efficiency and accuracy to drive operational excellence.

Finally, the second lever is a new IT transformation, which will improve systems and back-end infrastructure. This initiative aims to deliver the business functionalities needed to support the long-term growth of the Bank.

The transformation will further introduce advanced capabilities to support three main business areas: customers, finance and cards. These capabilities will be underpinned by robust integration and data frameworks, enabling seamless interaction between third-party and core systems, while promoting high levels of self-service and governance for underlying data.

Looking ahead, this transformation is set to drive critical improvements in customer experience and operational efficiency. By leveraging enhanced capabilities and fostering a culture of continuous improvement, the Bank is well positioned to achieve and surpass its strategic objectives.

Human capital development and relocation to Emerald

Avanzia's ongoing success is fuelled by its greatest asset, the people working for the Bank. By the end of the year, the Bank employed a total of 231 individuals, an increase from 208 individuals at the end of 2023.

Throughout 2024, Avanzia launched numerous initiatives to boost employee satisfaction and engagement, promote wellbeing, and support skills development. Team-building activities

and social events played a key role in enhancing collaboration and strengthening corporate culture.

Avanzia also intensified its efforts to find the *right* people, including tech profiles, as well as individuals whose personality aligns with the Bank's culture. To enhance visibility in the employer market, the Bank attended a number of job fairs and recruitment events throughout the year and also sponsored the Luxembourg Times BusinessRun for the fourth time in a row – an event that promotes team spirit while raising awareness of the Bank as an attractive employer in Luxembourg.

In February, the Bank moved into Emerald, the first zero-carbon office building in Luxembourg and the Greater Region. Emerald was designed and constructed according to standards that not only prove sustainability and aim for carbon neutrality, but that also prioritise the health and wellbeing of Avanzia's employees. The building emphasises physical activity with a complimentary gym for staff and weekly training sessions provided by Avanzia. It also promotes healthy eating habits and offers spaces designed for relaxation and mental wellbeing, such as collaboration zones, coffee corners, an indoor patio and a rooftop terrace.

Emerald holds the BREEAM Excellent, DGNB Gold and ILFI Zero Carbon certifications. It features an efficient heating, cooling and ventilation system, photovoltaic panels, rainwater usage, sun protection and light control, all managed by a centralised system to optimise energy consumption and minimise its carbon footprint. 100% of the electricity used is sourced from renewable energies.

ESG strategy development and publication of first sustainability report

The publication of the Bank's inaugural, public ESG report in June 2024 marked an important step in its journey to becoming more sustainable, and it coincided with the official inauguration celebrations of Emerald, the green new home of Avanzia.

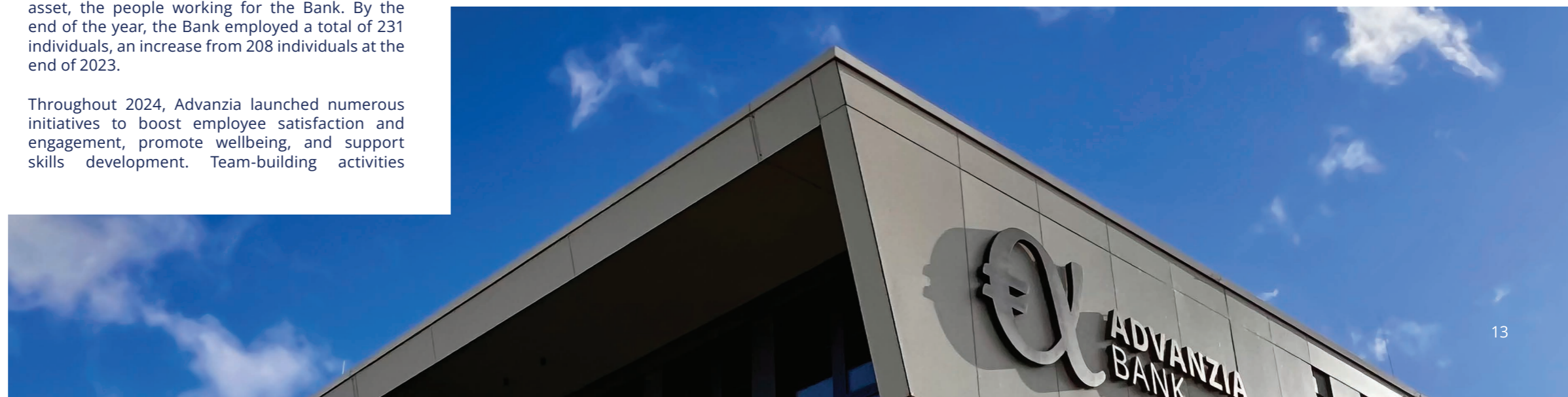
In anticipation of the Corporate Sustainability Reporting Directive (CSRD), which applies to Avanzia as of 2025, the Bank conducted its first Double Materiality Assessment (DMA) to evaluate ESG-related impacts, risks and opportunities that could affect profitability. Based on the material topics identified by the DMA, the Bank commenced implementing its ESG strategy around four strategic pillars.



Our people drive Avanzia's success. In 2024, we grew our team and enhanced wellbeing, job satisfaction and skills development. Moving into the Emerald building shows our dedication to provide a healthy and dynamic workplace, supported by both sports and social activities to strengthen our team spirit. We are committed to further developing our corporate culture in order to attract and retain top talent.



Markus Hauser
Head of Human Resources



1. Responsible business conduct

Firstly, to conduct business in a responsible manner based on sound business processes. These processes underpin how Advanzia manages its service partner network, protects the substantial amounts of processed data, assesses and mitigates risks, and ensures customer satisfaction.

In 2024, Advanzia reformulated and refined its purpose, mission and vision statement, and started work on refining the corporate values reflecting the culture and collective aspirations of the Bank. The goal is to provide guidance for future decision-making and to strengthen the Advanzia brand.

2. Sustainable and digital credit card and payment solutions

Secondly, providing sustainable and digital credit card and payment solutions. At the core of Advanzia's activities lies its commitment to responsible lending, protecting nearly three million customers and the business model's continuity through prudent risk management and continued profitability.

In 2024, a responsible lending working group was created and started analysing potential measures to strengthen responsible lending throughout the customer lifecycle – from creditworthiness assessment to responsible collection processes.

Advanzia contributes to a more sustainable society through focusing on enhanced digitalisation, sustainable innovation and solutions for its customers, partners, as well as through its own operational setup.

3. Advanzia, a responsible employer

Thirdly, with employees at the core of the Bank's success and growth, Advanzia is committed to nurturing its dynamic talent pool and furnishing an inclusive, cooperative and open culture where employees thrive under the right balance between work and personal life.

The move to the Emerald building in 2024, along with its emphasis on employee wellbeing, played a significant role in advancing the Bank's goal of creating a safe, fulfilling, healthy and inspiring workplace. Advanzia's ambition is to become an employer of choice in Luxembourg.

4. Positive impact

Lastly, the Bank works towards continuing making a positive impact on society and the environment. It undertakes to operate more sustainably, from offering a nurturing work environment for its employees, to maintaining its long-standing commitment to supporting socially impacting projects close to its employees' hearts, benefiting a wide range of local, national and international communities in need.

In 2024, the ESG committee oversaw the coordination of more than 30 charitable projects including sponsorships of local and social associations.



Advanzia's first public ESG report reflects our genuine commitment to becoming a more sustainable bank. We embrace sustainability as a key driver for strategic decisions that benefit our business, people and the planet – through responsible lending, sustainable credit cards and payment solutions, and with people at the heart of our success.



Sara Nobels
Head of Communication & PR
ESG Coordinator

ECONOMIC AND BUSINESS OUTLOOK FOR 2025

Germany's economy, Advanzia's largest market, is facing significant challenges, including high energy costs, weak global demand, and the lingering effects of elevated interest rates. The ECB rate cuts throughout 2024 offered some relief, but their impact was delayed. Germany's GDP contracted, though forecasts predict modest recovery to 0.3% growth in 2025. Inflation rose by year-end, reflecting persistent cost pressures despite an easing monetary policy. Although German retail revenue projections for 2025 indicate growth, ongoing economic challenges and cautious consumer behaviour could affect overall performance.

Despite these headwinds, Advanzia delivered steady loan growth, a muted loan loss development and a significant net profit increase in 2024, a trend expected to continue into 2025. Loan provisions are aligned with forecasts, and the Bank remains vigilant, monitoring economic developments and receivables performance.

The Bank's business outlook reflects a steadfast commitment to innovation aimed at enhancing the customer experience. Advanzia is focusing on sustained growth in its core markets of Germany and Austria, while maintaining a cautious strategy in other markets, prioritising profitability.

The Bank anticipates a sustained increase in net profit for 2025, driven by continued market optimisation, the delivery of value-added services to customers, improved operational efficiency through AI-driven solutions, and a strong emphasis on data and IT transformation.

Advanzia has a strong capital position, coupled by diversified funding which was further strengthened by the successful senior unsecured debt and Tier 2 bond issuances in 2024. These credit positive initiatives led to an upgrade of the Bank's deposit and issuer rating to Baa3 (Moody's, stable outlook) in 2024. Advanzia is committed to maintaining an investment grade rating and further diversifying its funding sources to support its profitable growth plans across all markets.

As a socially responsible company, Advanzia continues to deepen its commitment to human capital development, fostering a skilled and engaged workforce as a vital intangible asset and a key driver of the Bank's success. The Bank is also dedicated to reducing its carbon footprint by advancing digitalisation and embracing sustainable innovation, aligning these initiatives with its product development and customer engagement strategy.

In preparation of compliance with the CSRD, Advanzia has published its first sustainability report, underscoring its dedication to environmental, social, and governance (ESG) principles. By aligning operations with evolving regulatory standards, the Bank is reinforcing its sustainable and responsible business model, ensuring continued profitability while creating a positive impact for all stakeholders.



FLEXIBLE OWN-BRANDED PRODUCTS FOR CUSTOMERS

Avanzia offers a portfolio of own-branded products, including the Mastercard Gold credit card and the Avanzia Deposit Account.

The Mastercard Gold

A no-fee credit card with global acceptance, providing an optional revolving credit facility along with attractive insurance benefits. Customers can repay the full balance or opt for partial payments, with interest charged transparently for unpaid amounts or cash withdrawals. The interest rate is variable, and depends on the market and other factors, but is always conveniently available to view on our product websites.

This card is available in Germany, Luxembourg, Austria, Spain and Italy. 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. The Bank also does not apply any foreign exchange fees. Delivering on its "zero fee" policy reflects Avanzia's core value of simplicity.

The Avanzia deposit account

A straightforward and competitive savings product with no fees, no minimum investment period, and full liquidity on demand. It offers favourable interest rates and is available in multiple European markets with multilingual customer support.

BESPOKE CAAS SOLUTIONS FOR BUSINESSES AND BANKS

Avanzia's CaaS offerings cater to financial institutions, businesses and associations seeking turnkey or co-branded credit card programmes:

Turnkey credit card programmes

Financial institutions benefit from end-to-end services, including licensing, issuance, processing, settlement, and customer support. Avanzia's Visa and Mastercard solutions are customisable to align with partner branding strategies, either under their own brand or under the flagship Capitol brand.

Co-branded credit cards

Businesses and associations leverage Avanzia's expertise to enhance customer loyalty through credit card solutions. These cards come with unique benefits, flexible incentive schemes and seamless application processes tailored to meet partner and customer needs.



Avanzia: a leading European digital bank

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

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 a total of 16 countries.

SOLID SHAREHOLDER STRUCTURE

Avanzia is an independent bank owned by a limited number of private investors. Kistefos AS, a Norwegian investment company owned by Mr. Christen Sveaas, has been the controlling shareholder since 2006 and holds 61.3% of the issued shares. Other shareholders each hold below 10%.

Avanzia's commitment to a greener future

EMERALD, THE FIRST ZERO-CARBON OFFICE BUILDING IN THE BENELUX

In June 2024, the Bank celebrated the official inauguration of the Emerald building with a series of events for the local community, business partners and employees, following its move into the new office space in February.



Emerald was designed to prioritise the health, wellbeing and satisfaction of Avanzia's employees:

- ✓ **Promoting physical activity & comfort.** Emerald offers a free on-site gym with weekly training sessions, as well as ergonomic workspaces with noise reduction features and customisable lighting. Biophilic design elements, including greenery and natural materials, enhance tranquillity and reduce stress.
- ✓ **Encouraging healthy eating.** Regular nutrition workshops, free fruit and vegetable deliveries, and a balanced selection of meals and snacks at the staff cafeteria.
- ✓ **Relaxation and collaboration.** Dedicated spaces including coffee corners, collaboration zones, an indoor patio and a rooftop terrace for connecting and unwinding.



“The inauguration of this zero-carbon office building is not just a milestone moment for Advanzia and our commitment towards sustainability, but also marks an important step in Luxembourg’s transition to a sustainable future. This project is the result of an exemplary collaboration, demonstrating the ingenuity and commitment of all the persons involved. We are proud to contribute to a greener vision for Luxembourg.



Nishant Fafalia
CEO of Advanzia

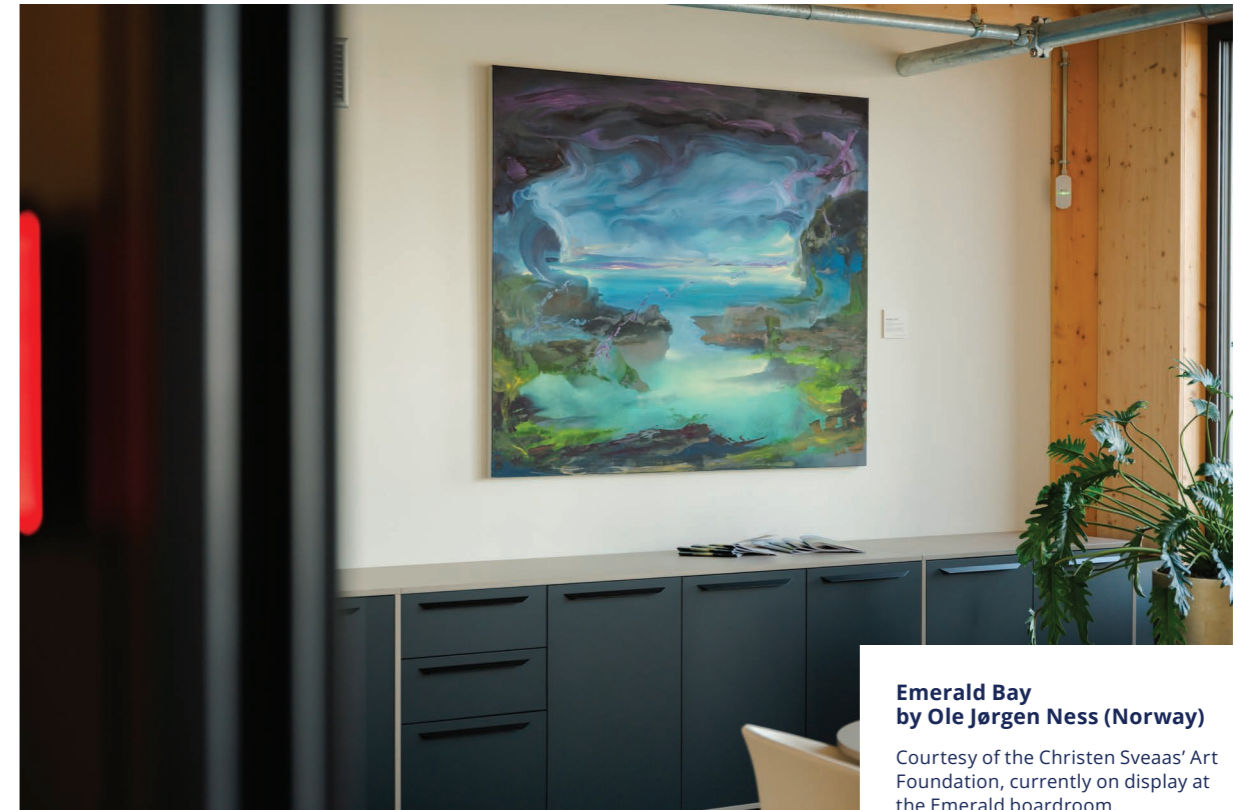


The Emerald building features international art works from the private collection of Christen Sveaas' Art Foundation, along with creations from artists based in Luxembourg and the Greater Region. Promoting contemporary art in the workplace aims to inspire employees through this in-house exhibition and to display a variety of viewpoints on our world.



**The Lamp
by Dragan Zdravković (Serbia)**

Acquired by Advanzia at a charitable auction in support of the "Queen Sonja Print Award" in Norway. Currently on display at the top floor coffee corner at Emerald.



**Emerald Bay
by Ole Jørgen Ness (Norway)**

Courtesy of the Christen Sveaas' Art Foundation, currently on display at the Emerald boardroom.



**Dog with Campfire
by Fredrik Raddum (Norway)**

Courtesy of the Christen Sveaas' Art Foundation, currently on display at the Emerald reception.

Internal governance

Internal governance at Advanzia 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 management functions; and
- ✓ 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, specifically in the fields of audit, risk and compliance as well as remuneration.

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 management, compliance and internal audit. The staff in charge of the internal control function report to the EMC, the BoD and the ARC.

The risk management 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 management function.

The compliance function is responsible for the anticipation, identification, assessment and reporting of compliance risks. It 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.

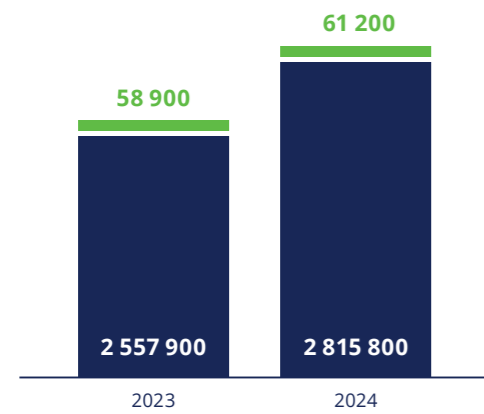
The internal audit function ensures that the internal control framework operates effectively by assessing the efficiency of central administration, internal governance, and business and risk management. The function is headed by the Chief Internal Auditor (CIA), who reports directly to the EMC and has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

All three internal control functions (internal audit, risk management and compliance) have the right to directly access the supervisory body, its chairperson or, where appropriate, the specialised committees.

Business KPIs

Customer volume:

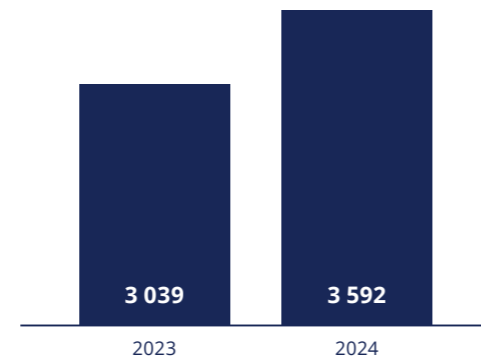
Accelerated growth



- Credit card customers (cards in force)
- Deposit customers (active clients)

Card loan volume:

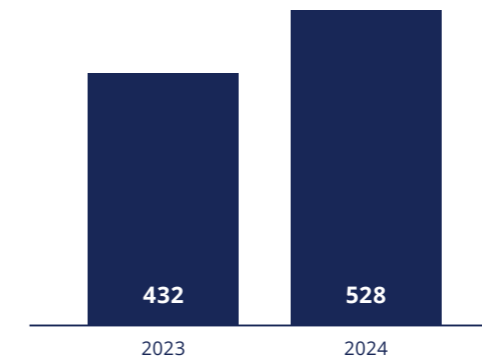
Strong loan balance growth



- Gross credit card loans, including PCS (MEUR)

Total income:

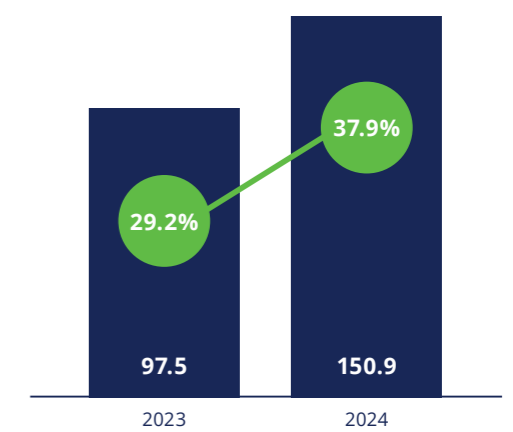
Increasing total income



- Total income (MEUR)

Net profit and return on equity:

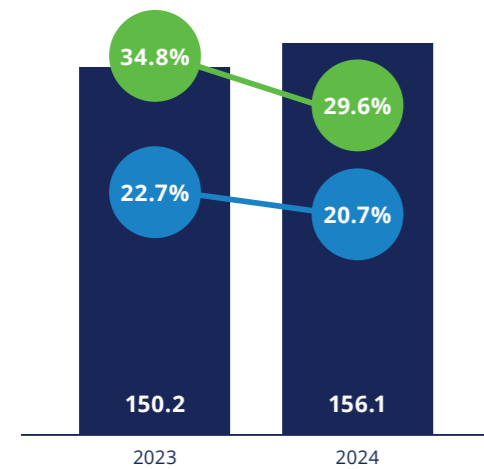
Strong increase in net profits



- Net profit (MEUR)
- Return on shareholder's equity

Operating expenses and cost-income ratio:

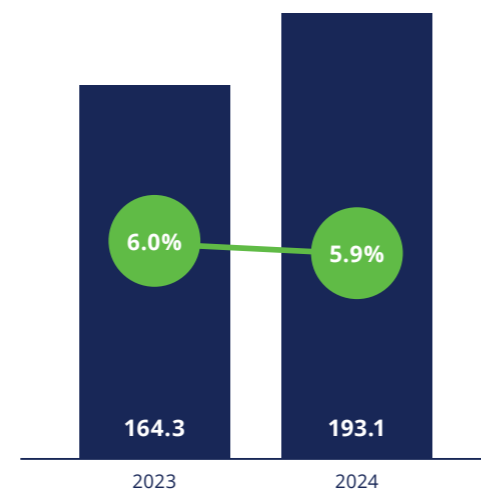
High and improved cost efficiency



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

Total loan losses:

Controlled loan losses



- Total loan losses (MEUR)
- Loan loss rate

Financial statements

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

Statement of financial position as at 31 December 2024

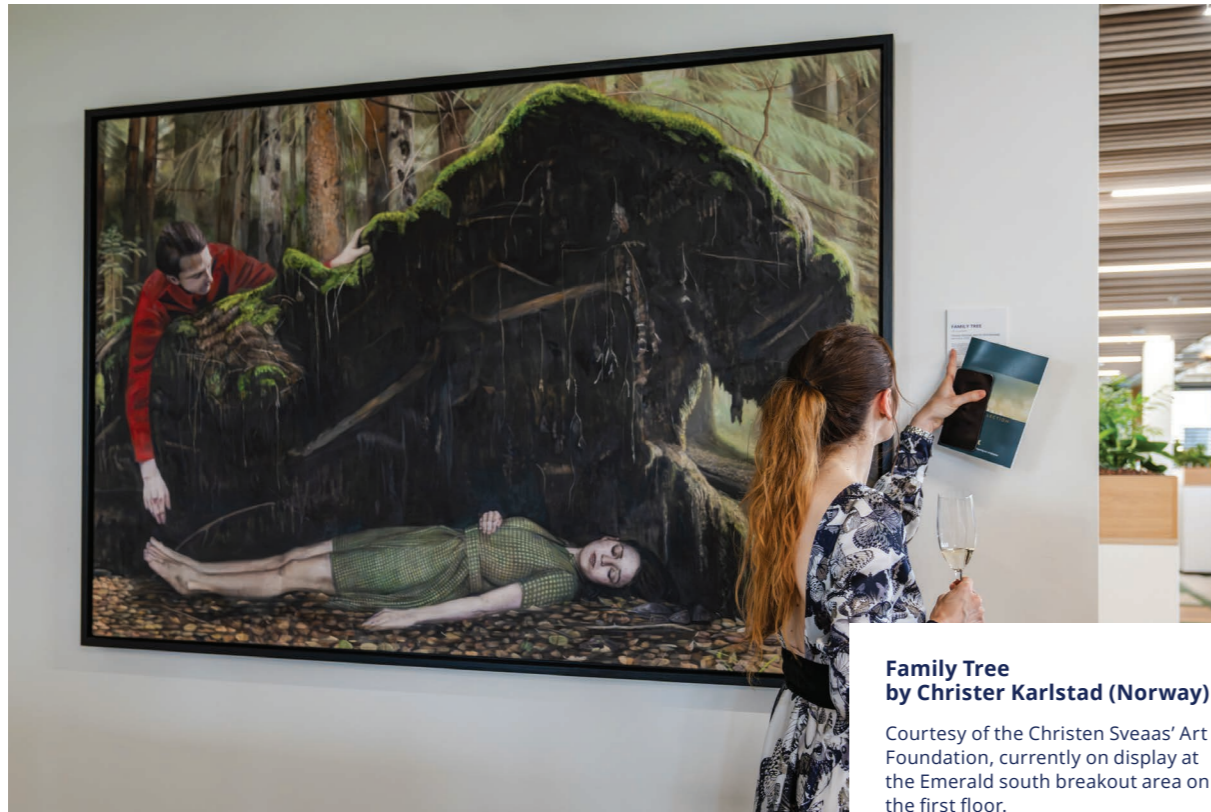
In thousands of EUR

Assets	2024	2023
Cash and cash equivalents	1 040 658	1 188 294
Loans and advances	3 364 064	2 921 652
<i>whereof: financial institutions</i>	181 482	193 342
<i>whereof: corporates</i>	12	12
<i>whereof: customers</i>	3 182 570	2 728 298
Property, plant and equipment	18 381	4 692
Intangible assets	16 396	19 422
Equity-accounted investees	9 304	50
Tax assets	4 650	5 668
Other assets	20 385	15 827
Total assets	4 473 838	4 155 605
Liabilities and equity	2024	2023
Amounts owed to financial institutions	40 785	37 143
Amounts owed to customers	2 684 491	2 711 097
Structured financing	889 553	836 765
Debt securities in issue	200 664	-
Tax liabilities	3 764	4 742
Other liabilities	59 480	35 678
Subordinated liabilities	85 000	55 000
Total liabilities	3 963 737	3 680 425
Subscribed capital	17 553	17 553
Issue premiums	9 890	9 890
Other equity instruments	74 870	98 724
Other reserves	47 655	41 265
Profit (loss) carried forward	251 328	216 390
Result for the financial year	150 903	97 500
Interim dividends	-29 997	-
Interest and costs paid on Tier 1	-12 101	-6 142
Total equity	510 101	475 180
Total liabilities and equity	4 473 838	4 155 605

Statement of profit and loss and other comprehensive income

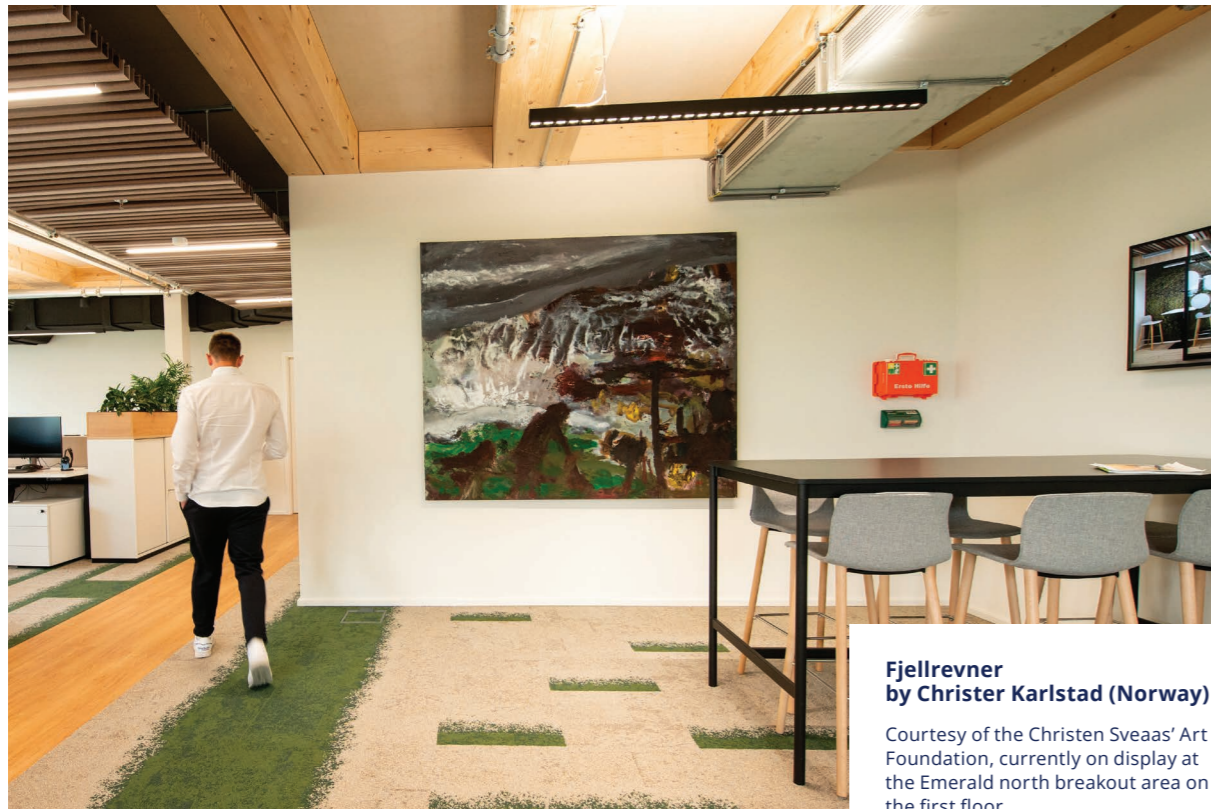
In thousands of EUR

	2024	2023
Financial and operational income and expenses	507 371	432 187
Interest income	621 876	474 090
Interest expenses	-143 991	-89 564
Fee and commission income	65 147	76 881
Fee and commission expenses	-29 410	-25 940
Net exchange result	-524	-706
Other operating income	6 391	1 852
Other operating expenses	-12 118	-4 426
Share of profit of equity-accounted investees	9 252	-
Dividend income	11 000	-
Administrative expenses	-142 344	-135 450
Personnel expenses	-27 470	-24 581
General administrative expenses	-114 874	-110 869
Depreciation and amortisation	-12 540	-10 104
Depreciation on property, plant and equipment	-3 655	-1 721
Amortisation of intangible assets	-8 885	-8 383
Impairment on intangible assets	-1 206	-4 631
Other loan losses	-4 089	-3 936
Impairment on financial assets	-188 979	-160 406
Result on activities before taxes	178 465	117 660
Income taxes	-27 562	-20 160
Result on activities after taxes	150 903	97 500
Result for the year	150 903	97 500
Other comprehensive income for the year	-	-
Total profit and loss and other comprehensive income for the year	150 903	97 500



Family Tree
by Christer Karlstad (Norway)

Courtesy of the Christen Sveaas' Art Foundation, currently on display at the Emerald south breakout area on the first floor.



Fjellrevner
by Christer Karlstad (Norway)

Courtesy of the Christen Sveaas' Art Foundation, currently on display at the Emerald north breakout area on the first floor.



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