

QUARTERLY FINANCIAL REPORT Q1 2025



Installation view of the exhibition 'Kathleen Ryan' at the Wood Pulp Mill, Kistefos, 2025. The artwork shown is 'Bad Melon (Rainbow)', 2022, which is owned by Christen Sveaas' Private Art Collection. Photo: Tor Simen Ulstein.

FINANCIAL REPORT FIRST QUARTER 2025

Advanzia Bank S.A.

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Highlights for the first quarter 2025

KPI	Q1-25	QoQ %	YoY %
Net credit card loan balance (MEUR)	3 255	+2.3%	+16.2%
Total income (MEUR)	147.0	+4.7%	+17.3%
Card acquisition cost (MEUR)	12.6	+17.6%	-19.0%
Loan loss rate (provisions and write offs)	6.0%	+0.1% - points	+0.2% - points
Profit after tax (MEUR)	40.5	-0.3%	+21.3%
Return on shareholders' equity	37.0%	-1.5% - points	+1.7% - points

Advanzia continued expanding its customer base during the first quarter of 2025, ending the quarter with a net loan balance amounting to MEUR 3 255, an increase of 2.3% QoQ and 16.2% YoY.

Total income amounted to MEUR 147.0, an increase of 4.7% QoQ and 17.3% YoY. The increase compared to the previous quarter is mainly driven by the loan balance growth and declining funding costs. In addition, other operating costs declined due to the termination of the rental contract for Advanzia's previous offices.

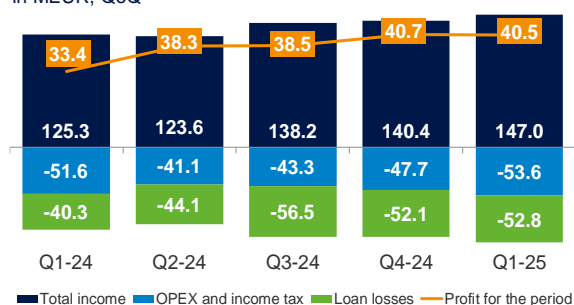
Card acquisition costs amounted to MEUR 12.6, an increase of 17.6% QoQ. The increase is a result of Advanzia's continued efforts to capture current positive momentum in Germany and Austria. This was offset by declining card acquisition costs in Spain, where sales have been restricted to direct applications to reduce credit risk.

Total loan losses for the quarter amounted to MEUR 52.8, an increase of 1.4% QoQ and 31.0% YoY. The loan loss rate amounted to 6.0% at the end of the first quarter.

Profit after tax for the quarter amounted to MEUR 40.5, an increase of 21.3% YoY.

Profit development

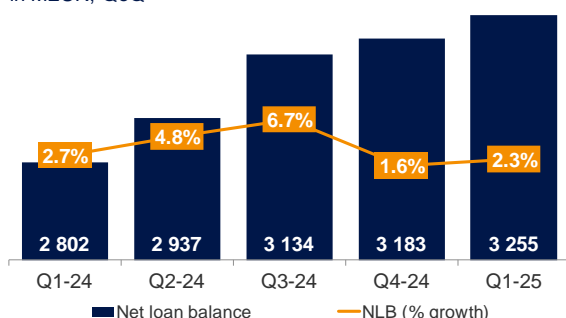
in MEUR, QoQ

**Figure 1: Profit development.**

Credit cards

Credit card net loan balance

in MEUR, QoQ



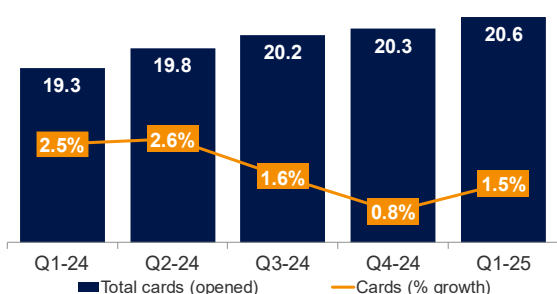
During the quarter, the net loan balance increased by MEUR 73 (2.3%). This was mainly a result of continued growth in Germany and Italy and partly offset by a declining net loan balance in France following the decision to discontinue operations in the market during the third quarter of 2024.

Figure 2: Credit card statistics.

Professional Card Services (PCS)

Number of serviced cards

in 000's, QoQ



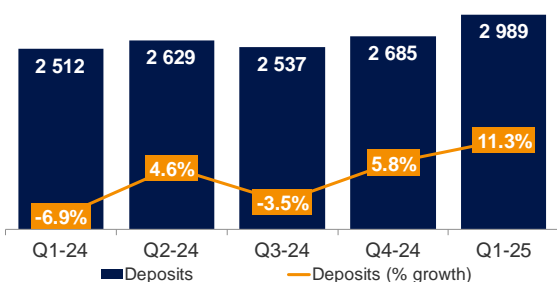
During the quarter, the number of serviced cards increased by 1.5%, amounting to 20 600 cards at the end of the quarter. The increase was primarily attributable to the Bank onboarding two new partner banks during the period.

Figure 3: PCS statistics.

Deposit account

Deposit balance

in MEUR, QoQ



The Bank registered a net inflow of MEUR 304, corresponding to an increase of 11.3% QoQ, primarily attributable to several successful marketing campaigns launched during the quarter.

Figure 4: Deposit statistics.

Board, management and staff

As of 31 March 2025, Advanzia employed a total of 228 full-time equivalent employees, an increase from 223 at the end of the previous quarter.

Shareholders

Kistefos AS, a Norwegian investment company owned by Mr. Christen Sveaas, is the largest shareholder with 61.3% ownership. Other shareholders each hold below 10%.

Financial statements

The unaudited accounts of Advanzia as of the end of the first quarter of 2025 are shown below. Advanzia follows IFRS and the figures reflect Advanzia's actual business activities and operations.

Assets (MEUR)	Q1-25	Q4-24	QoQ %	Q1-24	YoY %	YTD-25	YTD-24	YoY %
Cash, balances with central banks	1 339.6	1 040.7	28.7%	1 015.1	32.0%	1 339.6	1 015.1	32.0%
Loans and advances to credit institutions	106.2	102.1	4.0%	121.9	-12.9%	106.2	121.9	-12.9%
Net loans and advances to PCS partner banks	67.7	79.4	-14.7%	61.5	10.1%	67.7	61.5	10.1%
Net loans and advances to credit card clients	3 255.1	3 182.6	2.3%	2 801.7	16.2%	3 255.1	2 801.7	16.2%
Tangible and intangible assets	34.5	34.8	-0.9%	39.9	-13.6%	34.5	39.9	-13.6%
Other assets	39.4	34.3	14.8%	20.0	97.5%	39.4	20.0	97.5%
Total assets	4 842.4	4 473.8	8.2%	4 060.0	19.3%	4 842.4	4 060.0	19.3%
Liabilities and equity (MEUR)	Q1-25	Q4-24	QoQ %	Q1-24	YoY %	YTD-25	YTD-24	YoY %
Amounts owed to credit institutions	52.1	40.8	27.6%	36.8	41.5%	52.1	36.8	41.5%
Amounts owed to customers	2 993.4	2 684.5	11.5%	2 514.4	19.1%	2 993.4	2 514.4	19.1%
Amounts owed to financial corporates	1 093.8	1 090.2	0.3%	840.0	30.2%	1 093.8	840.0	30.2%
Other liabilities, accruals, provisions	135.1	63.2	113.6%	107.3	26.0%	135.1	107.3	26.0%
Subordinated loan (T2)	85.0	85.0	0.0%	110.0	-22.7%	85.0	110.0	-22.7%
Sum liabilities	4 359.4	3 963.7	10.0%	3 608.4	20.8%	4 359.4	3 608.4	20.8%
Sum equity	483.0	510.1	-5.3%	451.6	7.0%	483.0	451.6	7.0%
Total liabilities and equity	4 842.4	4 473.8	8.2%	4 060.0	19.3%	4 842.4	4 060.0	19.3%
Income statement (MEUR)	Q1-25	Q4-24	QoQ %	Q1-24	YoY %	YTD-25	YTD-24	YoY %
Interest receivable, credit cards	154.8	154.9	-0.1%	133.6	15.9%	154.8	133.6	15.9%
Interest receivable (payable), others	-24.7	-27.4	-9.8%	-21.0	17.6%	-24.7	-21.0	17.6%
Net interest income	130.1	127.6	2.0%	112.6	15.6%	130.1	112.6	15.6%
Net commissions and other operating result	16.9	12.9	31.2%	12.7	32.7%	16.9	12.7	32.7%
Total income	147.0	140.4	4.7%	125.3	17.3%	147.0	125.3	17.3%
Card acquisition costs	-12.6	-10.7	17.6%	-15.6	-19.0%	-12.6	-15.6	-19.0%
Other admin. expenses and depreciation	-28.7	-28.1	2.0%	-25.8	11.5%	-28.7	-25.8	11.5%
Total operating expenses	-41.3	-38.9	6.3%	-41.3	0.0%	-41.3	-41.3	0.0%
Total loan losses	-52.8	-52.1	1.4%	-40.3	31.0%	-52.8	-40.3	31.0%
Profit (loss) before taxes	52.8	49.4	6.9%	43.6	21.1%	52.8	43.6	21.1%
Income Tax and net worth tax	-12.3	-8.8	40.2%	-10.2	20.5%	-12.3	-10.2	20.5%
Profit (loss) for the period	40.5	40.7	-0.3%	33.4	21.3%	40.5	33.4	21.3%

Table 1: Unaudited accounts as of 31 March 2025.

Comments on the accounts

In Q1 2025 the total income increased by MEUR 6.6 QoQ (4.7%). The quarterly performance was mainly a result of increased loan balance, lower funding costs and other operating results, in relation to the termination of the rental contract for Advanzia's previous facilities.

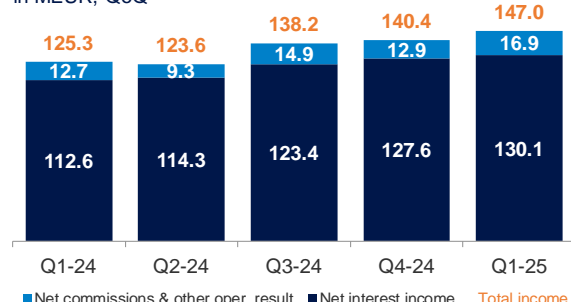
Operating expenses increased by MEUR 2.5 QoQ. The increase is primarily attributable to higher marketing spending in mainly Germany and Austria. Further to this, total loan losses amounted to MEUR 52.8, increasing by MEUR 0.7 QoQ (1.4%). The increase was mainly driven by continued growth in the loan balance. In France, the contract termination process for customers continued as expected following the decision to discontinue operations in the market during Q3 2024. This contributed to a churn of 6.5% in the performing loan balance during the quarter. Additionally, the Bank decided to reduce sales activity in Spain to mitigate credit risk.

Profit after tax for the quarter amounted to MEUR 40.5, a decrease of MEUR 0.1 (0.3%) QoQ, while YoY the profit after tax increased by MEUR 7.1 or 21.3%. Profit before tax amounted to MEUR 52.8, an increase of 6.9% QoQ and 21.1% YoY.

In connection with the Bank's AGM in March 2025, it was decided to distribute MEUR 68.0 to its shareholders, which was paid in April. In addition, in connection with the AGM, profit carried forward and reserves increased by MEUR 40.8.

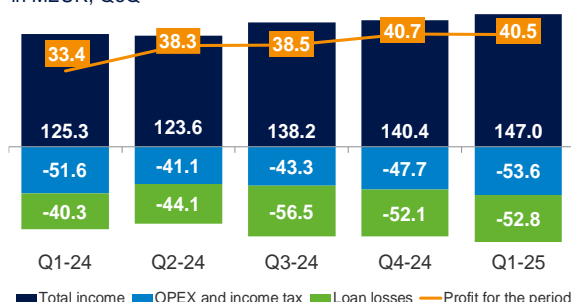
Income split and development

in MEUR, QoQ



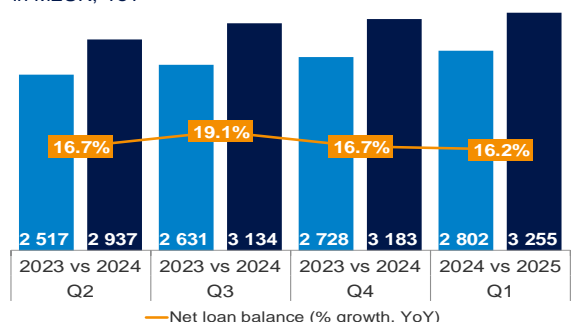
Profit development

in MEUR, QoQ



Credit card net loan balance

in MEUR, YoY



Net interest income

in MEUR, YoY

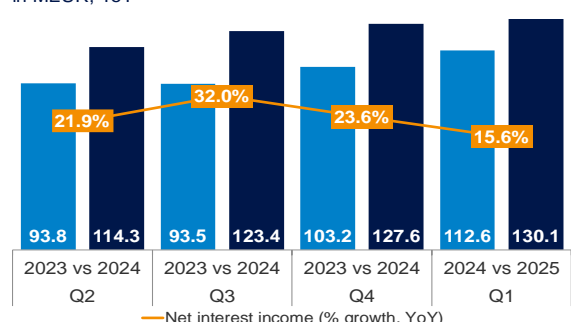


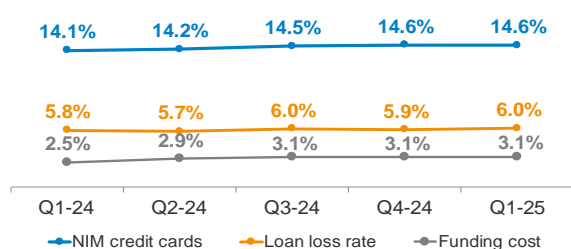
Figure 5: Financials.

Key performance indicators (KPIs)

The net interest margin on credit cards stabilised at 14.6% during the first quarter of 2025. Simultaneously, the loan loss ratio increased by 0.1%-points as a consequence of increasing growth in Italy, which more than offset the restricted customer intake in Spain. The cost/income ratio increased to 28.1% due to higher customer acquisition costs in Germany and Austria. This was partially offset by positive revenue growth. The cost/income ratio excluding acquisition costs decreased to 19.5% (a decrease of 0.5% QoQ). Following the decision to distribute dividends, the total capital ratio decreased by 0.5%-points compared to the previous quarter. Nonetheless, Advanzia remains well capitalised, with a total capital ratio of 21.3% (including interim profits). Lastly, as new CRR requirements came into effect on 1 January 2025, all of the Bank's solvency ratios increased following the implementation of the new regulatory framework.

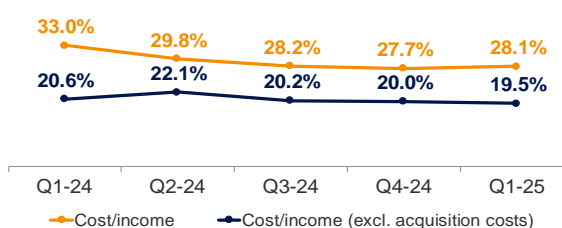
Profitability

in %



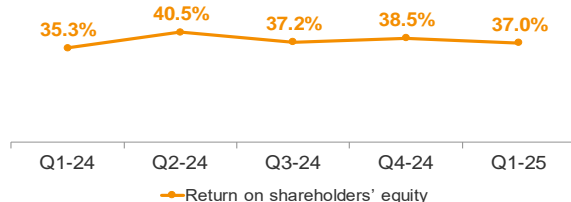
Cost/income ratio

in %



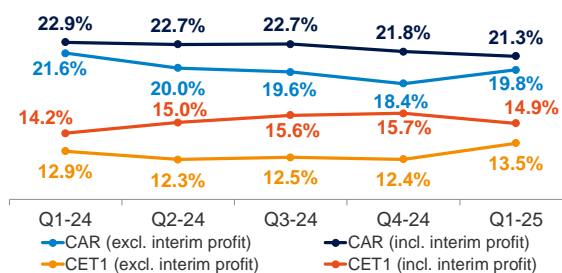
Return on shareholders' equity

in %, annualised



Solvency

in %



Funding and liquidity

in %

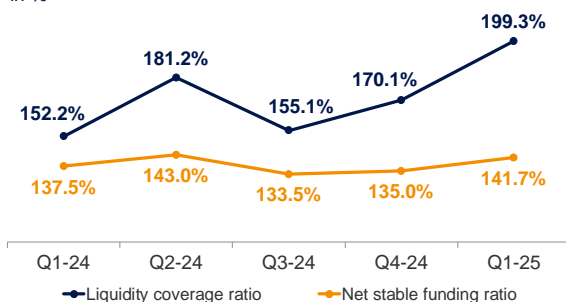


Figure 6: Key performance indicators¹.

¹ 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

The Bundesbank projects that Germany may experience a slight recession in 2025, marking the third consecutive year of economic decline in the country. This downturn is attributed to heightened economic uncertainty and the country's vulnerability due to its export-reliant economy, particularly following the introduction of tariffs. In 2024, the U.S. was Germany's largest trading partner with the imposition of tariffs threatening this significant trade relationship.

Avanzia's credit card operations are not directly impacted by U.S. tariffs. Nonetheless, the broader economic impact of these tariffs is influencing factors such as both consumer confidence and monetary policy, which in turn can affect credit card usage and lending, especially should unemployment rates continue to increase. The sector remains on a stable growth trajectory, nonetheless. Furthermore, Germany is about to embark on heavy investments into its defence industry which could be supportive to domestic consumption.

In this climate Avanzia continued delivering steady loan balance growth in Q1, a trend expected to continue in 2025, but economic uncertainties may influence its development and the Bank's growth decisions throughout the year. So far, loan loss provisions evolved in line with internal expectations. Amidst ongoing economic challenges in Germany, the Bank maintains a cautious stance, keeping a close watch on macroeconomic trends and the performance of receivables across its markets.

Munsbach, Luxembourg

12.05.2025

Patrick Thilges
Chief Financial Officer

Nishant Fafalia
Chief Executive Officer



Nairy Baghramian, 'Resting Arms', 2025. Unveiled as a permanent addition to the Kistefos Museum Sculpture Park on May 4, 2025. Photo: Vegard Kleven.



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