



**ADVANZIA
BANK**

FINANCIAL REPORT
Third Quarter 2024



Installation view, "Has My Place Forgotten Me?" at Nybruket Gallery, Kistefos, 2024.
Top: Anna-Eva Bergman, Mur doré, 1963. Below: Ken Matsubara, Winter Dreams -
Table, 1106-11, 2011. Both works courtesy of Christen Sveaas' Art Foundation.

FINANCIAL REPORT THIRD QUARTER 2024

Avanzia Bank S.A.

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Highlights for the third quarter 2024

KPI	Q3-24	QoQ %	YoY %
Gross credit card loan balance (MEUR)	3 442	+7.2%	+20.5%
Performing active clients	1 745 000	+3.4%	+12.1%
Cards in force ¹	2 776 000	+3.0%	+12.4%
Card acquisition cost (MEUR)	11.1	+16.1%	-10.8%
Loan loss rate (provisions and write offs)*	6.0%	+0.3% - points	+0.2% - points
Profit after tax (MEUR)	38.5	+0.3%	+51.0%
Return on shareholders' equity	37.2%	-3.2% - points	+7.6% - points

*Adjusted loan loss rate excl. a precautionary provision in France is 5.8%.

Avanzia continued to grow during the third quarter. The Bank's credit card portfolio of performing active clients increased by 3.4% QoQ and 12.1% YoY, reaching 1 745 000 active credit card clients at the end of the quarter. This was primarily driven by strong sales performance in Germany. The increase in active clients and higher customer card usage contributed to the increased growth in gross loan balance, which amounted to MEUR 3 442 at the end of the quarter, an increase of +7.2% QoQ and +20.5% YoY.

Due to the absence of a profitable growth perspective and alternative priorities, the Bank decided to initiate an exit from the French market. Consequently, onboarding of new customers has been permanently ceased, and the Bank expects the French portfolio to churn naturally over the coming years.

Total income amounted to MEUR 138.2, representing an increase of 11.8% QoQ and 31.1% YoY. The increase compared to previous quarters is largely driven by the substantial loan balance growth of more than MEUR 200 during the summer months.

Operating expenses amounted to MEUR 39.0 in the third quarter, an increase of MEUR 2.1 QoQ mainly due to increased marketing activities in Germany and Austria.

Total loan loss provisions for the quarter amounted to MEUR 56.5, an increase of 27.9% QoQ and 39.8% YoY. The loan loss rate amounted to 6.0% during the second quarter. As part of the initiated exit from France, a precautionary provision of MEUR 5.0 has been booked. Adjusting for this provision, the loan loss rate would have amounted to 5.8%.

Profit after tax for the quarter amounted to MEUR 38.5, an increase of 0.3% QoQ and 51.0% YoY.

¹ Cards in force: The number of issued cards including active and inactive cards

Profit development

in MEUR, QoQ

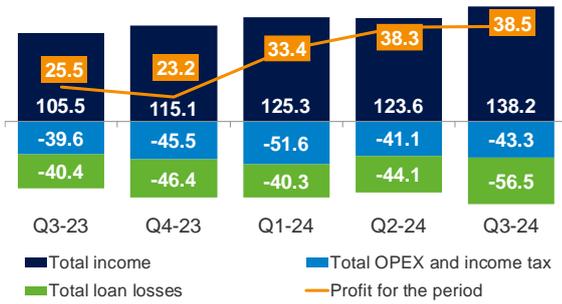
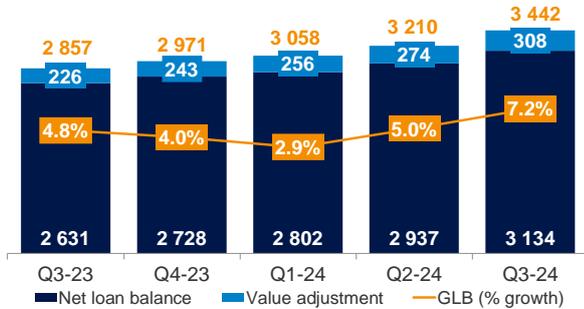


Figure 1: Profit development.

Credit cards

Credit card loan balance

in MEUR, QoQ



Performing active clients

in 000's, QoQ

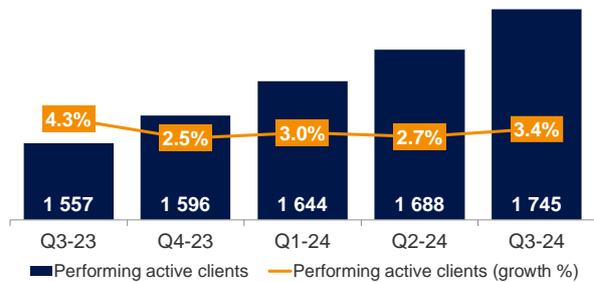


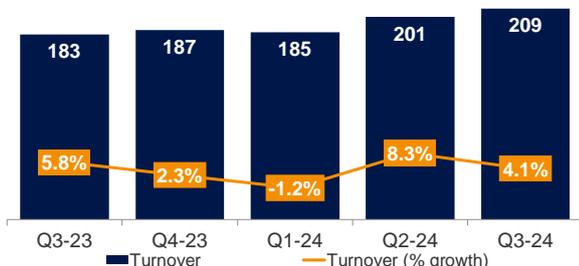
Figure 2: Credit card statistics.

The gross loan balance grew by MEUR 232 (7.2%) during Q3 2024. The increase is mainly attributed to growth in the German market.

Professional Card Services (PCS)

PCS card turnover

in MEUR, QoQ



Number of serviced cards

in 000's, QoQ

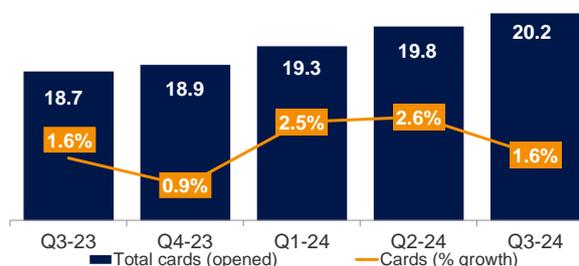


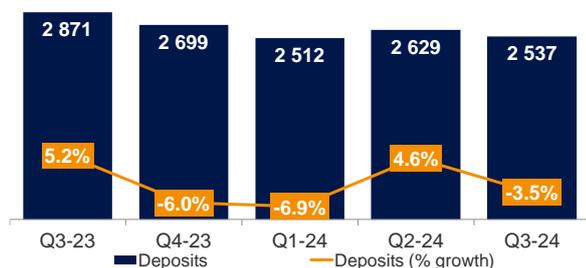
Figure 3: PCS statistics.

The PCS business segment continues to deliver steady growth both in terms of number of customers as well as card usage.

Deposit account

Deposit balance

in MEUR, QoQ



Number of active depositors

in 000's, QoQ

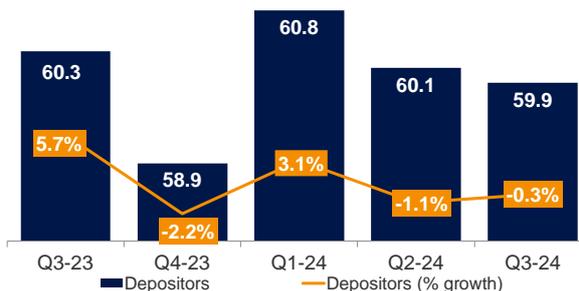


Figure 4: Deposit statistics.

During the quarter, the Bank registered a net outflow of MEUR 92, corresponding to a decrease of 3.5% QoQ. The development was mainly driven by the QoQ reduction of active depositors by 0.3% to 59 900: a deliberate measure to counter the Bank's high liquidity situation.

Board, management and staff

As of 30 September 2024, Advanzia has 220 full-time equivalent employees, up from 209 at the end of the previous quarter.

Shareholding

Kistefos AS, a Norwegian investment company owned by Mr. Christen Sveaas, is the largest shareholder with 60.3% ownership. Other shareholders each hold below 10%.

Financial statements

The unaudited accounts of Advanzia as of the end of the third quarter of 2024 are shown below. Advanzia Bank follows IFRS standards and the figures reflect Advanzia's actual business activities and operations.

Assets (MEUR)	Q3-24	Q2-24	QoQ %	Q3-23	YoY %	YTD-24	YTD-23	YoY %
Cash, balances with central banks	977.4	1 202.2	-18.7%	1 070.0	-8.7%	977.4	1 070.0	-8.7%
Loans and advances to credit institutions	103.5	124.9	-17.1%	45.6	127.0%	103.5	45.6	127.0%
Net loans and advances to PCS partner banks	69.0	71.9	-4.1%	75.4	-8.5%	69.0	75.4	-8.5%
Loans and advances to credit card clients	3 442.1	3 210.3	7.2%	2 857.1	20.5%	3 442.1	2 857.1	20.5%
Value adjustments (losses)	-308.3	-273.7	12.6%	-225.7	36.6%	-308.3	-225.7	36.6%
Net loans and advances to credit card clients	3 133.7	2 936.6	6.7%	2 631.4	19.1%	3 133.7	2 631.4	19.1%
Tangible and intangible assets	38.0	37.9	0.3%	28.5	33.6%	38.0	28.5	33.6%
Investment in subsidiary	11.1	8.2	35.1%	0.0	-	11.1	0.0	-
Other assets	19.9	18.0	10.5%	16.3	22.4%	19.9	16.3	22.4%
Total assets	4 352.7	4 399.8	-1.1%	3 867.2	12.6%	4 352.7	3 867.2	12.6%
Liabilities and equity (MEUR)	Q3-24	Q2-24	QoQ %	Q3-23	YoY %	YTD-24	YTD-23	YoY %
Amounts owed to credit institutions	53.2	42.8	24.3%	42.1	26.1%	53.2	42.1	26.1%
Amounts owed to customers	2 538.0	2 633.5	-3.6%	2 875.2	-11.7%	2 538.0	2 875.2	-11.7%
Amounts owed to (un)secured note holders	1 093.5	1 068.5	2.3%	450.6	142.7%	1 093.5	450.6	142.7%
Other liabilities, accruals, provisions	55.6	55.8	-0.3%	34.7	60.0%	55.6	34.7	60.0%
Subordinated loan (T2)	110.0	110.0	0.0%	55.0	100.0%	110.0	55.0	100.0%
Sum liabilities	3 850.2	3 910.5	-1.5%	3 457.6	11.4%	3 850.2	3 457.6	11.4%
Subscribed capital and reserves	75.1	75.1	0.0%	68.7	9.3%	75.1	68.7	9.3%
Other equity instruments (AT1)	75.2	97.3	-22.8%	54.7	37.3%	75.2	54.7	37.3%
Profit (loss) brought forward	251.3	251.3	0.0%	216.4	16.1%	251.3	216.4	16.1%
Profit for the financial year (net of interim dividend and AT1 distributions)	100.9	65.5	54.0%	69.8	44.6%	100.9	69.8	44.6%
Sum equity	502.5	489.3	2.7%	409.6	22.7%	502.5	409.6	22.7%
Total liabilities and equity	4 352.7	4 399.8	-1.1%	3 867.2	12.6%	4 352.7	3 867.2	12.6%
Income statement (MEUR)	Q3-24	Q2-24	QoQ %	Q3-23	YoY %	YTD-24	YTD-23	YoY %
Interest receivable, credit cards	149.5	140.3	6.5%	111.7	33.8%	423.4	318.2	33.1%
Interest receivable (payable), others	-26.1	-26.0	0.6%	-18.2	43.4%	-73.1	-36.8	98.5%
Net interest income	123.4	114.3	7.9%	93.5	32.0%	350.3	281.3	24.5%
Commission receivable	15.9	15.2	4.5%	19.5	-18.5%	47.4	57.1	-17.1%
Commission payable	-7.7	-7.4	4.7%	-6.8	13.8%	-21.6	-19.4	11.0%
Other operating result	6.7	1.4	376.4%	-0.8	-951.3%	11.1	-2.0	-646.8%
Total income	138.2	123.6	11.8%	105.5	31.1%	387.2	317.0	22.1%
Card acquisition costs	-11.1	-9.5	16.1%	-12.4	-10.8%	-36.2	-40.7	-11.1%
Other admin. expenses and depreciation	-27.9	-27.4	2.0%	-23.7	17.5%	-81.0	-68.4	18.3%
Total operating expenses	-39.0	-36.9	5.6%	-36.2	7.8%	-117.2	-109.2	7.4%
Total loan losses	-56.5	-44.1	27.9%	-40.4	39.8%	-141.0	-118.0	19.5%
Profit (loss) before taxes	42.8	42.6	0.5%	28.9	48.1%	129.0	89.9	43.6%
Income tax and net worth tax	-4.3	-4.2	2.2%	-3.4	26.1%	-18.8	-15.6	20.3%
Profit (loss) for the period	38.5	38.3	0.3%	25.5	51.0%	110.2	74.3	48.5%

Table 1: Unaudited accounts as of 30 September 2024.

Comments on the accounts

In Q3 2024, total income increased by MEUR 14.6 (11.8%) compared to the previous quarter. The increase was primarily caused by higher interest income from credit cards, driven by growth in the Bank’s loan balance of more than MEUR 200 during the summer months, in addition to non-recurring VAT reimbursements of MEUR 4.8. Furthermore, funding costs remained stable compared to the previous quarter, with the addition of the senior unsecured bond issued in April 2024 being partly offset by lower interest paid on customer deposits.

Operating expenses amounted to MEUR 39.0, an increase of MEUR 2.1 (5.6%), compared to the previous quarter. The increase was largely attributed to higher customer acquisition costs stemming from marketing campaigns, particularly in Germany and Austria.

Total loan loss provisions amounted to MEUR 56.5, which represents a QoQ increase of MEUR 12.3 and a YoY rise of MEUR 16.1. This growth is mainly attributable to the significant loan balance increase in Germany and a precautionary provision in relation to the initiation of closure of the French market of MEUR 5.0.

Profit after tax for the quarter was MEUR 38.5, an increase of MEUR 0.1 (0.3%) QoQ and MEUR 13.0 (51.0%) YoY. Profit before tax amounted to MEUR 42.8, an increase of 0.5% QoQ and 48.1% YoY.

In July, and subsequent to regulatory approval, the Bank called the 2019 AT1 bond of MNOK 225.

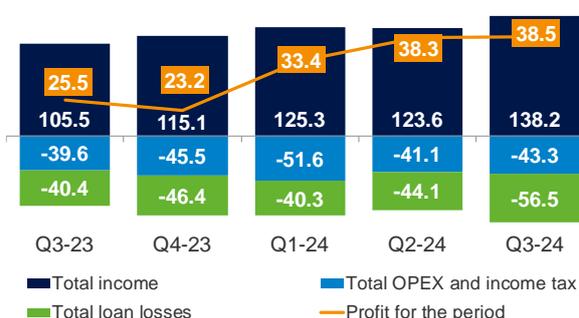
Income split and development

in MEUR, QoQ



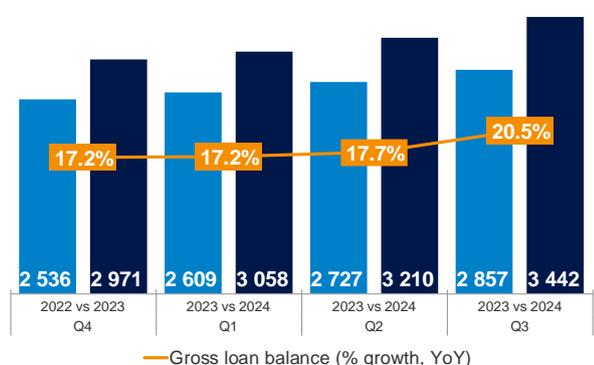
Profit development

in MEUR, QoQ



Credit card gross loan balance

in MEUR, YoY



Net interest income

in MEUR, YoY

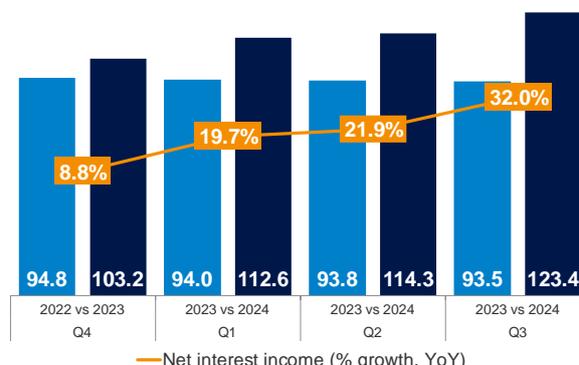


Figure 5: Financials.

Key performance indicators (KPIs)

During Q3 2024, the net interest margin on credit cards amounted to 14.5%, an increase of 0.3%-points QoQ. The increase is a result of successful repricing initiatives during the previous quarters, fully offsetting the increase in funding costs. The loan loss rate increased by 0.3%-points, attributable to a combination of loan balance growth in Germany and the provision of MEUR 5.0 pertaining to the initiated exit from France. Excluding the provision, the loan loss rate would have amounted to 5.8%, in line with the previous quarter. The cost/income ratio decreased to 28.2% in the quarter, primarily driven by higher interest income from credit cards QoQ (+6.5%), partly offset by increased acquisition costs. Cost/income excluding acquisition costs amounted to 20.2%. The annualised return on shareholders' equity amounted to 37.2%, compared to 40.5% in Q2 2024, driven by an increasing average shareholders' equity in the quarter. The Bank maintains a strong solvency position with a capital adequacy ratio (incl. interim profits) of 22.7%.

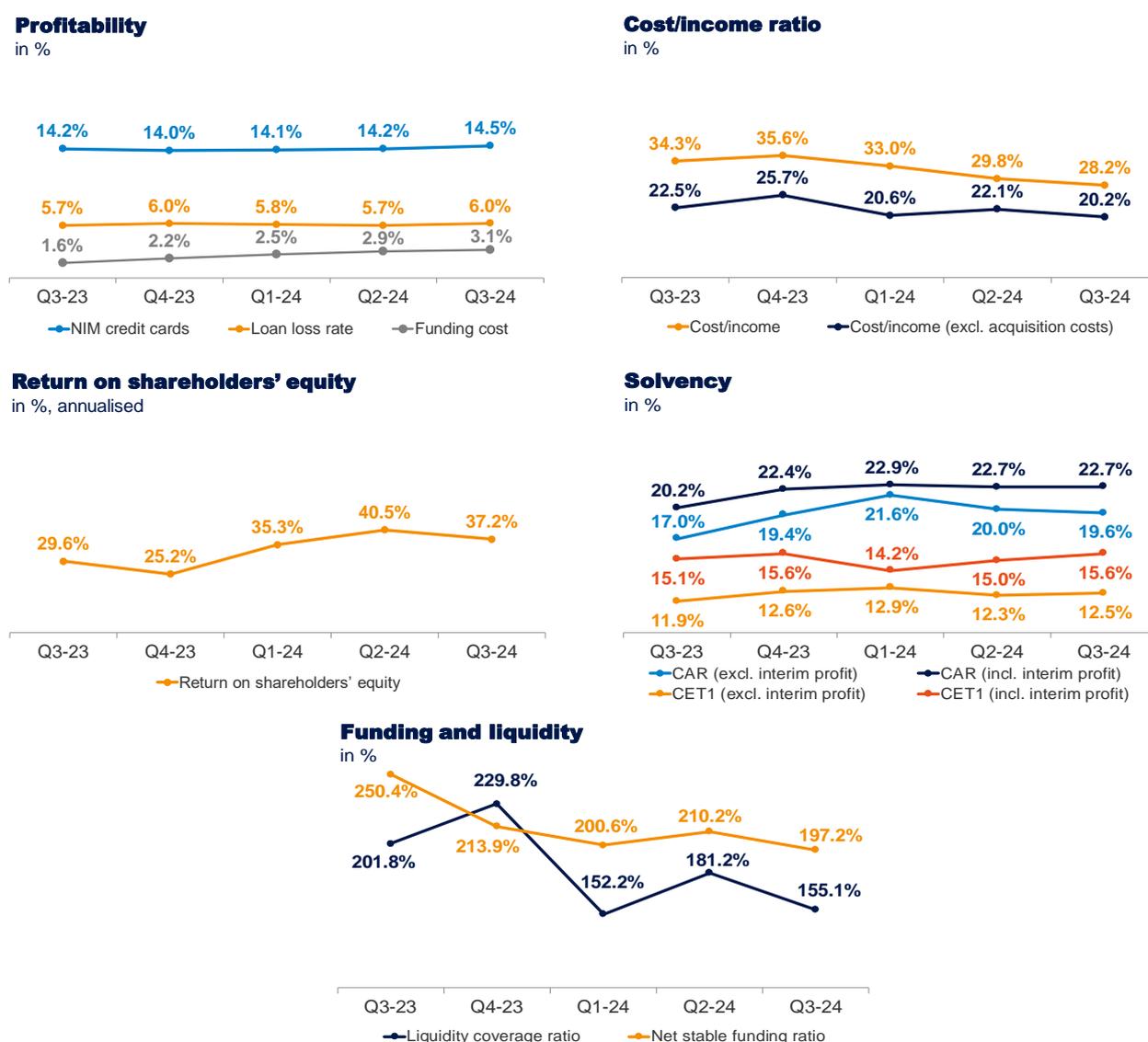


Figure 6: Key performance indicators².

² Net interest margin credit cards, funding cost and loan loss rate: computed on a last 12-month basis (trailing).

CET1: Common Equity Tier 1, CAR: Capital Adequacy Ratio, consisting of CET1, Additional Tier 1 and Tier 2 capital.

Outlook

Despite declining ECB interest rates and a 5.4% average wage increase this year in Germany, German consumer spending is expected to remain weak. Consequently, the German economy is projected to decline by 0.2% for the year as a whole. Inflation is expected to decrease further from the September rate of 1.7%.

The Bank has shown strong resilience in the face of challenging macroeconomic conditions, implementing several additional measures to reduce risk and enhance recoveries across markets. These include optimising applicant acceptance, testing new bureau and data enrichment services, strengthening pre-collection customer communication, and providing open banking functionalities which deliver improved application data.

The Bank paid an interim dividend of MEUR 30 to its shareholders in October 2024. During Q4, Advanzia will call the 2019 T2 bond of MEUR 25.

Advanzia is well positioned to continue growing and pursuing its digital harmonisation strategy, enabled by its strong capital position, as well as its increasingly diversified funding base.

Munsbach, Luxembourg

25.02.2025

Patrick Thilges
Chief Financial Officer

Nishant Fafalia
Chief Executive Officer



Installation view, "Has My Place Forgotten Me?" at Nybruket Gallery, Kistefos, 2024. From left, Anish Kapoor, *Untitled*, 2011; Christian Lemmerz, *Dark Room (Iraq) II*, 2005; Hannah Ryggen, *Untitled*, 1949-1956. Courtesy of Christen Sveaas' Art Foundation.



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