



Q2

Interim report
April – June 2020

CONTENT

Key figures	1
Interim report	2
Condensed consolidated interim statement of comprehensive income	4
Condensed statement of financial position	5
Condensed statement of the cash flow position	6
Condensed statement of changes in equity	7
Notes	8

KEY FIGURES

PURCHASED AMOUNT¹⁾

80

MNOK

UNIQUE CUSTOMERS

1,812

EOP

GROSS LOANS

76.2

MNOK, EOP

GROSS INCOME FROM LENDING

3.5

MNOK

GROSS LOANS PER CUSTOMER

42.0

NOK THOUSAND, EOP

GROSS INCOME PER CUSTOMER²⁾

9.3

NOK THOUSAND, ANNUALISED

¹⁾ Nominal value of invoices purchased in the period.

²⁾ Annualised gross income in the period divided by average number of customers in the period.

INTERIM REPORT

About Aprila Bank ASA

Aprila is a product- and technology company offering innovative financial solutions to small and medium sized businesses and retail customers. Aprila's API-based technology platform is connected to around 130,000 SMEs through partnership agreements with leading cloud-based ERP and accounting system providers. The bank commenced operations in April 2018; providing spot factoring embedded in the cloud-based ERP solution Tripletex.

With the launch of the bank's first product we set a new standard in liquidity financing for Norwegian businesses. Aprila Spot Factoring represents the first fully digital solution for spot factoring of invoices in the Norwegian market. Customer onboarding is done digitally, directly in partner channels, and only takes a few minutes to complete. Aprila Spot Factoring is seamlessly incorporated into the customers' existing workflows and funds are paid the following business day at the latest.

In December 2019, Aprila launched its second product for SMEs; credit line for small and medium-sized businesses. The product is available in partner channels and on kassekreditt.no and has no fixed fees; customers are only charged for the funds that are drawn.

Aprila Bank has made early strides towards improving the availability of financing for small and medium-sized businesses. The team continues to work to fulfil this ambition, with an emphasis on new product development and broadening distribution.

The bank is owned by private and institutional investors in Norway and abroad. No individual shareholder has an ownership stake exceeding 10% in Aprila.

Our eighth operating quarter

Highlights from the quarter are outlined below.

Highlights Q2 2020

- Aprila successfully completed a private placement of NOK 75 million. The transaction experienced strong demand and took place through a 5 day public application process from 15 May 2020 to 20 May 2020
- Fiken, an online accounting system with ~35,000 users, launched spot factoring from Aprila ultimo May
- Net 605 new customers were added in the quarter, an increase of 50% since the end of the first quarter. In the first half of 2020, Aprila added net 1,010 new customers, representing 125% growth from year-end 2019
- Primo July, Aprila entered into an agreement with FINN.no to offer a fully digital home rental marketplace. The service will launch in Q3 2020
- Due to Covid-19, the bank implemented measures to reduce the credit risk at the end of the first quarter, resulting in lower approval rates for spot factoring, and hence, a decline in purchased amount in the second quarter. The credit rules were eased medio May and spot factoring volumes returned to pre Covid-19 level in June
- The bank's interest income took a planned hit in April and May as a result of a Covid-19 campaign with 0.49% monthly interest rate on its credit line (67% discount compared to the ordinary 1.49% monthly interest rate)

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q1 2020 are presented in brackets.

Due to Covid-19, Aprila reduced its risk appetite primo March. This caused a sharp decline in approval rates, which resulted in a significant reduction in purchased amount in March, April and May. Based on the customers' accounting data from March and April, the bank increased its risk appetite ultimo May, and spot factoring volumes returned to pre Covid-19 level in June. The bank's interest income on the credit line plunged as a result of a Covid-19 campaign with 0.49% monthly interest rate in April and May (67% discount compared to the ordinary 1.49% monthly interest rate).

Purchased amount in Q2 amounted to NOK 80.4 million (NOK 97.5 million). Average margin was 3.23% (3.16%), and net interest income was NOK 2.8 million (NOK 3.5 million). Interest income from lending (adjusted for accruals) amounted to NOK 3.4 million (NOK 3.7 million).

Total operating expenses amounted to NOK 13.5 million (NOK 14.2 million) of which NOK 6.3 million (47%) in salary and personnel expenses, NOK 5.8 million (43%) in general administrative expenses and NOK 1.4 million (10%) in ordinary depreciation. Losses on loans amounted to NOK 1.1 million (NOK 1.2 million).

Total assets at the end of the quarter amounted to NOK 257 million (NOK 170 million) of which NOK 74 million (NOK 57 million) were net loans to customers. Total equity amounted to NOK 139 million (NOK 80 million) and CET1-ratio was 119.3% (71.4%). Total liquid assets amounted to NOK 151 million (NOK 84 million) of which NOK 95 million in bank deposits and NOK 56 million in certificates and bonds.

Outlook

Macroeconomic outlook

The government-induced measures to stop the spread of the coronavirus resulted in a sharp decline in Norwegian GDP in March, combined with rapidly increasing unemployment rates. However, the Norwegian economy has recovered faster than anticipated, and the government has introduced several measures to increase the economic activity and reduce the negative impact of Covid-19 on Norwegian businesses.

Although the outlook for the Norwegian economy now looks more promising, there is still a high degree of uncertainty related to the macroeconomic development. Aprila's access to day-to-day accounting data for the majority of its customers, provides a unique insight to the customers' financial position and the bank will continue to closely monitor the financial health of its customers and continuously align its risk appetite with the customers' financial performance.

Key priorities

During the second half of 2020 Aprila will focus on three key priorities: expanding the value proposition, strengthening distribution and building competitive advantage.

Expanding the value proposition

During the third and fourth quarter Aprila will focus on expanding the value proposition to its partners and customers through continuous improvements of current products and launch of new products and partnerships.

Strengthening distribution

Following the launch in Fiken, Aprila is exposed to ~130,000 SMEs through five ERP channels³. In addition to launching new partnerships (e.g. FINN.no), Aprila will during the second half of 2020 focus on improving customer acquisition through own channels. This includes i.a. a facelift of the visual identity and a new version of aprila.no as well as implementing measures to improve the visibility in paid and organic search.

Building competitive advantage

Based on customer consent, Aprila receives day-to-day customer accounting data and transaction history from the partner systems that have integrated with Aprila's APIs. The bank runs several machine-learning and expert models that calculate prices, make credit decisions, and enable a seamless customer experience. During the second half of 2020 Aprila will focus on improving the data quality and the models, as well as enhancing the data by adding new data sources.

Other information

The accounting deficit for Q2 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 13 August 2020

Board of Directors
Aprila Bank ASA

³) Tripletex (~40,000), Visma eAccounting (~40,000), Fiken (~35,000), Xledger (~10,000) and Uni Economy (~5,000).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Interest income	3	3,366	2,346	7,224	4,475	10,465
Interest expense		561	20	917	38	562
Net interest income		2,806	2,326	6,307	4,436	9,902
Income commissions and fees		148	89	284	170	378
Expenses commissions and fees		859	721	1,941	1,357	3,019
Net commissions and fees		-711	-631	-1,658	-1,186	-2,642
Net gains/losses (-) on certificates, bonds and currency		347	96	346	122	323
Other income		0	0	0	0	0
Total income		2,443	1,791	4,996	3,372	7,583
Salary and other personnel expenses		6,317	3,983	13,630	10,275	24,322
General administrative expenses	8	5,843	2,977	11,592	7,043	14,828
Total salary and administrative expenses		12,160	6,960	25,222	17,318	39,150
Ordinary depreciation		1,353	485	2,458	954	2,227
Total operating expenses excl. losses on loans		13,513	7,445	27,680	18,272	41,377
Losses on loans	2, 3	1,075	708	2,227	1,597	2,777
Pre-tax operating profit		-12,145	-6,362	-24,911	-16,496	-36,570
Tax		0	0	0	0	0
Profit after tax		-12,145	-6,362	-24,911	-16,496	-36,570
Earnings per share (NOK)		-0.32	-0.18	-0.68	-0.46	-1.01
Diluted earnings per share (NOK)		-0.27	-0.15	-0.57	-0.38	-0.85

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Comprehensive income for the period	-12,145	-6,362	-24,911	-16,496	-36,570

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	30.06.2020	31.12.2019	30.06.2019
Loans and deposits with credit institutions	5, 6	95,182	60,593	45,711
Net loans to customers	2, 3, 6	73,746	40,885	31,463
Certificates and bonds	6	55,875	45,470	30,235
Other intangible assets		19,023	12,700	5,728
Deferred tax assets		0	0	0
Fixed assets		5,104	5,868	2,711
Other receivables	7	7,808	4,522	2,580
Total assets		256,737	170,038	118,429
Deposits from and debt to customers		103,552	62,194	1
Other debt	7	14,135	15,642	6,761
Total liabilities		117,687	77,836	6,761
Share capital	4	44,590	36,220	36,220
Share premium	4	190,309	127,036	127,036
Unregistered Share capital	4	0	37	0
Other paid-in equity	4	1,832	1,680	1,108
Retained earnings	4	-97,682	-72,771	-52,697
Total equity		139,050	92,202	111,667
Total equity and liabilities		256,737	170,038	118,429

CONDENSED STATEMENT OF THE CASH FLOW POSITION

Amounts in NOK thousand	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Pre-tax operating profit		-12,145	-6,362	-24,911	-16,496	-36,570
Taxes		0	0	0	0	0
Ordinary depreciation		1,353	485	2,458	954	2,227
Change in loans	3	-16,961	-615	-32,861	8,156	-1,266
Change in deposits from customers		27,988	1	41,358	1	62,194
Change in securities	6	-10,344	-98	-10,405	-123	-15,358
Change in accruals		-1,252	-3,147	-3,215	838	3,839
Net cash flow from operating activities		-11,362	-9,737	-27,577	-6,670	15,067
Net investments in fixed assets		0	121	-354	-1,840	-750
Net investments in intangible assets		-2,761	-620	-8,450	-650	-8,672
Net cash flow from investing activities		-2,761	-499	-8,804	-2,490	-9,422
Paid-in equity	4	71,670	356	71,759	662	1,271
Repayment of leasing liabilities		-394	-215	-788	-430	-963
Net cash flow from financing activities		71,276	141	70,970	232	308
Net cash flow for the period		57,153	-10,095	34,589	-8,928	5,954
Cash and cash equivalents at the start of the period	5	38,029	55,807	60,593	54,639	54,639
Cash and cash equivalents at the end of the period	5	95,182	45,711	95,182	45,711	60,593

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2018	36,220	127,036	0	446	-36,201	127,501
Share capital increase	0	0	0			0
Changes in equity due to stock options program				662		662
Net profit for the period					-16,496	-16,496
Equity as of 30 June 2019	36,220	127,036	0	1,108	-52,697	111,667

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2019	36,220	127,036	37	1,680	-72,771	92,202
Share capital increase	8,370	63,274	-37			71,607
Changes in equity due to stock options program				152		152
Net profit for the period					-24,911	-24,911
Equity as of 30 June 2020	44,590	190,309	0	1,832	-97,682	139,050

NOTES

Note 1 General accounting principles

Reporting entity

Aprila Bank is a bank domiciled in Norway. The bank's registered office is at Kirkegata 5, 0153 Oslo.

Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and with the same accounting principles as used in the annual statement for 2019.

The bank was granted a commercial banking license from the Financial Supervisory Authority of Norway (NO: Finanstilsynet) in March 2018.

The interim report was authorised for issue by the bank's board of directors on 13 August 2020.

Functional and presentation currency

These consolidated financial statements are presented in NOK, which is the bank's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise indicated.

Note 2 Expected credit loss

According to IFRS 9, loan loss allowances should be recognised based on the expected credit loss (ECL). The general model for loan loss allowances on financial assets in IFRS 9 applies to financial assets that are measured at amortised cost or at fair value with changes in value through other comprehensive income (OCI), and that did not have any losses incurred on initial recognition.

The impact of Covid-19 on potential defaults and loan losses is not yet evident in the input to the bank's model for calculating ECL. To meet the uncertainty related to increased probability of default not reflected in the historical datapoints, the bank has decided to double the probability of the worst case scenario in the ECL model.

Note 3 Loans to customers

LOANS TO CUSTOMERS

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Non-recourse factoring	27,403	35,442	32,341
Credit line	47,897	6,701	0
Downpayment loans	860	0	0
Gross loans to customers	76,160	42,143	32,341
Impairment of loans	2,415	1,258	878
Net loans to customers	73,746	40,885	31,463

DEFAULTS AND LOSSES

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Gross, defaulted, loans	1,500	1,533	1,198
Write-downs stage 1	649	101	59
Write-downs stage 2	737	69	68
Write-downs stage 3	1,029	1,087	751
Net, defaulted, loans	-914	275	321

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q2 2020	2019	Q2 2019
Write-downs stage 1	305	-20	8
Write-downs stage 2	367	-92	48
Write-downs stage 3	318	319	-1,110
Total write-downs on loans in the period	990	206	-1,054
Realised losses in the period	85	2,571	1,762
Losses on loans in the period	1,075	2,777	708

AGEING OF LOANS

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Loans not past due	69,484	29,682	24,870
Past due 1 - 30 days	4,401	9,865	4,990
Past due 31 - 60 days	691	647	1,149
Past due 61 - 90 days	366	518	567
Past due 91+ days	1,218	1,431	765
Total	76,160	42,143	32,341

AGEING OF LOANS

Per cent	30.06.2020	31.12.2019	30.06.2019
Loans not past due	91%	70%	77%
Past due 1 - 30 days	6%	23%	15%
Past due 31 - 60 days	1%	2%	4%
Past due 61 - 90 days	0%	1%	2%
Past due 91+ days	2%	3%	2%
Total	100%	100%	100%

GROSS LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 31 March 2020	54,956	2,323	930	58,210
Transfers from Stage 1 to Stage 2	-3,201	2,945	0	-256
Transfers from Stage 1 to Stage 3	-377	0	249	-128
Transfers from Stage 2 to Stage 3	0	-881	722	-159
Transfers from Stage 3 to Stage 2	0	9	-8	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	41,245	1,371	206	42,823
Financial assets derecognised in the period	-22,390	-1,340	-600	-24,330
Gross loans to customers as of 30 June 2020	70,234	4,426	1,500	76,160

LOAN LOSS ALLOWANCES

Amounts in NOK thousand	Stage,1	Stage,2	Stage,3	Total
Loan loss allowance as of 31 March 2020	344	370	711	1,425
Transfers from Stage 1 to Stage 2	-14	577	0	563
Transfers from Stage 1 to Stage 3	-12	0	221	209
Transfers from Stage 2 to Stage 3	0	-173	574	401
Transfers from Stage 3 to Stage 2	0	9	-9	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	505	130	40	674
Financial assets derecognised in the period	-175	-175	-508	-858
Loan loss allowance as of 30 June 2020	649	737	1,029	2,415

Note 4 Regulatory capital

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Share capital	44,590	36,220	36,220
Share premium	190,309	127,036	127,036
Other equity	-95,850	-71,054	-51,588
Total equity	139,050	92,202	111,667
Other intangible assets	-19,023	-12,700	-5,728
AVA adjustment	-56	-45	0
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	119,972	79,456	105,940
Tier 1 capital	119,972	79,456	105,940
Total capital	119,972	79,456	105,940
Risk-weighted assets			
Loans and deposits with credit institutions	19,036	12,119	9,142
Loans to customers	56,571	32,219	29,955
Certificates and bonds	2,518	1,502	0
Other assets	12,911	10,390	5,291
Credit risk	91,037	56,230	44,389
Operational risk	9,669	9,669	5,212
Risk-weighted assets	100,706	65,899	49,601
Common equity tier 1 ratio (%)	119.1%	120.6%	213.6%
Tier 1 ratio (%)	119.1%	120.6%	213.6%
Total capital ratio (%)	119.1%	120.6%	213.6%
Leverage ratio (%)	49.1%	50.0%	94.0%
LCR	1205%	2162%	153%

Note 5 Loans and deposits with credit institutions

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Loans and deposits with credit institutions	95,182	60,593	45,711
Total	95,182	60,593	45,711

Note 6 Financial instruments

Financial instruments at fair value

Financial instruments at fair value are measured at different levels:

Level 1

Financial instruments in level 1 are determined based on quoted prices in active markets for identical financial instruments available on the balance sheet date.

Level 2

Financial instruments in level 2 are determined based on inputs other than quoted prices, but where prices are observable either directly or indirectly. These include quoted prices in markets that are not active.

Level 3

When valuation cannot be determined in level 1 or 2, valuation methods based on non-observable market data are used.

Certificates and bonds – level 1

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Initial recognition	55,000	45,000	30,000
Change in fair value	875	470	235
Total financial assets at fair value	55,875	45,470	30,235

Financial instruments at amortised cost

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Loans and deposits with credit institutions	95,182	60,593	45,711
Net loans to customers	73,746	40,885	31,463
Total financial assets at amortised cost	168,928	101,478	77,174

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Skattefunn tax deduction claim	5,332	3,434	2,007
Other receivables	2,475	1,088	574
Total receivables	7,808	4,522	2,580

OTHER LIABILITIES

Amounts in NOK thousand	30.06.2020	31.12.2019	30.06.2019
Payables to suppliers	2,174	4,916	520
Payables to factoring customers and partners	2,157	395	2,181
Social security tax	1,879	1,227	711
Other liabilities	7,926	9,104	3,349
Total other liabilities	14,135	15,642	6,761

Note 8 General administrative expenses

Amounts in NOK thousand	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
External services	2,248	1,199	4,766	3,272	6,488
IT operations	527	799	1,448	1,825	3,959
Rental of premises	569	309	1,023	554	1,277
Sales and marketing	1,758	77	2,744	165	702
Credit information	128	100	246	167	411
External audit and related services	0	0	219	188	188
Credit insurance	67	91	119	131	288
Other operating expenses	545	403	1,028	742	1,515
Total general administrative expenses	5,843	2,977	11,592	7,043	14,828

Note 9 Subsequent events

There is no awareness of other events after the date of the balance sheet that may be of material significance to the accounts.

Note 10 Shareholders

20 LARGEST SHAREHOLDERS AS REGISTERED IN VPS 4 AUGUST 2020

Shareholder	Shares	Per cent
1 AMESTO GROUP AS	4,284,848	9.6%
2 ALLIANCE VENTURE SPRING AS	3,174,406	7.1%
3 MP PENSJON PK	1,930,329	4.3%
4 STRØMSTANGEN AS	1,817,622	4.1%
5 PRIMERA AS	1,630,000	3.7%
6 SES AS	1,175,000	2.6%
7 REDIVIVUS AS	1,154,008	2.6%
8 FJ LABS	1,099,400	2.5%
9 NORUS AS	1,016,690	2.3%
10 COSIMO AS	983,871	2.2%
11 AREPO AS	907,747	2.0%
12 UNIVERSAL PRESENTKORT AS	897,699	2.0%
13 SVINDAL AKSEL LUND	874,545	2.0%
14 SIRKELBUE AS	800,000	1.8%
15 ØSD FINANS AS	800,000	1.8%
16 SIX SIS AG	777,470	1.7%
17 DISRUPTOR AS	730,000	1.6%
18 SKIPS AS TUDOR	722,226	1.6%
19 ENIMAE AS	667,300	1.5%
20 SPORTSMAGASINET AS	652,497	1.5%
Others	18,494,815	41.5%
Total	44,590,473	100%

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