Annual Report 2021

aion bank

Table of contents

Introduction

Letter from the CEO

Dear All,

2021 marked another year of growth for Aion Bank, as we continued to build on the successes of 2020 while also diversifying our strategy with new markets and new lines of business. Although the macroeconomic environment was difficult in 2021 due to the pandemic, we continued our investments into technology and digital end-to-end banking products. We also formed strategic partnerships that opened new business opportunities in the fast-growing area of Banking-as-a-Service (BaaS).

At the heart of Aion Bank is our focus on digital, built with the best, modern technologies. Our vision was to create a mobile-first, digital bank where members were empowered to have complete access to their finances, seamlessly within our app, anytime and anywhere. Our innovative technological set-up was appreciated by our members, evidenced by our 128% growth in memberships, but it also attracted interest from other brands, fintechs and financial institutions looking for the right partner to offer a superior BaaS solution. The pandemic accelerated many digital behaviours, particularly in eCommerce, and embedded banking powered by BaaS is one of the key high-growth areas of financial services. We launched a BaaS business, together with our partner Vodeno - to sit alongside our retail efforts - to capitalise on this growing opportunity.

2021 highlights

- International expansion: launched Retail offer of daily banking products, including accounts, debit cards, savings and ETFs in Poland with new tiered subscription model
- Membership growth: with the launch of Poland and strong acquisition efforts in Belgium, we grew membership by 128%, in addition to deposit growth of 29%
- Branch licence approval: received authorisation from NBB to open a branch in Sweden; we now have 3 branch licences (PL, DE and SE) in addition to our home state licence in Belgium, with full access to local payment rails alongside our ability to passport services across 15 EU countries
- BaaS success: launched BaaS offering in partnership with Vodeno and acquired 20+ clients in 18 months, with 8 - 10 new clients being closed each quarter; clients include: one of the largest retailers in the world, a leading global digital bank, one of the EU's biggest eCommerce platforms, a leading European bank and multiple fintechs
- Industry recognition: awarded 'Most Interesting Innovation for the Financial Sector' for our BaaS solution at the Warsaw International Banking Summit

2021 financial results

2021 ended with total assets of €1.48 billion and total equity of €90.4 million (total regulatory solvency ratio of 19.4%).

Given that the bank is still in its 'investment-to-growth' period, we have experienced an annual loss of €48.5 million.

Our capital and liquidity levels remain safe, and we have the right ingredients to both grow our business and be resilient to current economic conditions.

Looking ahead

Moving into the second half of 2022, we plan to further invest in our BaaS strategy. We see tremendous opportunity in BaaS with a sizable addressable market in Europe projected to be $300B+. Additionally, we are one of only two European BaaS players to offer a full banking portfolio of services (onboarding, accounts, payments, cards, lending and investing). We will pursue this strategy alongside our retail business and continue to service our members with strong savings and investment products.

What sets us apart in BaaS is our combination of banking expertise and innovative technology. We offer one of the most comprehensive Retail and SME banking platforms powered via hundreds of open APIs. This platform is also a '360' ecosystem that taps into fast-moving fintech innovation by integrating nearly 90 of the best fintechs. The growth of BaaS leverages strong tailwinds of Open Banking and modern cloud engineering, and our ability to offer a technical solution - fully modular and easy to integrate - alongside our ECB licence and regulatory and compliance expertise uniquely positions us to become one of the top European BaaS players in the next two or three years.

I would like to thank all Aion Bank employees, our members and shareholders for their continued efforts and support in what has been a challenging two years. I am excited about the opportunities from the BaaS market, and we have a lot to do in 2022 to reach our ambitions.

Yours sincerely,

Wojciech Sass
CEO of Aion Bank

Letter from the Chairman of the Board

In 2021, the beginnings of a return to more normal life saw the welcomed reopening of markets and businesses. In this year of transition, the Board and I are very proud of how our team at Aion Bank continued to deliver on its plan while also navigating key business and management changes.

Aion launched a new Banking-as-a-Service (BaaS) business, in partnership with Vodeno, in an effort to capture the projected $300B BaaS market in Europe. Additionally, the Bank expanded into new markets with branches opened in Poland, Germany and Sweden, successfully transitioned in a new CEO, Wojciech Sass, and made Board changes to position Aion for future growth.

Aion is uniquely positioned to succeed in BaaS leveraging its strong technology and digitization processes - in partnership with Vodeno - that offer a full suite of financial service capabilities combined with an ECB license and the regulatory and compliance expertise of a European bank. The team has already signed 20+ BaaS customers - both financial and non-financial companies - and has a strong pipeline of new potential clients. The BaaS strategy combined with the reduction in non-profitable businesses and products will significantly help the business achieve its financial goal to break even in late 2023.

The strength of our business and depth of our team was demonstrated through our seamless leadership transition this year. In addition to Wojciech Sass' promotion to CEO from Chief Commercial Officer, Tom Boedts, our general counsel, was promoted to the Bank's Management Board into the role of Chief Operations Officer. These organizational changes were successfully implemented in large part due to excellent succession planning by outgoing CEO, Wojciech Sobieraj. The Board appreciates his outstanding work as CEO and are grateful that he has agreed to stay on as non-executive director. The Bank's Board was also significantly strengthened with the addition of Doris Honold as Independent Board member and chair of the Risk and Audit Committee (RAC). Doris' deep experience in risk, governance and banking is a huge addition to the Board.

The Board and the RAC were very active in 2021. The Board met 10 times while the RAC had 8 meetings. Key themes at Board meetings included the expansion to BaaS, development of a new internal control framework for BaaS, opening of new branches, organizational changes and team development, while also ensuring the Bank is run in a safe and secure manner.

Financial results in 2021 included a net loss of €48.5M. This was in line with expectations and reflects the investments made to establish a fully digital bank. The management team projects that the Bank will achieve break even by late 2023.

We are pleased with the Bank's progress in 2021 and are excited about the prospects of the fast-growing BaaS market. 2022 will be focused on building Aion into a European BaaS leader and driving growth through the new business-to-business-to-consumer ("B2B2C") channel, alongside working to strengthen our internal controls and risk management framework to support our future growth.

Thank you for your continued support.

Sincerely,

Richard A. Laxer
Chairman

1. Evolution and results of the business and situation of the company - description of main risks and uncertainties

1.1. GENERAL OVERVIEW

Since Aion Bank's change of ownership in 2019, the transformation into a fully digital, mobile-first banking platform with a completely new business model, including the introduction of new products, services and redesigned brand was completed at the close of the same year.

In Q3 2021, Aion expanded into the fast growing Banking-as-a-Service (BaaS) market, leveraging its partnership with Vodeno. Aion/ Vodeno provide a full suite of banking products and services to both financial and non-financial companies combined with access to an ECB license and regulatory and compliance expertise. BaaS provides a new Business-to-Business-to-Consumer ("B2B2C") distribution channel for Aion.

The Bank established branches in Germany - focused on supporting local BaaS projects (launched in June 2021) - and in Poland - focused on deploying a 2.0 version of its retail subscription model in Poland and supporting local BaaS projects (July 2021) - as part of its expansion efforts, though the Bank offers services throughout the European Union through its ability to passport its license.

The Bank's direct-to-consumer offering (i.e. services offered outside BaaS projects) focuses on deposit raising and investment services to support the BaaS strategy. Further growth of the Bank's loan book is foreseen to occur primarily through the BaaS channel. Accordingly, the Bank intends to significantly reduce new direct (non-BaaS related) B2B (SME) or B2C (retail) lending ("DtC"), as well as legacy lending portfolios in order to fully support its BaaS strategy.

Aion is very well positioned to succeed in BaaS as an early entrant into the European market, and its unique, vertically integrated capabilities have helped Aion/Vodeno to sign agreements with 20+ clients in the last 18 months. BaaS will provide attractive growth potential for the Bank and will be the strategic foundation for future growth.

1.2. CORPORATE BANKING

During 2021, the overall amount of deposits increased from €855 million in 2020 to €1104 million .

Deposits from companies and public authorities totaled €229 million at the end of 2021 compared to €418 million at the end of the previous year. The decrease by €189 million results mainly from the strategic decision to limit the Bank's direct exposure to large corporates and actions to decrease deposit concentration. This was accompanied by a significant increase of retail deposits from new markets.

The amount of loans increased by €14 million (6%) to €268 million from €254 million at the end of 2020 as a result of reducing exposures to large corporates while expanding BaaS lending.

New loans granted in 2021 amounted to €118 million.

Aion Bank had in its portfolio €40 million of corporate bonds at the end of 2021 as compared to €7 million at the end of 2020.

1.3. RETAIL BANKING

Loans to individuals increased net by €43 million (24%) compared to 2020 and amounted fortalling €221 million.

Aion concentrates in this area on Consumer loans, particularly acquired in the BaaS model.

The Bank reduced its mortgage loans portfolio (decreased by €29 million, 19%). This was part of the Bank's strategic decision in 2020; the Bank no longer offers mortgage lending.

Retail deposits more than doubled in 2021 to €875 million compared to €437 million at the end of 2020. Aion achieved this by diversifying its acquisition channels, including entering the Polish market in the 2nd half of 2021. Aion gathered €248 million deposits in Poland in 2021.

1.4. SECURITIES PORTFOLIO

As part of the strategic shift, the Bank reduced and shortened the duration of its treasury bonds portfolio . The size of the bond portfolio (excluding corporate bonds) decreased to €200 million in December 2021 from €264 million at the end of 2020.

The risk profile of the portfolio remained conservative and is diversified between different sovereign issuers with investment grade rating and in most cases ECB refinancing eligibility. Most of the fixed income portfolio is concentrated in 3-6Y remaining maturity.

At the same time the Bank increased its engagement in Polish corporate bonds from €7 million to €40 million (mentioned in the Corporate Banking section).

1.5. NON-PERFORMING LOANS PORTFOLIO

The share of loans (net of provisions) held in the Deteriorated Past Due, Unlikely to Pay and Defaulted portfolios represented 18.4% of all customer loans at 31 December 2021 (compared with 8.4% at 31 December 2020).

The gross exposure on Defaulted loans is €67.8 million, with a provision coverage of 60% (compared to €65 million in 2020 with 75% coverage). There have been collections of old defaulted cases, and new cases have emerged especially in the hospitality sector, with full coverage of strong collateral. Non performing exposures are mostly covered by collateral or provision. The lower provisioning rate is due to a higher collateral level on the NPL portfolio.

The gross exposure on Unlikely to Pay and Deteriorated Past Due customer loans is €32.8 million, with a provision coverage of 29% (compared to €24.7 million in 2020, with a 19% provision coverage).

1.6. FINANCIAL AND ECONOMIC SITUATION

1.6.1. Balance sheet

At the end of December 2021, the total balance sheet increased by 24% to €1.44 billion from €1.16 billion.

The following developments were significant:

Assets:

- An increase of €57 million in receivables from customers, of which net increase of €43 million from private individuals mainly as a result of new loans acquired via BaaS deals.

- An increase in Commercial bonds by €33 million

- An increase in Receivables from credit institutions by €233 million as a result of an increase in I liquidity due to a higher deposit base and reduction of the bond portfolio

- A decrease in Bonds and other fixed-income securities by €64 million

Liabilities:

- €249 million increase in amounts owed to customers, including an increase by €212 million in current accounts and €147 million in savings accounts and a decrease of €109 million in term deposits

- **Increase of amounts owed to customers including:**

  - an increase in retail deposits by €+438million

  - a decrease in corporate deposits (reduction of big concentration) by €-189 million

- a net increase in Shareholders equity by €+21 million including increase of subscribed capital by €+64 million

1.6.2. Evolution of loans and assets

Receivables from credit institutions amounted to €644 million (increase vs. previous year by €233 million),mainly from an increase in monetary reserve assets and cash surpluses left in accounts with the National Bank of Belgium (NBB), in addition to natural levels at the accounts of our main correspondent banks.

Receivables from customers amounted to €489 million (of which €221 million from individuals, €267 million from corporate customers or public authorities) compared to €432 million a year earlier.

The net increase of loans by €57 million was mainly related to:

- an increase in the retail portfolio from BaaS deals in the amount of €37 million,

- an increase in consumer retail loans in the amount of €35 million,

- a net increase in SME and corporate loans by €14 million,

- a decrease of mortgage loans by €28 million (mainly related to repayments),

- a reduction of loans to public authorities by €1 million

Besides loans, the corporate banking area increased by €33 million its portfolio of commercial bonds.

The loan/deposit ratio, which was 51% at 31 December 2020, slightly decreased to 48% at 31 December 2021.

Bond receivables (excluding corporate bonds) totaled €200 million compared to €264 million a year earlier.

1.6.3. Evolution of funding sources

In line with recent years, the Bank has focused its attention on liquidity and, in general, on compliance with its related regulatory ratios. The Bank has always covered its net cash requirements through customer deposits.

The deposits from customers amounted to €1104 million at the end of 2021 as compared to €855 million a year earlier.

The outstanding amount of the deposits from credit institutions amounted to €187 million as compared to €172 million on 31 December 2020 entirely comprising the Bank’s remaining participation in the so-called T.L.T.R.O. programme. The latter provides a low-cost source of financing for the Bank.

In terms of liquidity risk, Aion Bank comfortably complies with all regulatory and internal limits, such as the Liquidity Coverage Ratio (LCR), which stood at 349% at 31 December 2021, and the Net Stable Funding Ratio (NSFR) at 204%. The Excess Liquidity Buffer was c €441 million at year end.

1.6.4. Changes in certain off-balance sheet items

Guarantees

Commitments granted in connection with the issue of bank guarantees increased by €1 million and amounted to €18 million as at 31 December 2021.

Interest rate transactions

Aion Bank uses only Interest Rate Swaps (IRS). Except for back-to-back operations, it uses them to hedge part of its fixed-rate and long-term loan portfolio, which consists mainly of mortgage loans and investment loans. As of 31 December 2021, the outstanding IRS notional amount was €97 million compared to €107 million at the end of 2020.

1.7. Profit and loss

Aion Bank closed 2021 with an accounting loss of €48.5 million, compared to a net accounting loss of €47.0 million in 2020.

2021 was a transitional year as the bank changed its business model and strategy in mid 2021 from a direct-to-consumer model to a full BaaS (Bank-as-a-Service) model. To reserve capital as much as possible for BaaS lending, Aion Bank decided to stop B2C lending. As the Bank's BaaS strategy only went live over the course of 2021, the business is still in ramp up phase resulting in a €48.5 mio loss over the year.

The interest margin contributed €5.1 million to the 2021 economic account, compared with €5.3 million in the previous year (-4%). The drop in net interest results from the decrease of loan portfolio in Belgium. Loans volumes increased significantly in Q4 2021 after the launch of the first BaaS loan customers.

The increase in both Interest income and interest expense results from entering a new market (Poland) with higher market interest rates, as well as the decision to reduce concentration of large corporate deposits in Belgium.

Net overall commissions rose from (negative) €-1.2 million in 2020 to €3.0 million in 2021. It was achieved due to €3.8 million income from subscription fee in Belgium (as compared to €0.6 million in 2020), introduction of fee for granting corporate loans and income from the new BaaS business.

Income from financial transactions, mainly related to the sale of a part of the securities portfolio, amounted to €1.0 million compared with €1.2 million previously.

General expenses (including depreciation and remunerations) increased to €53.3 million in 2021 compared to €47.2 million in 2020 there off:

- Remuneration expenses increased by €9.1 million from €18.1 million in 2020 to €27.2 million in 2021, primarily due to one-off restructuring costs following the change in strategy to focus more on Banking-as-a-Service

- Other administrative expenses decreased by €3.5 million and amounted to €24.8 million as compared to €28.3 million in 2020. The decrease is mainly related to lowering of marketing expenses (less €4.3 million vs. 2020)

- Amortisation and depreciation was €0.5 million higher than in 2020 due to amortisation of the new software

The Bank recognized net expense from Write-downs on receivables and other provisions for liabilities of €0.4 million in 2021, which was €4.8 million (-91%) less than in 2020.

Extraordinary net result amounted to €0.3 million vs. €0.0 million a year before.

There were no significant disposals on intangible or tangible fixed assets in 2021.

1.8. Equity

Regulatory capital at the end 2021 was €98.6 million (compared to €86.7 million in 2020), resulting in a regulatory solvency ratio of 20.72%.

Regulatory Solvency ratios	31/12/2020	31/12/2021
RWA (amounts in million €)	448.0	475.7
Core Tier I ratio	16.2%	17.78%
Tier I ratio	16.2%	17.78%
Regulatory Solvency ratio (Tier I + Tier II)	19.4%	20.72%

The Bank's shareholders provided three capital injections in 2021, totaling €64 million.

More details about the capital composition and reconciliation with book value of equity in the Pillar III disclosures section.

2. Important events occurred after the balance sheet date

Geographic expansion is an important part of the BaaS strategy. Since 2021, the Bank has established 3 branches outside of Belgium:

Germany, Poland and most recently Sweden.

On 18 January 2022, in accordance with article 86 of the Belgian Banking Law, the National Bank of Belgium approved the opening of a branch by Aion in Sweden. The Branch operates under the name Aion Bank S.A. Swedish Filial. Its registered office is established in Kungstensgatan 21 A, 113 57 Stockholm. The person responsible for the management of the branch is Niels Lundorff.

Following the opening of branches in Germany and Poland in 2021, the establishment of a branch in Sweden is another step in the Bank's geographical expansion and the deployment of its Banking-as-a-Service strategy.

In the course of January 2022, Mrs Danielle Crook offered her resignation as independent director of the Bank, due to personal reasons.

On 30 May 2022, the Company decided to increase its capital with an amount of EUR 4.000.000. The capital increase was entirely subscribed by the existing shareholders. Following this capital increase, as of 30 May 2022, the total amount of the capital of the Company amounted to €135,960,357.47.

3. Circumstances that can have a significant influence on the development of the company

The Company's growth and profitability are influenced by:

- expansion of the customer base, as part of the BaaS strategy, by providing banking products and services to those customers (ie activation of B2B2C);
- the development of commercial activity and the quality of customer service, especially in the context of the Bank's Banking-as-a-service strategy;
- changes in capital and financial markets;
- investments made to provide the Bank with state-of-the-art technology;
- reputation risk;
- the macroeconomic environment;
- shareholder stability

4. Research and development activities

As part of the transformation of the Bank, the Company invests significant resources in developing state-of-the art digital banking tools. It is the Bank's ambition to be a digital first provider of Banking-as-a-Service solutions, able to offer a comprehensive set of services to both retail and SME clients. To that effect, the Bank develops highly digitalised processes for all banking operations, using the latest technology for client, onboarding, authentication processes and communications with clients. The Bank also invests in developing new business models for delivering banking and financial services in a highly digitalized environment, partnering with merchants, e-commerce and other financial service providers (BaaS). This requires constant investments in advanced technology and systems to support this.

The Bank is otherwise not involved in research and development activities.

At the moment Aion has about 20 BaaS projects in 4 countries and is constantly developing software solutions for existing and new customers.

5. Information concerning branches and subsidiaries of the company

5.1. Branches

Based on the Bank's freedom of establishment, the Bank has established branches in Poland, Germany and Sweden.

The banking branch in Poland operates under the name Aion Bank S.A. Spółka Akcyjna Oddział w Polsce. Its registered office is established in 00-344 Warszawa, ul.Dobra 40. The person responsible for the management of the branch is Karol Sadaj.

The banking branch in Germany operates under the name Aion Bank Germany Branch NV/SA. Its registered office is established in Tribes Frankfurt Basler, Basler Strasse 10, 60329 Frankfurt, Germany. The person responsible for the management of the branch is Wojciech Sass.

The banking branch in Sweden operates under the name Aion Bank S.A. Swedish Filial. Its registered office is established in Kungstensgatan 21 A, 113 57 Stockholm. The person responsible for the management of the branch is Niels Lundorff.

5.2. Subsidiaries

As of 31 December 2021, following the acquisition of ETFmatic Group Ltd, the Company holds 100% of the shares of ETFmatic Group Ltd. ETFmatic Group Ltd, in turn, holds 100% of the shares of ETFmatic Ltd, a UK based and FCA authorised investment firm. As of 31 December 2021, ETFmatic Ltd only held the UK customers of ETFmatic Ltd. All other activities (non UK related) had been transferred to Aion Bank as part of the integration of the activities of ETFmatic into Aion Bank. It is intended that ETFmatic Ltd will be sold to a third party. A contract to that effect was entered into with a third party and is pending approval by the FCA. If such approval were not to be obtained, ETFmatic Ltd will be wound down.

Following this sale of liquidation of ETFmatic Ltd, ETFmatic Group Ltd will be liquidated as well. As part of the integration of ETFmatic Ltd into Aion Bank, Aion Bank also acquired 100% of the shares of ETFmatic Support Services S.L., a company incorporated under the laws of Spain, hosting certain support services in Spain.

6. Justification of the application of accounting rules on a going concern basis

The change of control over the Bank in 2019 was followed by a comprehensive reorganisation and restructuring in order to implement a new strategy and business model. This involved significant capital increases by the new investors, investments in the digitisation of the Bank and the development of new products and services to better serve the needs of the clients. In view of the business plan, the capitalisation and the liquidity position of the Company, the application of the accounting rules on an ongoing concern basis continues to be justified.

7. Application of conflicts of interest procedure (article 7:96 of the Code of Companies and Associations)

The procedure set forth in article 7:96 of the Code of Companies and Associations was applied at one occasion:

- Unanimous written resolution of the Board signed by the members of the board between November 12 and November 16, 2021: approval of a service agreement between Tom Boedts and Aion Bank.

Extract of the written resolution.

"In accordance with Article 7:95 of the Belgian Code of Companies and Associations Code and Article 15 of the articles of association of the Company, the resolutions of the Board of Directors may be adopted by unanimous written consent of the members of the Board of Directors (Tom Boedts is being disregarded for the unanimity requirement as he is conflicted and not allowed to participate in the decision making).

The Board of Directors takes note of the fact that Tom Boedts declared that he has a conflicting patrimonial interest (intérêt opposé de nature patrimoniale) in the sense of Article 7:96 of the Belgian Companies and Associations Code in relation to the proposed decision.

The conflict of interest lies in the fact that the proposed decision relates to the new service agreement to be entered into between Tom Boedts and the Company following his appointment as member of the board of directors and the executive committee.

The Board of Directors was informed of the key terms of the services agreement to be entered into by the Company with Tom Boedts. The Board of Directors is of the opinion that proposed remuneration and other terms are in line with the terms offered to executive committee members in the banking sector with similar profiles and responsibilities. Accordingly, the Board of Directors is of the opinion that the proposed terms for the service agreement are in the best interest of the Company.

Given the above, the Board of Directors decides to approve the key terms of the services agreement and gives a mandate to Peter Deming and Sina Oefinger to further implement this decision and sign a service agreement with Tom Boedts based on the key terms.

The statutory auditor will be informed of the conflict of interest in accordance with the provisions of the Code of Companies and Associations.

By signing this document, the directors approve the above-mentioned resolution. They are only bound by their written consent if the resolutions are agreed to unanimously by all directors (except Tom Boedts)."

8. Use of financial instruments by the Company, when this is relevant for the valuation of its assets, liabilities, financial situation losses or profits - acquisition of own sharesBranches

The Bank's policy on the use of financial instruments is defined in the 'Investment Policy' document that is adopted by the Executive Committee in order to implement the general strategy defined by the Board of Directors. The execution of this policy is controlled according to the 3 lines of defence system and is monitored by the ALM Committee.

The ALM Committee provides an important contribution to the Executive Committee in terms of financial risk management and support for managerial decisions. It also monitors decisions and compliance with the limits set by the Executive Committee and the Board of Directors.

The Bank's activities in derivatives are limited and for hedging purposes only. These are mainly interest rate swap transactions. It should be noted that, in order to hedge the interest rate risk on the fixed rate loan portfolio, Aion Bank uses amortising IRS.

The front-office activities are governed by a system of limits defined in the Market, Interest Rate, Liquidity and Counterparty Risk Policy document adopted by the Executive Committee in order to implement the Risk Management Framework defined by the Board of Directors. These limits relate to the type of transaction (interest rate product, currency product,...) and the type of product (IRS, forward exchange contracts,...) and volumes of activities.

The Company did not acquire any own shares.

9. Justification of the independence and competence of at least one member of the Risk and Audit Committee

In accordance with the Belgian Banking Law, the Bank has set up a Risk and Audit Committee. The Risk and Audit Committee is composed of three non-executive directors, including two directors that meet the independence requirements set forth in the Belgian Banking Law.

All members of the Risk and Audit Committee have been assessed on their independence and compliance with regulatory fit and proper requirements in accordance with the Belgian Banking Law. The Risk and Audit Committee has collectively the required specific accounting and audit skills. Moreover the Risk and Audit Committee members individually have the knowledge, competence and experience allowing them to understand and assess the strategy in terms of risk appetite of the Bank, amongst other things through their experience in leading managerial positions and risk management roles in the financial services sector.

10. Pillar III disclosures

10.1. Governance

The table below sets for the composition of the Board of Directors and the total number of directorships held by members of the Board of Directors as at 31 December 2021.

Name	Type of director	Number of other mandates
Wojciech Sass	executive director, Chief Executive Officer	0
Tom Boedts	executive director, Chief Operations Officer	0
Niels Lundorff	executive director, Chief Financial Officer	3
Doris Honold	independent director, Chair of the Risk and Audit Committee	3
Guido Ravoet	independent director	2
Danielle Crook-Davis	independent director	0
Richard Laxer	non-executive director, Chairman of the Board	3
Michael Thompson	non-executive director	0
Peter Deming	non-executive director	4
Sina Oefinger	non-executive director	1
Wojciech Sobieraj	non-executive director	2

The Executive Committee, at 31 December 2021, is composed as follows:

- Wojciech Sass, executive director, CEO, A Director
- Niels Lundorff, executive director, CFO, A Director
- Tom Boedts, executive director, COO, A Director

The Risk and Audit Committee, at 31 December 2021, is composed as follows:

- Doris Honold, independent director, B Director (chairwoman)
- Richard Laxer, non executive director, C Director
- Guido Ravoet, independent director, B Director

Since it is not a credit institution of significant importance, the Bank decided, in accordance with article 33 of the Banking Law, not to set up a Remuneration Committee or a Nomination Committee. The functions of the Remuneration and Nomination Committee are carried out by the Board of Directors.

The Board of Directors met ten times in 2021.

The Risk and Audit Committee met eight times during 2021.

10.2. Recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise

The members of the Board of Directors must be natural persons. During the performance of their duties, directors must permanently maintain a good reputation, professional behaviour/conduct and sufficient knowledge, skills and experience to fulfil their mandates as directors. No director may fall under one of the prohibitions set forth in article 20 of the Banking Law.

Members of the Board of Directors are appointed by the general meeting of shareholders based on their skills and the contribution that they can bring to the Bank.

The appointment of a director is subject to a separate assessment of their suitability by each of the Board of Directors and the National Bank of Belgium. The Bank will inform (inter alia) the supervisor of the outcome of its suitability assessment, including the assessment of suitability of the collective composition of the statutory governing body.

New directors will be assessed and selected taking into account:

- the National Bank of Belgium Manual on assessment of fitness and propriety,
- the EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU, including as to time commitment and collective suitability,
- Circular NBB_2018_25 / Suitability of directors, members of the management committee, responsible persons of independent control functions and senior managers of financial institutions
- the Fit and proper Policy as established by the Bank

The Board of Directors is responsible for the appropriate recruitment, assessment and training policy designed, amongst other things, to support these assessments.

Compliance with fit and proper requirements will be verified by the Board of Directors before any appointment and monitored on an ongoing basis during the mandate in accordance with the Manual on assessment of fitness and propriety of the National Bank of Belgium. The Bank will inform the competent supervisory authority in advance in the event of non-renewal, resignation or revocation of the mandate of a director.

10.3. Policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved

Aion Bank is a highly diverse international company in terms of its workforce and is committed to creating and supporting a collaborative workplace culture. A diverse environment allows the company to optimise interaction with its customers and stakeholders, and effectively respond to challenges in different ways. Aion Bank takes a broad view on diversity. Diversity encompasses, inter alia, differences in backgrounds, gender, age, language, ethnic origin, parental status, education, skills, abilities, religion, sexual orientation, socio-economic status, work and behavioral styles.

The Bank has adopted a formal diversity policy in the course of 2020, covering both Board of Directors and senior management. Aion Bank is convinced that diversity of competences and views of the Board of Directors facilitates a good understanding of the business organisation and affairs. It enables the members to constructively challenge strategic decisions, ensure risk management awareness and to be more open to innovative ideas.

In the composition of the Board of Directors special attention is paid to diversity in terms of criteria such as age, professional background, gender and geographic diversity. The Company intends to review and assess this upon any changes to the composition of the Board of Directors.

As of the date of this report, the female gender is the underrepresented gender in the Board of Directors of Aion Bank. The Company improved the diversity in the management bodies and in senior management positions by adding two new members of the female gender to the Board of Directors (Mrs. Doris Honold and Mrs. Danielle Crook), and hiring a country manager for Belgium of the female gender (Mrs. Kim Van Esbroeck). As per 31 December 2021, three out of eleven members of the Board of Directors (27%) were female. Due to the changes in the composition of the Board of Directors that took place in August 2021, this is slightly below the minimum representation of the underrepresented gender required by law. The Board of Directors intends to bring the number of female directors back to above the legal minimum of one third as soon as practicable and will take this into account as selection criteria for future appointments of directors.

Three out of eight (37.5%) of the non-executive members of the Board of Directors were female. Two out of three (66%) of the independent board members were female. The Board of Directors continues to be well diversified in terms of geographical background (7 different nationalities), age of directors, professional and educational background.

10.4. Risk management objectives and policies

The Bank has implemented a Risk Management Framework (RAF) based on several important pillars which are set by the Board of Directors:

a. Risk Strategy, defining strategy and governance in terms of risk,

b. Risk Appetite Statement, defining risk appetite, setting limits and defining reporting procedures (including RAS monitoring dashboard),

c. ICAAP/ILAAP[1] policy, including comprehensive stress testing and capital and liquidity planning, aimed at securing proper risk assessment and capital coverage,

d. Credit Competences, defining the credit decisioning process

The Board of Directors role is crucial within risk management as it oversees the approach taken by the Bank toward risk management by approving the Risk Management Strategy, Risk Appetite Statement, Internal Control System, ICAAP and Remuneration Policy.

The Risk and Audit Committee is responsible for assisting the Board of Directors in fulfilling its obligations and oversight responsibilities in aspects related to risk strategy and risk tolerance. It assists the Board of Directors in supervising the implementation of this strategy by the Executive Committee.

The Executive Committee is responsible for the implementation of the Risk Management Strategy by taking adequate actions, among others: creating proper risk management structure, delegating responsibilities, creating internal control systems, maintaining limits and controls at adequate levels in line with the Risk Appetite Statement.

The Risk Management Function ("RMF") delivers a holistic view on all risks and ensures that the risk strategy is complied with by ensuring that all risks are identified, assessed, measured, monitored, managed and properly reported. In accordance with article 37 (3) of the Banking Law, as the Bank is not a significant credit institution, the NBB has agreed that the head of the risk management function is exercised by a person who is not a member of the Executive committee. The head of the RMF has direct access to the Risk and Audit Committee.

[1] Internal Capital Adequacy Assessment Process / Internal Liquidity Adequacy Assessment Process

10.5. Own Funds

The available level of total regulatory capital is €96.8 million. Its composition and reconciliation with book value of equity is the following:

Regulatory Own Funds	
Capital	131.9
Share Premium	10.1
Reserves	43.9
Results carried forward	-47.0
Net Profit	-48.5
Book value of Equity	90.4
CET1 Instruments	0.0
intangible assets	-5.9
CET1 Capital	84.5
Other Tier 1 elements	0.0
Tier 1 Capital	84.5
Tier 2 Subordinated notes[2]	14.0
Total Regulatory Capital	98.5

[2] This subordinated note amounts to €14 million, it has a final maturity in February 2031. The interest rate is indexed quarterly based on the 3-months Euribor + 2.20%.

10.6. Capital requirements

Pillar 1 Capital requirements are defined using the following regulatory methods:

- Credit Risk: Standardised Approach,
- Market Risk: Standardised Approach,
- Operational Risk: Basic Indicator Approach

When assessing Internal Capital Requirements (Pillar 2), the Bank takes into consideration:

- Regulatory Capital Requirements (for risks covered under Pillar 1),
- Economic Capital (if calculated differently than regulatory capital requirements, and for significant risks which are not covered under Pillar 1),
- stress testing (if applicable)

Whenever possible, the Bank considers quantitative as well as qualitative approaches to measure risk.

For Credit Risk the Bank calculates Economic Capital requirements using the regulatory Internal Rating Based approach (IRB) formulas.

For Market Risk, the Bank calculates regulatory capital requirements. The Economic Capital requirement is set at the level of regulatory capital requirement.

For Operational Risk, the Bank defines the internal capital requirement as an expert based fixed amount determined considering:

- the level of regulatory capital requirements,
- last internal evaluation of capital requirements,
- the evolutions in business strategy, processes and controls

For Liquidity Risk, the Bank will evaluate Economic Capital consistently with the results of the Internal Liquidity Adequacy Assessment Process (ILAAP) stress testing procedures. The ILAAP ensures that the Bank could meet its obligations even in liquidity stress situations. The Economic Capital is then evaluated as the potential impact that the contingency funding plan would have on equity.

For Interest Rate Risk in the Banking Book (IRRBB), the Bank evaluates internal capital requirements based on the standardised set of scenarios defined by the EBA in its guidelines on the management of interest rate risk arising from non-trading book activities.

For other significant risks, the Bank will allocate a fixed expert based amount of Economic Capital.

When aggregating Economic Capital requirements on the level of the organisation, the Bank does not include diversification effects between risk types.

If the aggregation of Economic Capital requirements for all risks produces a result that is below regulatory capital requirements, then the Bank will keep the results of Regulatory Capital Requirements as Internal Capital Requirements.

Capital requirements are assessed taking into account the latest Bank Specific SREP decision (SREP decision 2021 with Pillar 2 Requirement of 3.18% and Pillar 2 Guidance of 0%) and the combined buffer requirements (capital conservation buffer 2.50% and average countercyclical buffer 0.003055089%):

Overall Capital Requirement (OCR) + Pillar 2 Guidance (P2G)	
CET1 Ratio	11.18%
T1 Ratio	13.68%
Total Capital Ratio	13.68%

Capital Adequacy Pillar 1 (€ million)	
Credit RWAs	461.4
Credit Value Adjustment	2.0
Operational risk	12.3
Market risk	0.0
Total Pillar 1 RWA	475.8
Available CET 1 Capital	84.5
Available Tier 1 Capital	84.5
Available Total Capital	98.5
CET1 Ratio	17.78%
T1 Ratio	17.78%
Total Capital Ratio	20.72%

Credit Risk Risk Weighted Exposures by Exposure types (€ million)	
Central governments or central banks	7.9
Regional governments or local authorities	4.5
Institutions	30.0
Corporates	183.3
Retail	108.2
Secured by mortgages on immovable property	69.1
Non Performing Exposures	50.6
Other items	7.9
Total Risk Weighted Exposures	**461.5**

10.7. Exposure to counterparty credit risk

The derivatives portfolio is limited and used exclusively for ALM management. Most derivatives are covered by CSA's (Credit Support Annex). Aion Bank mainly uses Interest Rate Swaps (IRS), Forward Rate Agreements (FRA) and currency swaps. Except for back-to-back operations, IRS transactions are only used to hedge part of its fixed-rate and long-term loan portfolio, which consists mainly of mortgage loans and investment loans. As of 31 December 2021, the outstanding IRS notional amount was €96 million compared to €108 million at the end of 2020. The share of micro-hedging transactions was 5%, while the remaining 95% is related to macro-hedging transactions[3].

Exposures on derivative contracts are determined by the Standardised Approach for Counterparty Credit Risk (SA-CCR) defined in CRR article 274 and following. The exposures under that method are composed of 2 elements: a) the current replacement cost and b) the potential future exposure, both multiplied by a factor of 1.4.

The Bank computes capital requirements for the CVA (Credit Valuation Adjustment) risk by application of the standardised method defined in CRR article 384.

Counterparty Credit Risk Exposures (€ million)	
Current replacement cost	2.5
Potential future exposure	2.1
Total exposure to CCR[4]	**4.6**

[4] Included in Credit Risk Exposures

[3] Out of which 29% were de-designated as a hedge in March 2022 with retroactive effect at the end of 2021 Included in Credit Risk Exposures

Counterparty Credit Risk RWA (€ million)	
Risk weighted exposure to CCR[5]	2.2
Credit Valuation Adjustment Exposure	4.6

[5] Included in Credit Risk RWA's

10.8. Capital buffers

Countercyclical Buffer (CCB) Exposures		
Country	Countercyclical buffer rate	RWA on CCB Exposures
BE	0.00%	220.18
PL	0.00%	134.29
IT	0.00%	13.35
FR	0.00%	5.55
LU	0.00%	2.27
US	0.00%	1.41
MC	0.50%	1.39
HK	0.00%	1.24
DE	0.00%	1.23
GB	0.00%	1.14
NL	0.00%	1.12
BE	0.00%	1.01
AE	0.00%	0.99
Other	0.03%	5.32
Total	**0,00%**	**390.48**

Based on the above exposure values, the following table identifies the Bank's countercyclical capital buffer requirement:

Countercyclical Buffer Requirements	
Total risk exposure amount (€ million)	606.7
Institution specific countercyclical buffer rate	0.0%
Institution specific countercyclical buffer requirement (€ million)	0.0

10.9. Credit risk adjustments

The classification system groups credit exposures into two general classes: Performing and Non Performing. These two classes are then divided into subclasses:

10.9.1. Non Performing Exposures:

a. Defaulting ("Défaillant"): obligors with all balance sheet and off-balance sheet positions of a third party considered insolvent (even if not yet legally established) or is in a substantially similar situation,

b. Unlikely to Pay ("Défaut probable"): obligors for which it is considered unlikely that, without recourse to actions such as realisation of collateral, the debtor could fulfil its obligations in principal and / or interest,

c. Deteriorated Past Due Exposure: obligors, other than those classified as Defaulting or in Unlikely to Pay, which at the reference date have past due obligation (beyond the materiality thresholds) for more than 90 days.

10.9.2. Performing Exposures:

a. **Non-deteriorated Past Due Exposure:** obligors, other than those classified as Defaulting, Unlikely to Pay or Deteriorated PDE, which at the reference date have past due obligation under the materiality thresholds or for less than 90 days,

b. **Fully Performing:** 0 past due days in payment and not covered by any of the categories above

Those rules for classifications are considered as the minimum to be respected in order to have an efficient management of the non performing exposures. However, more restrictive rules can be applied.

Every non-performing category recognized on the obligor level is propagated on customers that constitute a grouped obligor (contagion effect).

The valuation process aims at determining the provisions for all clients with Non Performing credits. This evaluation can be carried out on the basis of two distinct methods, one statistical and the other analytic. The statistical approach is reserved for clients with exposures below a materiality threshold and without any tangible collateral. Other cases are treated based on the analytic approach.

The analytical evaluation is carried out by the credit department. This evaluation must be performed when entering a non-performing status and is then updated whenever appropriate, following any relevant developments, or in any case periodically, at least once per quarter.

In all cases, the evaluation should take into account all relevant information including:

a. the status of the client in the Central Credit Register,

b. financial situation of the client,

c. business surveys,

d. potential new valuations,

e. collaterals,

f. any potential third-party buy-back offers,

g. etc.

The following table shows the distribution of the exposures (net values of on-balance sheet and off-balance sheet items) as at 31 December 2021 by geographical distribution broken down by exposure classes:

Geographic Breakdown of Exposures (Net Exposures, € million)				
	Belgium	Other EU	Rest of the world	Total
Central governments or central banks	645.22	161.46	6.52	**813.21**
Regional governments or local authorities	21.05	0.06	0.00	**21.10**
Institutions	2.68	54.41	2.41	**59.49**
Corporates	131.61	109.29	9.30	**250.19**
Retail	74.77	167.15	2.93	**244.85**
Secured by mortgages on immovable property	106.10	78.73	4.26	**189.10**
Other items	12.98	0.05	0.93	**13.96**
Non Performing Exposures	37.33	7.79	10.04	**55.16**
Total	**1,031.74**	**578.94**	**36.39**	**1,647.06**

Credit Risk Adjustments (€ million)	
Gross Performing Exposures	1,592.9
Gross Non Performing Exposures	104.5
Specific provisions	-50.4
Total Net Exposures (before GLLP)	1,647.06
General Loan Loss Provision	0
Total Net Exposures (after GLLP)	1,647.06

10.10. Unencumbered assets

Encumbrance of the Bank's assets is as follows:

Unencumbered assets (€ million)	
Assets encumbered for TLTRO[6]	202.2
Assets encumbered for other reasons	16.9
Unencumbered assets	1 230.9

[6] Targeted Long Term Refinancing Operations (TLTRO) programs from the European Central Bank.

10.11. Use of external credit assessment institutions (ECAI's)

The Bank uses the ratings of the following three rating agencies in determining the risk weights: Standard & Poor's, Moody's and Fitch. The regulatory "second best" principle is applied by the Bank in case these agencies would attribute rating implying different risk weights.

Given its customer base, most exposure types for which ECAI's assessments are used are:

- Central Governments
- Local Governments
- Banks

10.12. Exposure to market risk

In line with CRR for the purpose of capital adequacy calculation the Bank distinguishes separately:

- market risk for trading book,
- interest rate risk in banking book (IRRBB) and liquidity risk which are not treated as market risk in line with CRR definition

Risk management process for the above mentioned risks consists of: identification of risk, risk measurement, risk control, risk monitoring, risk reporting.

Risk management process is organized on three lines of defence system. The first line of defence consists of risk-taking units, responsible for the first level of control, which is the Treasury Department. The second line of defence consists of Risk Management units, responsible among others for monitoring adherence to quantitative limits in the Bank. The third line of defence consists of the Internal Audit Function.

From the perspective of capital needs, the Bank does not make capital calculations for market risk, since it does not have any 'trading book', nor holds any significant foreign currency position.

10.13. Operational risk

The operational risk management in the Bank is realized in line with the policy approved by the Board of Directors. The main goal of the operational risk management is to keep risk within the limits set in Operational Risk Appetite.

Operational Risk Management System in the Bank consists of identification of operational risk present in the Bank, operational risk assessment, operational risk measurement, operational risk monitoring process, operational risk reporting.

With respect to capital adequacy, the Bank calculates its capital requirement using the Basic Indicator Approach as defined in Article 315 of the CRR. The own funds requirement amounts to 15% of the average three years of the relevant indicator, as defined in Article 316 of the CRR.

10.14. Remuneration policy

10.14.1. Governance

The purpose of the Remuneration Policy is to regulate the remuneration mechanisms within Aion Bank with a view to promoting sound and effective risk management while not encouraging any risk taking that would exceed the level of risk, tolerated by Aion Bank, this while promoting the objectives and long-term interests of Aion Bank and the absence of conflicts of interest.

The principles and terms and conditions of the Remuneration Policy apply to Aion Bank and its Belgian and foreign subsidiaries and branches (together Aion Bank), as well as to its staff members, regardless of their employment status (including employees and self-employed persons).

Given its size and in accordance with article 30 of the Banking Law, the Bank has decided not to create a Remuneration Committee. The tasks conferred to the Remuneration Committee by the Banking Law, and by any policies adopted by the Bank prior to the change of control over the Bank in 2019, are exercised by the Board of Directors.

10.14.2. Identified Staff

Aion Bank has taken into account the specific requirements for identified Aion Bank personnel: art. 67 of the Act of 25 April 2014 on the status of credit institutions and their supervision and Delegated Regulation 604/2014.

10.14.3. Selection process

In the identification process, Aion Bank applied the following criteria:

a. the members of the Board of Directors of Aion Bank;

b. the members of the Executive Committee of Aion Bank;

c. the staff members who head an independent control function (independent risk management function, compliance function or internal audit function);

d. the staff members whose functions (are deemed to) have a material impact on Aion Bank's risk profile as determined in accordance with the qualitative criteria set out in the Commission Delegated Regulation 604/20147;

e. the staff members whose total remuneration exceeds the thresholds determined in accordance with the quantitative criteria set out in the Delegated Regulation 604/2014, unless the professional activities of the staff member do not have a material impact on Aion Bank's risk profile;

f. the staff members whose professional activities are considered by Aion Bank as having a material impact on its risk profile, based on potential additional specific criteria as determined by Aion Bank where appropriate.

10.14.4. Specific rules (risk alignment, deferral, instruments)

Where remuneration is performance related, and is therefore considered as Variable Remuneration, the total amount of remuneration will be based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of Aion Bank. The evaluation takes into account all sorts of existing and future risks of Aion Bank.

When assessing individual performance, financial and non-financial criteria are taken into account.

The assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of the variable remuneration is spread over a period which takes account of the underlying business cycle of Aion Bank and its business risks.

The amount of the fixed remuneration shall reflect the relevant professional experience and the organisational responsibilities linked to the function. The fixed Remuneration is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job.

The fixed remuneration represents a sufficiently high share of the total remuneration in order to guarantee a maximal flexibility relating to the variable remuneration, such as in particular the possibility not to grant any.

The variable remuneration for each member of the identified staff is limited to the highest of the two following amounts:

- 50% of the fixed remuneration; or
- 50,000€ (or every other maximum established by law at the moment the remuneration is granted), subject to the limitation that this amount shall never be higher than the amount of the fixed remuneration.

The policy for the deferral of variable remuneration implies that the vesting and payment of 40% of said remuneration is postponed during a period of at least three (3) years, for the part in cash as well as for the part that is possibly granted in financial instruments according to the provisions of this policy.

When the amount of the variable remuneration is particularly high, i.e. above EUR 200,000, the acquisition and payment of 60% of the latter is deferred for said period of at least three (3) years, both for the cash part as for the part possibly granted in financial instruments according to the provisions of the remuneration policy.

10.15. Leverage

The CRR requires financial institutions to calculate a non-risk based leverage ratio, to supplement risk based capital requirements. The leverage ratio is a non-risk based rule to limit leveraged financing and constrain the build-up of excessive leverage.

The Bank monitors the leverage ratio closely. As part of the Risk Appetite Framework, the leverage ratio is one of the indicators that are systematically included in the periodic reports to the management and to the Board (through the Risk and Audit Committee).

At the end of the financial year 2021, the leverage remains at a conservative level of 5.66% (5.87% in 2020).

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (€ million)		
1	Total assets as per published financial statements	1431.6
4	Adjustments for derivative financial instruments	4.6
6	Adjustment for off-balance sheet items (i.e. conversion to credit wequivalent amounts of off-balance sheet exposures)	63.9
7	Other adjustments	-5.9
8	**Leverage ratio total exposure measure**	**1494.2**

Table LRCom: Leverage ratio common disclosure (€ million)		
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items	1431.6
2	(Asset amounts deducted in determining Tier 1 capital)	-5.9
3	**Total on-balance sheet exposures (sum of lines 1 and 2)**	**1425.7**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions	2.5
5	Add-on amounts for PFE associated with all derivatives transactions	2.1
11	**Total derivatives exposures (sum of lines 4 to 10)**	**4.6**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	210.9
18	(Adjustments for conversion to credit equivalent amounts)	-147.0
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**63.9**
Capital and total exposure measure		
20	**Tier 1 capital**	**84.6**
21	**Leverage ratio total exposure measure (sum of lines 3, 11 and 19)**	**1494.1**
Leverage ratio		
22	**Leverage ratio**	**5.66%**

Table LRSpl: Split-up of on balance sheet exposures (excl. derivatives, SFTs and exempted exposures)		
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**1431.6**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	1431.6
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	829.7
EU-6	Exposures to regional gov., MDB, intern. org. and PSE not treated as sovereigns	5.5
EU-7	Institutions	55.5
EU-8	Secured by mortgages of immovable properties	188.7
EU-9	Retail exposures	119.5
EU-10	Corporate	169.9
EU-11	Exposures in default	41.1
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	21.7

11. Financial Statements (Schema B)

Financial Statements (Schema B)

10				9	EUR
NAT.	Date of filing	N°	P.	E.	D.

C-ét 1.1

ANNUAL ACCOUNTS IN EUR THOUSANDS OF EUROS

NAME: Aion Bank S.A
Legal form: Société Anonyme (Limited Company)
Address: Avenue de la Toison d'Or N° :26-28
Postal code: 1050 Commune: Bruxelles
Country: Belgium
Register of Legal Persons (RPM) - Tribunal de l'entreprise de Bruxelles (Brussels Enterprise Court)
Internet address[1.] : http://www.Aion Bank.be

Company number	0403.199.306

DATE	26/05/2021	of the filing of the constitutive act OR of the most recent document mentioning the date of publication of the constitutive acts and amendment(s) to the articles of association.

ANNUAL ACCOUNTS approved by the general assembly of the	08/06/2021		
and relating to the financial year covering the period of	01/01/2020	to	31/12/2020
Previous fiscal year of	01/01/2019	to	31/12/2019

Amounts relating to the previous financial year are/ are not1** identical to those previously published.

LISTE COMPLETE avec nom, prénoms, profession, domicile (adresse, numéro, code postal et commune) et fonction au sein de l'entreprise des ADMINISTRATEURS, GERANTS ET COMMISSAIRES
M. Wojciech SOBIERAJ, Director - Jezus Eiklaan 107 3080. Tervuren - from 14.06.2019 to 31.12.2021
M. Wojciech SASS, Director - Victor Van Espenlaan 6 3080 TERVUREN- from 14.06.2019 to 31.12.2021
M. Niels LUNDORFF, Director - Rue de la Montagne 52d 1000 BRUXELLES- from 14.06.2019 to 31.12.2021
Mme. Danielle CROOK Independent Director Ouborg 12 1083 AMSTERDAM from 14.06.2019 to 31.12.2024
M. Richard LAXER, Director and Chairman of Board 48 Marlborough Place NW8 0PL LONDON from 14.06.2019 to 31.12.2024
M. Peter DEMING, Director 2 Abbey Gardens NW8 9AT LONDON from 14.06.2019 to 31.12.2024
Mme Sina OEFINGER, Director 17A Walton Street SW3 2HX LONDON from 14.06.2019 to 31.12.2024
M. Michael Thompson, Director 55 Calabria Road N5 1HZ LONDON from 01.12.2020 to 31.12.2021
Mme. Doris Honold, Independent Director 1701 Satin House 15 Piazza WalkE1 8PW LONDON from 01.12.2020 to 31.12.2021
M.Guido RAVOET, Independent Director De Stolberglaan 1 3080 TERVUREN from 09.04.2019 to 31.12.2021

Certified Statutory Auditor

EY Réviseurs d'Entreprises SRL (B00160) - De Kleetlaan, 2. 1831 Diegem – Belgium
Mandate start date: 09/04/2019
Represented directly or indirectly by Joeri Klaykens (A02138)
De Kleetlaan, 2. 1831 Diegem - Belgium
Documents attached to these annual accounts:

Total number of pages filed: .... Numbers of sections of the standard document not filed because not applicable:

Signature
(name and quality)

SOBIERAJ Wojciech
Chief Executive Officer - Director

Signature
(name and quality)

LUNDORFF Niels
Chief Financial Officer - Director

1** Delete as appropriate.

N°		C-ét 1.1

LIST OF DIRECTORS, MANAGERS AND COMMISSIONERS (continued from previous page)

BALANCE SHEET AFTER DISTRIBUTION

	Ann.	Codes	Accounting year	Previous accounting year
ASSETS				
I. Cash, balances with central banks and post office cheque offices		10100	10.476.340	5.622.108
II. Government securities eligible for central bank refinancing		10200	15.003.069	20.020.457
III. Receivables to credit institutions	5.1	10300	643.539.899	410.808.774
A. At sight		10310	26.463.894	49.309.138
B. Other receivables (term or notice)		10320	617.076.005	361.499.636
IV. Receivables from customers	5.2	10400	488.791.830	431.635.144
V. Bonds and other fixed-income securities	5.3	10500	240.257.431	271.425.776
A. From public issuers		10510	200.439.576	264.408.099
B. From other issuers		10520	39.817.856	7.017.677
VI. Shares, shares in companies and other variable-income securities	5.4	10600		
VII. Financial fixed assets	5.5 / 5.6.1	10700	161.726	161.726
A. Investments in associates		10710		
B. Investments in other companies linked by virtue of a participating interest		10720		
C. Other shares and units constituting financial fixed assets		10730	161.726	161.726
D. Subordinated claims on affiliated companies and other companies linked by virtue of participating interests		10740		
VIII. Formation expenses and intangible assets	5.7	10800	5.873.902	2.223.785
IX. Tangible assets	5.8	10900	1.780.955	1.657.078
X. Treasury shares		11000		
XI. Other assets	5.9	11100	28.107.082	10.937.325
XII. Accruals and deferred income	5.10	11200	4.488.873	3.734.443
TOTAL ASSETS		**19900**	**1.438.481.107**	**1.158.226.616**

	Ann.	Codes	Accounting year	Previous accounting year
LIABILITIES				
THIRD-PARTY FUNDS		201/208	1.348.039.077	1.803.303.370
I. Amounts owed to credit institutions	5.11	20100	187.242.238	171.734.457
A. At sight		20110		
B. Debts resulting from the rediscounting of bills of exchange		20120		
C. Other debts with agreed terms or periods of notice		20130	187.242.238	171.734.457
II. Amounts owed to customers	5.12	20200	1.104.305.719	855.091.919
A. Savings deposits		20210	304.437.986	157.039.744
B. Other debts		20220	799.867.733	698.052.175
1. At sight		20221	473.104.098	261.364.251
2. At term or with notice		20222	326.763.634	436.687.924
3. Result of mobilization by rediscount of commercial bills of exchange		20223		
III. Debts evidenced by certificates	5.13	20300		
A.Bonds and notes outstanding		20310		
B. Others		20320		
IV. Other debts	5.14	20400	26.950.601	30.627.622
V. Accruals and deferred income	5.15	20500	8.643.248	7.444.589
VI. Provisions and deferred taxes		20600	6.897.272	4.404.783
A. Provisions for liabilities and charges		20610	6.837.676	4.404.783
1. Pensions and similar obligations		20611	473.809	
2. Taxes		20612		
3. Other liabilities and charges	5.16	20613	6.363.867	4.404.783
B. Deferred Taxes		20620	59.596	
VII. Fund for general banking risks		20700		
VIII. Subordinated debts	5.17	20800	14.000.000	14.000.000
SHAREHOLDER EQUITY		209/213	90.442.029	74.923.246
IX. Capital	5.18	20900	131.960.357	67.935.357
A. Subscribed capital		20910	131.960.357	67.935.357
B. Uncalled capital		20920		
X. Share premiums		21000	10.141.851	10.141.851
XI. Revaluation gains		21100		
XII. Reserves		21200	43.858.848	43.858.848
A. Legal reserve		21210	5.025.956	5.025.956
B. Unavailable reserves		21220	744.658	744.658
1. For treasury shares		21221		
2. Others		21222	744.658	744.658
C. Immunized reserves		21230		
D. Available reserves		21240	38.088.234	38.088.234
XIII. Retained Earnings (Loss) (+)/(-)		21300	-95.519.027	-47.012.810
TOTAL LIABILITIES		**29900**	**1.438.481.107**	**1.158.226.616**

N°		C-ét 1.1

	Ann.	Codes	Accounting year	Previous accounting year
OFF-BALANCE-SHEET ITEMS				
I. Contingent liabilities	5.22	30100	13.747.283	17.383.840
A. Non-negotiated acceptances		30110		
B. Guarantees of a credit substitute nature		30120		
C. Other guarantees		30130	13.645.750	17.281.211
D. Documentary credits		30140		
E. Assets subject to third-party security rights		30150	101.533	102.629
II. Commitments that may give rise to credit risk	5.22/ 5.24	30200	103.301.649	103.443.799
A. Firm commitments to make funds available		30210		
B. Commitments arising from cash purchases of securities or other securities		30220		
C. Available line of credit on confirmed lines of credit		30230	103.301.649	103.443.799
D. Underwriting and securities underwriting commitments		30240		
E. Repurchase commitments resulting from imperfect retrocession sales		30250		
III. Securities entrusted to the credit institution		30300	73.318.469	
A. Securities held under organized trust status		30310		
B. Overdrafts and similar deposits		30320	73.318.469	
IV. To be paid up on shares and shares in companies		30400		

INCOME STATEMENT (account presentation)

	Ann.	Codes	Accounting year	Previous accounting year
CHARGES				
II. Interest and similar charges		40200	15.340.856	7.691.904
V. Commissions paid		40500	4.098.666	1.796.262
VI. Loss from financial operations (-)		40600	14.710.171	1.420.333
A. From foreign exchange and trading in securities and other financial instruments (-)		40610	14.710.171	1.420.333
B. From the realization of marketable securities (-)		40620		
VII. Administrative overhead charges		40700	47.250.035	41.645.780
A. Remuneration, social security charges and pensions		40710	27.185.563	18.106.399
B. Other administrative expenses		40720	20.064.471	23.539.382
VIII. Depreciation and write-downs on formation expenses, intangible and tangible fixed assets		40800	1.230.454	706.226
IX. Write-downs on receivables and provisions for items "I. Contingent liabilities" and "II. Commitments that may give rise to a credit risk" of the off-balance sheet items (-)		40900	14.291.594	14.395.667
X. Write-downs on the portfolio of investments in bonds, shares and other fixed or variable income securities (-)		41000		
XII. Provisions for liabilities and charges other than those covered by items "I. Contingent liabilities" and "II. Commitments that may give rise to a credit risk" of the off-balance sheet items		41200	587.743	
XIII. Allocation to the fund for general banking risks (+)/(-)		41300		
XV. Other operating expenses	5.23	41500	4.781.181	4.798.932
XVIII. Extraordinary expenses		41800	1.516	16.100
A. Extraordinary depreciation and write-downs on formation expenses, intangible and tangible fixed assets		41810		
B. Write-downs on financial fixed assets		41820		
C. Provisions for extraordinary liabilities and charges: Allocations (uses) (+)/(-)		41830		
D. Losses on disposal of fixed assets		41840		16.100
E. Other exceptional expenses	5.25	41850	1.516	
XIXbis.A. Transfer to deferred taxes		41921		
XX.A. Taxes(-)	5.26	42010	295.343	
XXI. Profit for the accounting year		42100		
XXII. Transfer to untaxed reserves (-)		42200		
XXIII. Profit for the accounting year available for appropriation		42300		

	Ann.	Codes	Accounting year	Previous accounting year
PRODUCTS				
I. Interest and similar income	5.23	40100	19.914.818	12.992.269
A. Of which: fixed-income securities		40110	5.066.548	780.446
III. Income from variable-income securities	5.23	40300		364
A. Of shares, corporate units and other variable-income securities		40310		
B. Of investments in accociates		40320		
C. Of investments in other companies with which there is an equity interest		40330		
D. Of other shares and company units constituting financial fixed assets		40340		364
IV. Commissions received	5.23	40400	4.150.493	581.702
A. Brokerage and related commissions		40410	24.357	3
B. Remuneration for management, advisory and custodial services		40420	3.750.558	
C. Other commissions received		40430	375.578	581.699
VI. Profit from financial operations	5.23	40600	15.761.374	2.637.053
A. From foreign exchange and trading in securities and other financial instruments		40610	15.055.321	1.155.491
B. From the realization of investment securities		40620	706.054	1.481.562
IX. Reversals of write-downs on receivables and write-backs of provisions for items “I. Contingent liabilities” and “II. Commitments that may give rise to a credit risk” of the off-balance sheet items		40900	14.490.756	9.241.646
X. Reversals of write-downs on the portfolio of investments in bonds, shares and other fixed or variable-income securities		41000		
XI. Utilizations and reversals of provisions for liabilities and charges other than those covered by items “I. Contingent liabilities” and “II. Commitments that may give rise to a credit risk” of the off-balance sheet items		41100		
XIII. Withdrawal from the fund for general banking risks		41300		
XIV. Other operating income	5.23	41400	1.025.671	5.360
XVII. Extraordinary income		41700	343.428	

A. Reversals of depreciation and write-downs on intangible and tangible fixed assets		41710		
B. Reversal of impairment losses on financial fixed assets		41720		
C. Reversals of provisions for exceptional liabilities and charges		41730		
D. Capital gains on disposal of fixed assets		41740		
E. Other extraordinary income	5.25	41750	343.428	
XIXbis.B. Deductions on deferred taxes		41922		
XX.B. Tax adjustments and reversals of tax provisions	5.26	42020	430.440	
XXI. Loss for the accounting year		42100	48.501.577	47.012.810
XXII. Withdrawals from untaxed reserves		42200		
XXIII. Loss for the accounting year to be allocated		42300	48.501.577	47.012.810

N°		C-ét 1.1

ALLOCATIONS AND WITHDRAWALS

	Codes	Accounting year	Previous accounting year
A. Profit (Loss) to be allocated (+)/(-)	49100	(48.501.577)	(47.012.810)
1. Profit (Loss) for the accounting year available for allocation (+)/(-)	(42300)	(47.501.577)	(47.012.810)
2. Profit (Loss) brought forward from the previous accounting year (+)/(-)	(21300P)	(47.012.810)	
B. Drawings from shareholder's equity	49200		
1. On capital and share premiums	49210		
2. On the reserves	49220		
C. Allocations to shareholder's equity	49300		
1. To capital and share premiums	49310		
2. To the legal reserve	49320		
3. To other reserves	49330		
D. Profit (Loss) to be carried forward(+)/(-)	49400	(95.514.387)	(47.012.810)
E. Involvement of partners in the loss	49500		
F. Distributable profit	49600		
1. Return on capital	49610		
2. Directors or managers	49620		
3. Other recipients	49630		

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