



Advanzia Bank S.A.

Quarterly report, 1st quarter 2015
As at 31.03.2015

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Highlights first quarter 2015

- Gross credit card loan balance of MEUR 668: +4% QoQ and +23% YoY
- Loan loss rate of 5.0%: 0.1% points improvement QoQ and 0.2% points YoY
- After-tax profits of MEUR 6.8 for Q1: -6% QoQ and +42% YoY
- Distribution to shareholders of MEUR 2.5 in Q1
- Enhanced focus and investments for improving French performance

General economy and market overview

Macroeconomic overview (seasonally adj.)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Expected 2015	Actual 2014	Actual 2013
Germany								
Unemployment rate	6.4%	6.5%	-0.1%-p	6.7%	-0.3%-p	6.3%	6.5%	6.9%
GDP growth rate	0.3%	0.7%	-0.4%-p	0.7%	-0.4%-p	1.0%	2.6%	-1.8%
Private consumption growth rate	1.7%	1.2%	0.5%-p	1.2%	0.5%-p	1.5%	1.2%	0.7%
France								
Unemployment rate	10.6%	10.3%	0.3%-p	10.4%	0.2%-p	9.2%	10.3%	10.8%
GDP growth rate	0.4%	0.1%	0.3%-p	0.0%	0.4%-p	1.7%	0.4%	0.3%
Private consumption growth rate	0.7%	0.1%	0.6%-p	-1.2%	1.9%-p	0.7%	0.1%	0.8%
European Central Bank								
ECB key rate	0.05%	0.05%	0%-p	0.25%	-0.2%-p	0.00%	0.25%	0.75%

*German unemployment rate - end of quarter; France unemployment rate - mid of quarter; German private consumption rate - annual; France private consumption - quarterly

In the first quarter of 2015, the German economy showed signs of even further positive growth. This was mainly caused by the weak euro, driving a boost in exports.

The French economy continues to battle on-going economic struggles, but is gradually improving. There is an expected boost in growth and job creations.

Credit cards

Key figures, Germany (in '000)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Card applicants	160.8	160.6	0%	134.7	19%	160.8	134.7	19%
Unblocked cards (contract signed)	38.1	37.0	3%	30.3	26%	38.1	30.3	26%
New active cards	34.8	31.8	9%	26.6	31%	34.8	26.6	31%
Non delinquent active clients (total, after churn)	448.6	429.9	4%	383.8	17%	448.6	383.8	17%

Key figures, France (in '000)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Card applicants	9.1	11.9	-23%	29.0	-68%	9.1	29.0	-68%
Unblocked cards (contract signed)	1.9	2.1	-11%	4.3	-56%	1.9	4.3	-56%
New active cards	1.6	2.6	-36%	3.4	-52%	1.6	3.4	-52%
Non delinquent active clients (total, after churn)	15.1	14.7	2%	8.6	75%	15.1	8.6	75%

Credit card sales were sustained at high levels in the quarter as a result of the combination of seasonal high consumer interest in finance products and increased activity commenced in late 2014.

In Germany new applications were 19% higher than Q1 2014 and stable compared to Q4 2014. Owing to market activity and receptiveness, Advanzia invested in additional client

acquisition, with the result that 9% more customers used their card for the first time in Q1 2015 compared to the previous quarter.

In France, Advanzia continued to grow new customer sales at a moderate level as various optimisation projects are being implemented. A new partner remuneration scheme was started in the quarter to ensure that marketing affiliates are incentivised to provide the best risk profile customers. The Bank has on the other hand tightened its acceptance policy to reduce credit risk, and as a result new applications in the quarter were down 23% on Q4 2014. In Q1 the Bank also commenced new activities in the area of new partnerships and testing of different product positioning.

Professional Card Services

Key Figures, PCS clients	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Number of banks	6	5	20%	-	N/A	6	-	N/A
New active clients (with transactions)	173	100	73%	-	N/A	173	-	N/A
Total cards	347	174	99%	-	N/A	347	-	N/A

The Bank is continuing the development of the programme, and is actively working with several prospects.

Deposit accounts

Advanzia maintained its standard rate on Advanziakonto at 1.01% effective p.a. throughout the quarter. This is approximately 20 BPS lower than the best competitor, and generated a net inflow of close to MEUR 40.

Board, management and staff

There have been no changes to Board or management during the quarter

As at 31.03.2015, Advanzia held 87 full-time equivalent employees, up from 82 at 31.12.2014. The increase is primarily related to the French enhancement project.

Financial statements

Below are the unaudited accounts for Advanzia as at 31.03.2015. All amounts are in millions of EUR. The Bank follows IFRS accounting principles, and the figures are presented so that they reflect Advanzia's actual business activities and operations.

Assets (EUR millions)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth
Cash, balances with central banks	35.0	35.0	0%	45.7	-23%
Loans and advances to credit institutions	107.1	85.8	25%	179.4	-40%
Loans and advances to credit card clients	667.9	642.4	4%	542.9	23%
Value adjustment (losses)	(38.2)	(36.9)	3%	(31.4)	22%
Net loans and advances to credit card clients	629.7	605.5	4%	511.5	23%
Intangible & tangible assets	1.7	1.7	-2%	1.2	38%
Other assets	0.9	1.0	-5%	0.6	50%

SUM ASSETS	774.4	729.0	6%	738.4	5%
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Liabilities and equity (EUR millions)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth
Amounts owed to customers	690.1	650.9	6%	653.3	6%
Other liabilities, accruals, provisions	12.9	11.7	10%	8.3	56%
Sum liabilities	703.0	662.6	6%	661.6	6%
Subscribed capital	26.3	25.5	3%	35.9	-27%
Reserves	6.7	5.1	31%	2.7	146%
AGDL reserve	4.6	4.4	5%	-	-
Profit (loss) brought forward	27.0	26.6	1%	33.4	-19%
Profit (loss) for the financial year	6.8	4.7	44%	4.8	42%
Sum equity	71.4	66.3	8%	76.8	-7%

SUM LIABILITIES AND EQUITY	774.4	729.0	6%	738.4	5%
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Income statement (EUR millions)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Interest receivable, credit cards	26.9	26.6	1%	22.2	21%	26.9	22.2	21%
Interest receivable and similar income, others	0.0	0.0	-79%	0.1	-96%	0.0	0.1	-96%
Interest payable and similar expenses	(1.8)	(1.6)	7%	(2.1)	-16%	(1.8)	(2.1)	-16%
Net interest margin	25.1	25.0	0%	20.2	24%	25.1	20.2	24%
Commission receivable	2.8	3.1	-8%	2.7	7%	2.8	2.7	7%
Commission payable	(1.9)	(1.9)	2%	(1.6)	24%	(1.9)	(1.6)	24%
Other financial items/operating income	0.5	0.6	-15%	0.4	35%	0.5	0.4	35%
Total income	26.5	26.7	-1%	21.7	22%	26.5	21.7	22%
Card acquisition costs	(3.6)	(3.4)	4%	(2.9)	22%	(3.6)	(2.9)	22%
Card operating costs	(2.2)	(2.0)	7%	(2.0)	9%	(2.2)	(2.0)	9%
Staff costs	(2.3)	(2.2)	7%	(2.0)	16%	(2.3)	(2.0)	16%
Other administrative expenses	(0.6)	(0.5)	30%	(0.6)	1%	(0.6)	(0.6)	1%
Depreciation, tangible + intangible assets	(0.2)	(0.2)	2%	(0.2)	13%	(0.2)	(0.2)	13%
Sum operating expenses	(9.0)	(8.4)	7%	(7.8)	15%	(9.0)	(7.8)	15%
Value adjustments	(1.3)	(2.0)	-36%	(1.8)	-27%	(1.3)	(1.8)	-27%
Write-offs	(6.7)	(6.1)	9%	(5.3)	25%	(6.7)	(5.3)	25%
Total loan losses	(7.9)	(8.1)	-2%	(7.1)	12%	(7.9)	(7.1)	12%
Profit (loss) on ordinary activities before taxes	9.6	10.2	-6%	6.8	42%	9.6	6.8	42%
Income tax and net worth tax	(2.8)	(3.0)	-6%	(2.0)	42%	(2.8)	(2.0)	42%
Profit (loss) for the period	6.8	7.2	-6%	4.8	42%	6.8	4.8	42%

Comments to the accounts

The first quarter is characterised by seasonality and modest performance, this year being no exception.

In Q1 2015, the gross loan balance on credit cards grew by MEUR 26 which is a 4% increase compared to Q4 2014. Client deposits increased to MEUR 690, which is also the main driver for the increase in liquid assets of MEUR 21 to MEUR 142.

The net interest income margin remained stable compared to the previous quarter, driven by fewer days in the quarter and the fact that most of the loan balance increase occurred at the end of the quarter. Commission receivable decreased by 8% compared to Q4 2014 due to a decrease in MasterCard interchange fees and less reminder fees. Total income slightly decreased compared to Q4 2014.

Overall, operating expenses increased by 7% compared to Q4 2014, primarily due to additional investments in customer acquisition, as well as higher staff costs due to the addition of new employees.

In Q1 2015, loan losses amounted to MEUR 7.9, which is a 2% decrease on the previous quarter. Year-on-year, the growth in loan losses is less than the increase in loan balance and interest income.

In Q1 2015, Advanzia's pre-tax profits decreased from MEUR 10.2 in Q4 2014 to MEUR 9.6, but increased by 42% Y-o-Y, and the Q1 after-tax profit landed at MEUR 6.8.

The subscribed capital increased by MEUR 0.8 following a conversion of the Class G shares. The AGM also decided on a MEUR 2.5 dividend distribution in March. Overall, the equity increased by MEUR 5.1.

Key performance indicators

Financial ratios	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Interest accrued on credit cards (%)	18.2%	18.1%	0%-p	18.3%	-0.1%-p	18.2%	18.3%	-0.1%-p
Net interest margin (credit cards)	17.1%	17.1%	0%-p	17.0%	0.1%-p	17.1%	17.0%	0.1%-p
Net interest margin (all interest bearing assets)	13.4%	14.2%	-0.8%-p	11.0%	2.3%-p	13.4%	11.0%	2.3%-p
Loan loss rate (12 months trailing, credit cards)	5.0%	5.1%	-0.1%-p	5.2%	-0.2%-p	5.0%	5.2%	-0.2%-p
Cost/Income (%)	33.9%	31.4%	2.5%-p	36.0%	-2.1%-p	33.9%	36.0%	-2.1%-p
Return on equity (%)	41.0%	42.3%	-1.3%-p	26.1%	14.9%-p	41.0%	26.1%	14.9%-p
Capital adequacy ratio (%) (incl. interim profits)	12.4%	12.2%	0.3%-p	17.1%	-4.6%-p	12.4%	17.1%	-4.6%-p
Capital adequacy ratio (%) (excl. interim profits)	11.2%	11.2%	-0.1%-p	16.0%	-4.8%-p	11.2%	16.0%	-4.8%-p
Liquidity coverage ratio (LCR) (min 100%)	163.4%	176.4%	-13.1%-p	240.0%	-76.6%-p	163.4%	240.0%	-76.6%-p
Net stable funding ratio (NSFR) (min 100%)	114.0%	112.8%	1.2%-p	129.9%	-15.8%-p	114.0%	129.9%	-15.8%-p

All key indicators represent the quarterly performance at annualised rates where applicable.

Selected French key performance indicators

Key Figures, France (EUR millions)	Actual Q1-15	Actual Q4-14	QoQ growth	Actual Q1-14	YoY growth	Actual YTD-15	Actual YTD-14	YTD growth
Gross Loan Balance	14.0	12.7	11%	7.2	95%	14.0	7.2	95%
Interest receivable, credit cards	0.5	0.5	5%	0.3	90%	0.5	0.3	90%
Loan Losses	(0.6)	(0.6)	10%	(0.5)	37%	(0.6)	(0.5)	37%

The performance in France still reflects a young and growing portfolio. So far loan losses remain high, and the Bank is actively working on measures that will improve these. The French volumes currently represent about 2% of Advanzia's overall card loans.

Advanzia going forward

The German macroeconomic environment remains benign, helped by a relatively weak euro. Advanzia will on that basis continue its efforts to further develop Germany, and also expects that the client portfolio will develop accordingly.

The French economy is expected to remain weak in 2015, but with signs of a slow recovery. Advanzia's operations in France continue to be challenging, and the Bank is therefore investing resources in order to improve performance in France. These efforts are directed at improving and adapting the value chain further in relation to the areas that the Bank has identified as challenging.

Advanzia also continues to prepare for the market launch in Austria in 2015.

Munsbach, Luxembourg

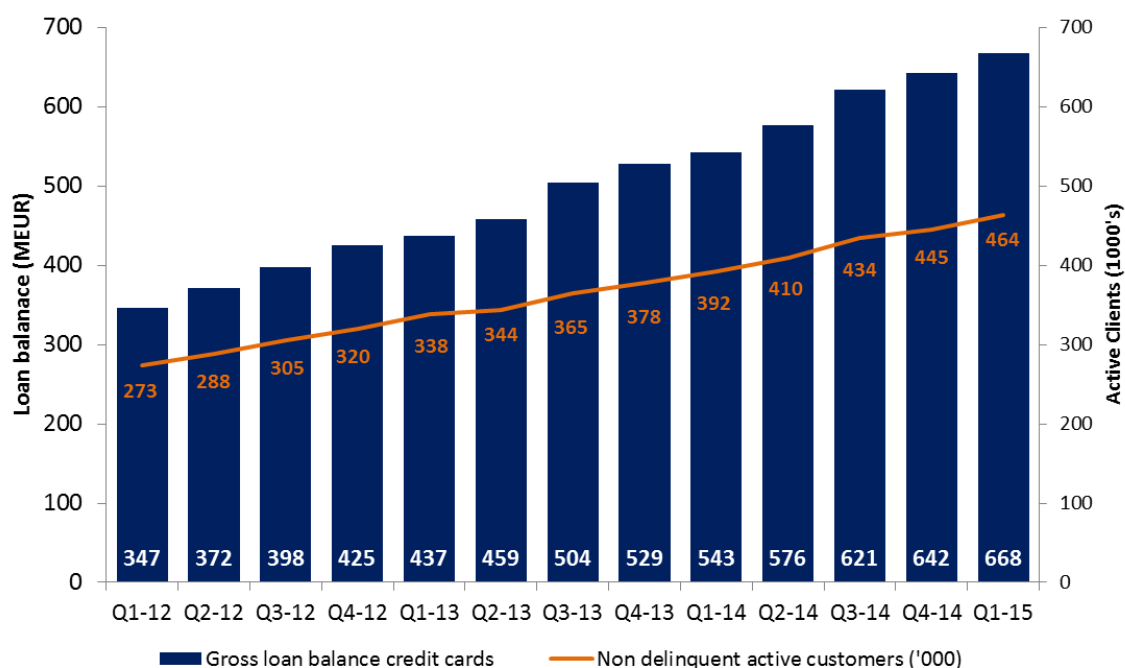
28.04.2015

Eirik Holtedahl
Chief Financial Officer/
Deputy Chief Executive Officer

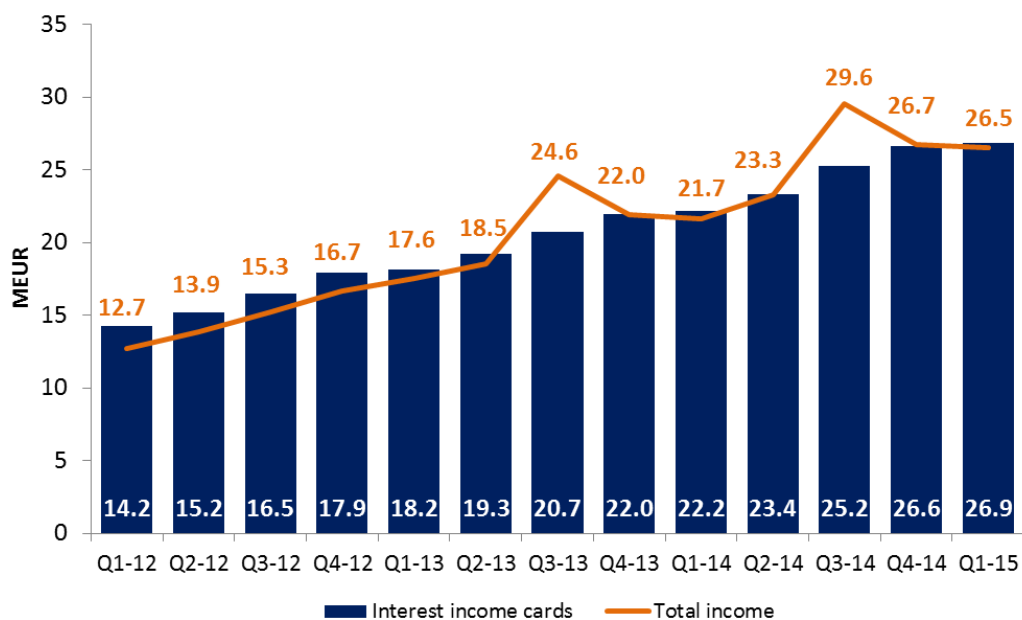
Marc Hentgen
Chief Executive Officer

Appendix: Development of key performance indicators

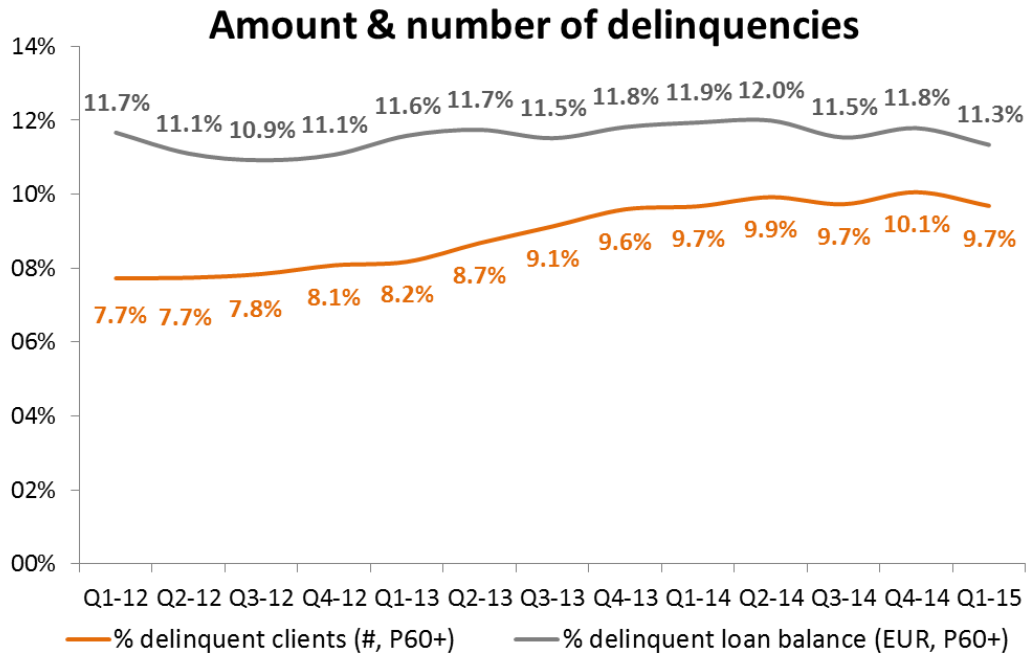
Non delinquent active clients & credit card loan balance



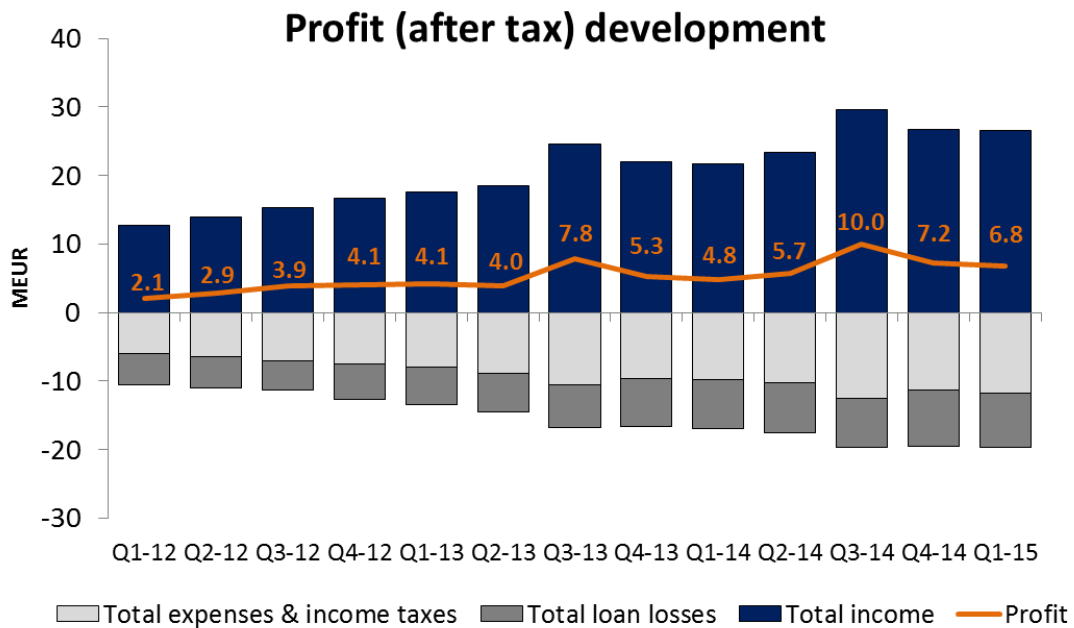
Interest income credit cards & total income



The Q3-2013 and Q3-2014 income are influenced by income shift transactions.



P60+ above refer to accounts/amounts that are more than 60 days past due.



The Q3-2013 and Q3-2014 income is influenced by an income shift transaction.