ADVANZIA BANK

QUARTERLY FINANCIAL REPORT Q2 2025

Installation view of the exhibition "Christina Quarles – Living in the Wake" at The Twist, Kistefos, 2025. Far left: Christina Quarles, Bless tha Nightn'gale, 2019, owned by Christen Sveaas' Art Foundation. © Christina Quarles /BONO, Oslo 2025. Photo: Vegard Kleven

FINANCIAL REPORT
SECOND QUARTER 2025

Advanzia Bank S.A. (consolidated group)

Advanzia Bank S.A.

14, rue Gabriel Lippmann L-5365 Munsbach Luxembourg Phone: +352 26 38 75 1 Fax: +352 26 38 75 699
RCS Luxembourg: B 109 476 VAT: LU 20992462 info@advanzia.com www.advanzia.com

Highlights for the second quarter 2025

KPI	Q2-25	QoQ %	YoY %
Net credit card loan balance (MEUR)	3 365	+3.4%	+14.6%
Total income (MEUR)	154.3	+4.9%	+24.8%
Card acquisition cost (MEUR)	15.5	+22.7%	+62.3%
Loan loss rate (provisions and write offs)	6.2%	+0.2% - points	+0.5% - points
Profit after tax (MEUR)	45.8	+13.1%	+19.6%
Return on shareholders' equity	43.1%	+6.1% - points	+2.7% - points

Advanzia continued expanding its customer base during the second quarter of 2025, ending the quarter with a net loan balance amounting to MEUR 3 365, an increase of 3.4% QoQ and 14.6% YoY.

Total income amounted to MEUR 154.3, an increase of 4.9% QoQ and 24.8% YoY. The QoQ increase is mainly driven by loan balance growth, coupled with declining funding costs. Simultaneously, card acquisition costs amounted to MEUR 15.5, an increase of 22.7% QoQ. This is attributable to a continued focus on growth in particular in the German and Austrian markets. Total loan losses for the quarter amounted to MEUR 58.4, an increase of 10.6% QoQ and 32.4% YoY. This development is a consequence of a growing loan balance, combined with a recent rise in credit defaults among certain customer segments in Germany and Austria, for which targeted mitigation measures have been implemented. This was partly compensated by strengthened performance in Italy.

Profit after tax for the quarter amounted to MEUR 45.8, an increase of 13.1% QoQ and 19.6% YoY.

In June, the Bank successfully issued MEUR 45 in Tier 2 bonds with a margin of 425 bps to 3-months EURIBOR and MNOK 525 in AT1 bonds with a margin of 540 bps to 3-months NIBOR, both positively reflecting Advanzia's solid credit story.

During the second quarter, the Bank received approval from the CSSF to include interim profits in its capital calculations for solvency purposes.

During June, the Bank entered into a new NPL forward flow agreement for the German market with increased sales volumes, which is expected to positively impact the Bank's NPL ratio going forward.

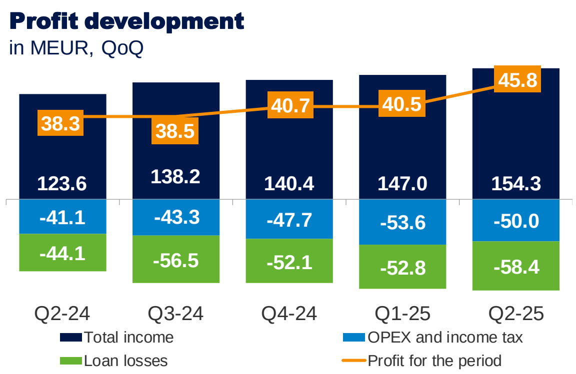

***Figure 1:** Profit development.*

Credit cards

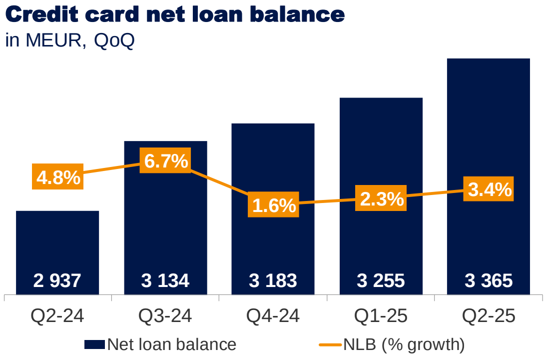

Figure 2: Credit card statistics.

In the second quarter, the net loan balance increased by MEUR 110 (3.4%). This was driven by strong development in Germany, Austria and Italy.
In Spain, the loan balance decreased slightly following the decision in Q1 to pause sales activities in the market, and increase focus on existing customer performance.
In France, the contract termination process for customers continued as expected with a churn of 3.1% of the performing loan balance during the quarter.

Professional Card Services (PCS)

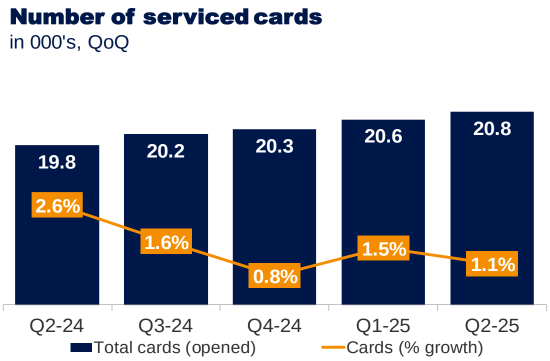

Figure 3: PCS statistics.

During the quarter, the number of serviced cards increased by 1.1%, amounting to over 20 800 cards at the end of the quarter. The positive development is mainly attributable to volumes stemming from two newly onboarded partner banks.

Deposit account

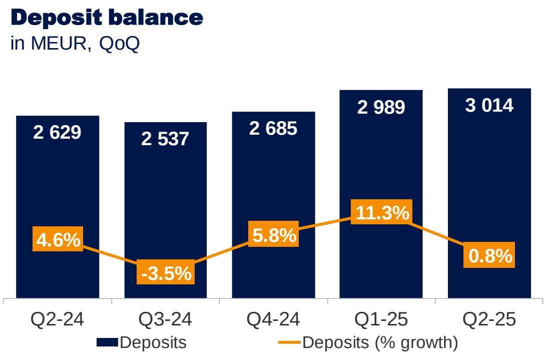

Figure 4: Deposit statistics.

The Bank registered a net inflow of MEUR 24, corresponding to an increase of 0.8% QoQ.

Board, management and staff

As of 30 June 2025, Advanzia employed 227 full-time equivalent employees, stable compared to the last 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 the group (parent and subsidiaries[1]) as of the end of the second quarter of 2025 are shown below. Advanzia follows IFRS and the figures reflect Advanzia's actual business activities and operations.

Assets (MEUR)	Q2-25	Q1-25	QoQ %	Q2-24	YoY %	YTD-25	YTD-24	YoY %
Cash, balances with central banks	1 260.6	1 339.6	*-5.9%*	1 202.2	*4.9%*	1 260.6	1 202.2	*4.9%*
Loans and advances to credit institutions	157.5	106.2	*48.3%*	124.9	*26.2%*	157.5	124.9	*26.2%*
Net loans and advances to PCS partner banks	78.9	67.7	*16.6%*	71.9	*9.7%*	78.9	71.9	*9.7%*
Net loans and advances to credit card clients	3 365.4	3 255.1	*3.4%*	2 936.6	*14.6%*	3 365.4	2 936.6	*14.6%*
Tangible and intangible assets	34.6	34.5	*0.4%*	37.9	*-8.7%*	34.6	37.9	*-8.7%*
Other assets	41.0	39.4	*4.2%*	26.3	*56.2%*	41.0	26.3	*56.2%*
Total assets	**4 938.1**	**4 842.4**	***2.0%***	**4 399.8**	***12.2%***	**4 938.1**	**4 399.8**	***12.2%***

Liabilities and equity (MEUR)	Q1-25	Q4-24	QoQ %	Q1-24	YoY %	YTD-25	YTD-24	YoY %
Amounts owed to credit institutions	61.1	52.1	*17.4%*	42.8	*42.9%*	61.1	42.8	*42.9%*
Amounts owed to customers	3 012.4	2 993.4	*0.6%*	2 633.5	*14.4%*	3 012.4	2 633.5	*14.4%*
Amounts owed to financial corporates	1 094.8	1 093.8	*0.1%*	1 068.5	*2.5%*	1 094.8	1 068.5	*2.5%*
Other liabilities, accruals, provisions	71.7	135.1	*-46.9%*	55.8	*28.7%*	71.7	55.8	*28.7%*
Subordinated loan (T2)	130.0	85.0	*52.9%*	110.0	*18.2%*	130.0	110.0	*18.2%*
Sum liabilities	**4 370.1**	**4 359.4**	***0.2%***	**3 910.5**	***11.8%***	**4 370.1**	**3 910.5**	***11.8%***
Sum equity	**568.0**	**483.0**	***17.6%***	**489.3**	***16.1%***	**568.0**	**489.3**	***16.1%***
Total liabilities and equity	**4 938.1**	**4 842.4**	***2.0%***	**4 399.8**	***12.2%***	**4 938.1**	**4 399.8**	***12.2%***

Income statement (MEUR)	Q2-25	Q1-25	QoQ %	Q2-24	YoY %	YTD-25	YTD-24	YoY %
Interest receivable, credit cards	159.8	154.8	*3.2%*	140.3	*13.9%*	314.6	273.9	*14.9%*
Interest receivable (payable), others	-23.7	-24.7	*-3.9%*	-26.0	*-8.7%*	-48.4	-47.0	*3.0%*
Net interest income	**136.1**	**130.1**	***4.6%***	**114.3**	***19.0%***	**266.2**	**226.9**	***17.3%***
Net commissions and other operating result	18.2	16.9	*7.8%*	9.3	*96.1%*	35.1	22.0	*59.4%*
Total income	**154.3**	**147.0**	***4.9%***	**123.6**	***24.8%***	**301.3**	**248.9**	***21.0%***
Card acquisition costs	-15.5	-12.6	*22.7%*	-9.5	*62.3%*	-28.1	-25.1	*11.9%*
Other admin. expenses and depreciation	-28.8	-28.7	*0.4%*	-27.4	*5.4%*	-57.5	-53.1	*8.3%*
Total operating expenses	**-44.3**	**-41.3**	***7.2%***	**-36.9**	***20.1%***	**-85.7**	**-78.2**	***9.5%***
Total loan losses	**-58.4**	**-52.8**	***10.6%***	**-44.1**	***32.4%***	**-111.3**	**-84.5**	***31.7%***
Profit (loss) before taxes	**51.5**	**52.8**	***-2.5%***	**42.6**	***21.0%***	**104.4**	**86.2**	***21.0%***
Income Tax and net worth tax	-5.7	-12.3	*-53.8%*	-4.2	*34.1%*	-18.0	-14.5	*24.5%*
Profit (loss) for the period	**45.8**	**40.5**	***13.1%***	**38.3**	***19.6%***	**86.4**	**71.8**	***20.4%***

Table 1: *Unaudited accounts as of 30 June 2025.*

[1] Advanzia Insurance AB commenced operations in Sweden as an insurance distributor, offering optional insurance products to credit card customers of Advanzia Bank. As Advanzia Bank holds 100% of the shares of Advanzia Insurance, its financial results are consolidated into Advanzia Bank's financial statements.

Comments on the accounts

During Q2 2025 the total income increased by MEUR 7.3, corresponding to a growth of 4.9% QoQ. This was mainly driven by an increasing credit card loan balance, coupled with declining funding costs.

Operating expenses increased by MEUR 3.0 QoQ. This increase is primarily attributable to higher marketing spending mainly in Germany and Austria. Total loan losses amounted to MEUR 58.4, an increase of MEUR 10.6% QoQ. The increase was driven by a combination of loan balance growth and higher volumes of defaulted exposures in Germany and Austria, partially offset by improved credit risk performance in Italy.

Profit after tax for the quarter amounted to MEUR 45.8. This corresponds to an increase of 13.1% QoQ and 19.6% YoY.

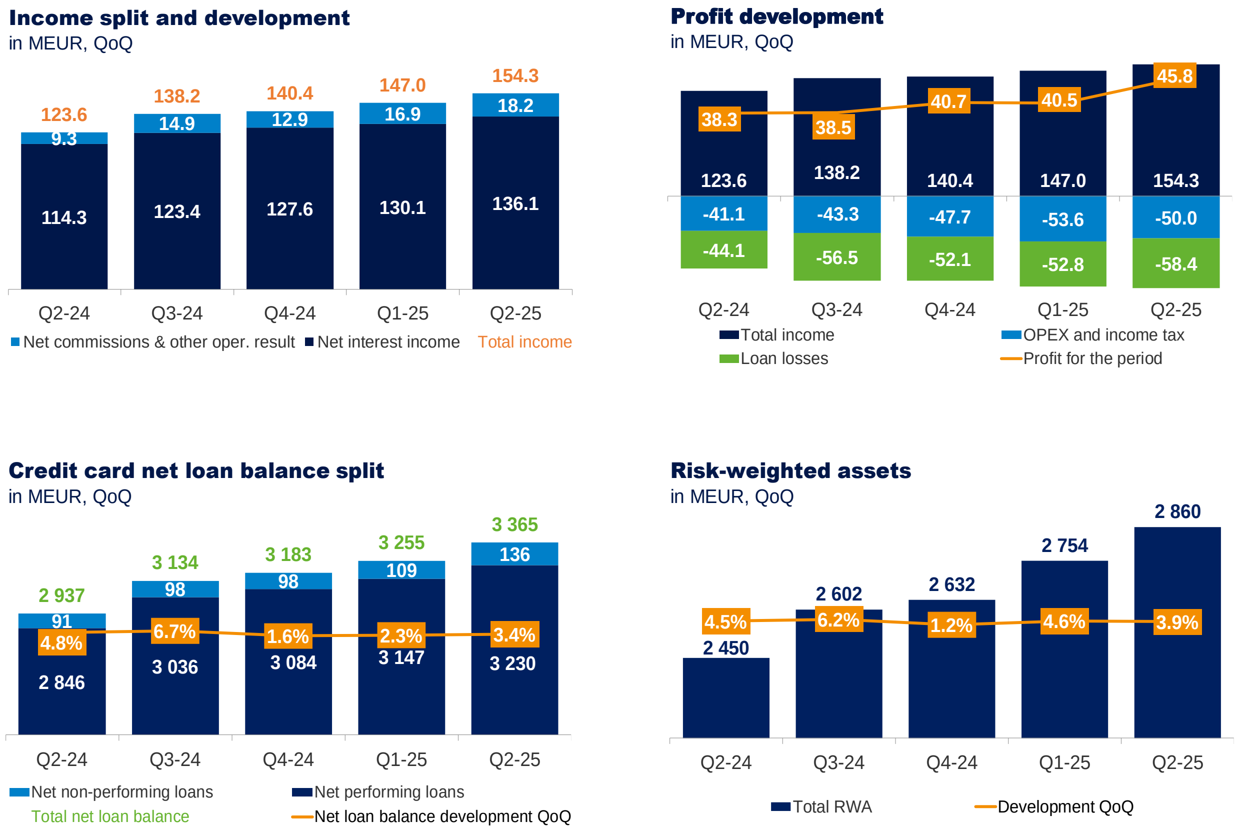

Figure 5: Financials.

Key performance indicators (KPIs)

The loan loss ratio increased by 0.2 percentage points QoQ, driven by a combination of increased defaults in Germany and Austria, portfolio churn in France following the decision to exit the market, and paused activities in Spain. At the same time, the cost/income ratio excluding acquisition costs declined to 18.7%, a reduction of 0.8 percentage points QoQ. The total cost/income ratio nonetheless increased to 28.7%, driven by increasing acquisition costs. The LCR has remained consistently high in recent quarters, and the Bank aims to gradually and prudently reduce excess liquidity. Simultaneously, the Bank remains well capitalised, with a total capital ratio of 21.4% excluding interim profits and 23.6% including interim profits. The positive development in capitalisation is partly driven by the newly issued hybrid capital bonds.[2]

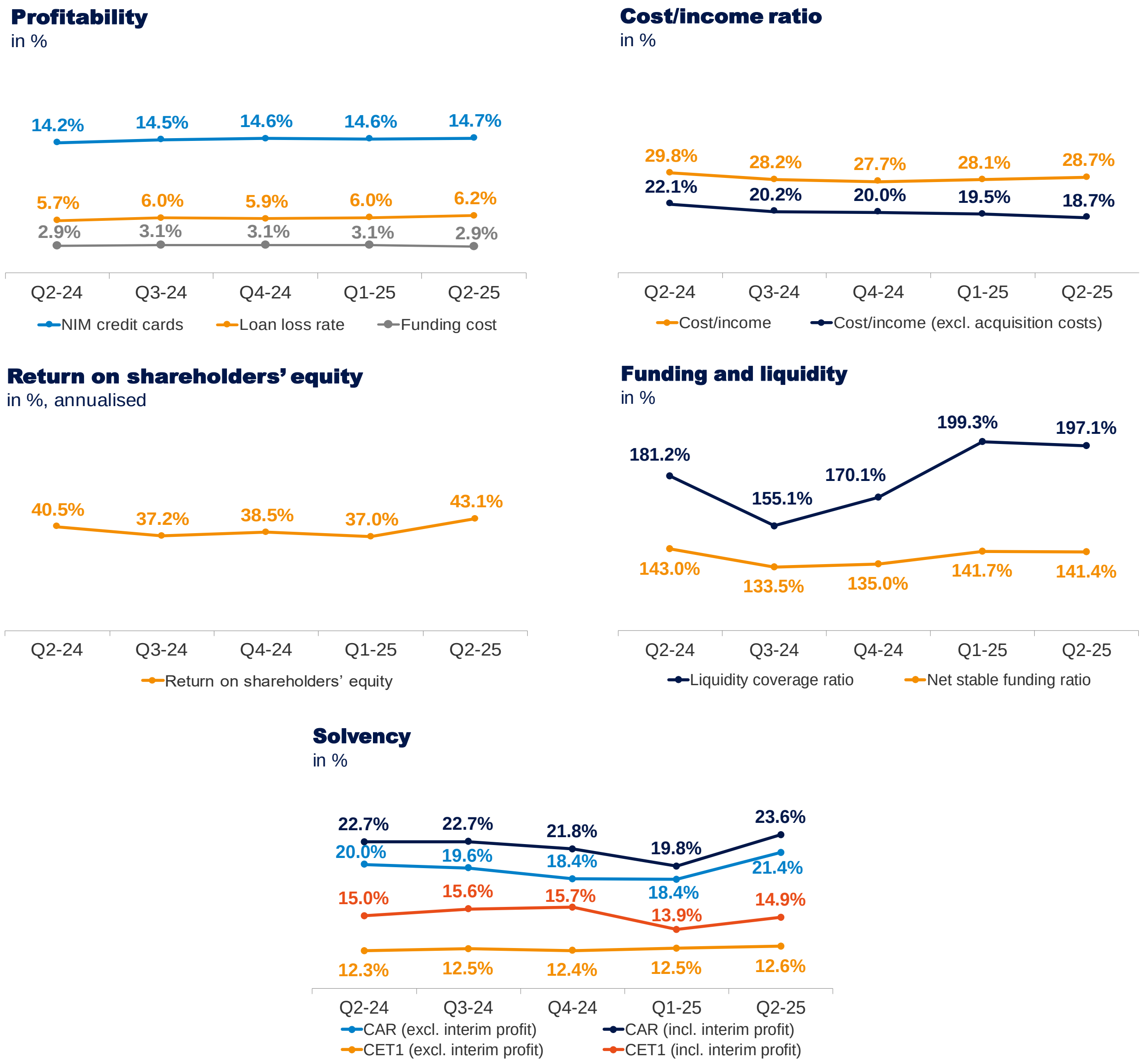

***Figure 6:** Key performance indicators[3].*

[2] Following a review of the computation of risk weighted assets (RWA) for operational risk under CRR III, the Bank updated the capital ratios for Q1. During Q2, interim profits were included to strengthen capital ratios and align them with the target levels.

[3] 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

Economic growth in Germany remains modest, with GDP growth forecasted between +0.1 % and +0.4 % in 2025, supported by two fiscal initiatives: a BEUR 46 tax relief package approved in July and a BEUR 500 infrastructure and defence investment fund. These measures are contributing to a gradual improvement in business sentiment and economic outlook in the area. However, the potential impact of U.S. tariffs represents a notable downside risk. Inflation eased to 2.0 % in June, with core inflation at 2.7 %, offering some relief to household purchasing power. Nevertheless, consumer confidence in Germany remains subdued, with the consumer climate index[4] declining in July and households showing an increased tendency towards saving.

Despite ongoing economic pressures, defaults and related loss provisions across the Bank's portfolios remain within expected ranges. The Bank continues to apply a prudent risk management approach, reinforcing credit risk controls through stricter credit acceptance criteria and enhanced fraud detection, particularly in high-risk segments.

The Bank continues to closely monitor macroeconomic developments and actively tracks receivables performance across all markets to respond swiftly to any emerging risk. With these measures in place, the Bank expects to continue delivering growth in line with historical trends, with a stronger focus on mature markets and an overall lower and more prudent risk profile.

Munsbach, Luxembourg

13.08.2025

Patrick Thilges Chief Financial Officer	Nishant Fafalia Chief Executive Officer

[4] The Gfk German Consumer Climate Index

Installation view of the exhibition “Christina Quarles – Living in the Wake” at The Twist, Kistefos, 2025. From left to right: Christina Quarles, Eddy, 2025; Christina Quarles, For Whom Tha Sunsets Free, 2019; Christina Quarles, Fog, 2023. All three works are owned by Christen Sveaas’ Art Collection. © Christina Quarles /BONO, Oslo 2025.
Photo: Vegard Kleven

Advanzia Bank
14, rue Gabriel Lippmann
L-5365 Munsbach
Luxembourg

Tel: +352 26 38 75 1
E-Mail: info@advanzia.com

Register of Commerce:
B109476

ADVANZIA
BANK