

# Aprila

Aprila Bank ASA | Q2 2024 | 13 August 2024

# Disclaimer



*This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.*

*Although Aprila Bank believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.*

*Important factors that may cause such a difference for Aprila Bank include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.*

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# We reinvent business banking

## Aprila provides credit to a large and underserved SME market

- SMEs account for around two thirds of employment and more than half of GDP in Europe
- These businesses are largely underserved and the funding gap for European SMEs has been estimated to EUR 400 bn
- Closing this funding gap is vital to maintain welfare standards in European countries, and this is the reason why Aprila was founded

## We leverage technology to create competitive advantage

- Our technology platform is developed in-house and exposed to own channels and partners through APIs
- We have access to large amounts of structured data, including day-to-day customer accounting data and a rapidly growing amount of behavior data
- Credit scoring and pricing is based on machine-learning technology, with data from our in-house developed data warehouse

## Our customers receive a credit offer within 60 seconds

- We focus on availability, speed and convenience, offering products with understandable pricing and swift credit decisions
- More than half of our customers are onboarded within three days after the application is submitted

## Key figures

### # Business customers

(30 Jun 2024)<sup>1</sup>

**6,302**

### Total income run-rate

(NOK million, annual run-rate, Q2 24)

**205**

### Cost / income

(LTM)<sup>2</sup>

**54%**

### Job creation

(Total # jobs Aprila has contributed to preserving or creating since inception)<sup>3</sup>

**4,600**

# Highlights Q2 2024



## Q2 24

NOKm	Q2 24	Q2 23
Gross loans	1,079	811
Gross income from lending	61	46
Total income	51	37
Pre-tax operating profit bf. loan losses	27	20
Pre-tax operating profit	14	8
Yield on avg. net loans <sup>1</sup>	27%	26%

## LTM

NOKm	LTM <sup>2</sup> ending	
	Q2 24	Q2 23
Gross loans	1,079	811
Gross income from lending	225	152
Total income	189	126
Pre-tax operating profit bf. loan losses	87	44
Pre-tax operating profit	37	1
Yield on avg. net loans <sup>1</sup>	27%	25%

### All-time-high nominal gross lending growth of NOK 113m

- Gross lending grew 33% YoY and 12% QoQ to NOK 1,079 million
- Total income grew 36% YoY and 5% QoQ to NOK 51 million
- The bank onboarded 432 credit line customers in Q2

### Robust pre-tax profit of NOK 14 million

- Personnel expenses at two thirds of a normal quarter due to holiday pay in June
- Loan losses of NOK 13.3 million of which NOK 10.9 in loan loss provisions (LLPs)
- Return on equity of 20.6%, up from 16.1% in Q2 23

### Solid capital position

- CET1-ratio of 31.6% 30 Jun 2024 vs. overall capital requirement (OCR) of 22.9%<sup>3</sup>
- We have employed retail classification on eligible exposures as of 30 Jun 2024
- Without retail classification the CET1-ratio would have been 26.2% as of 30 Jun 2024

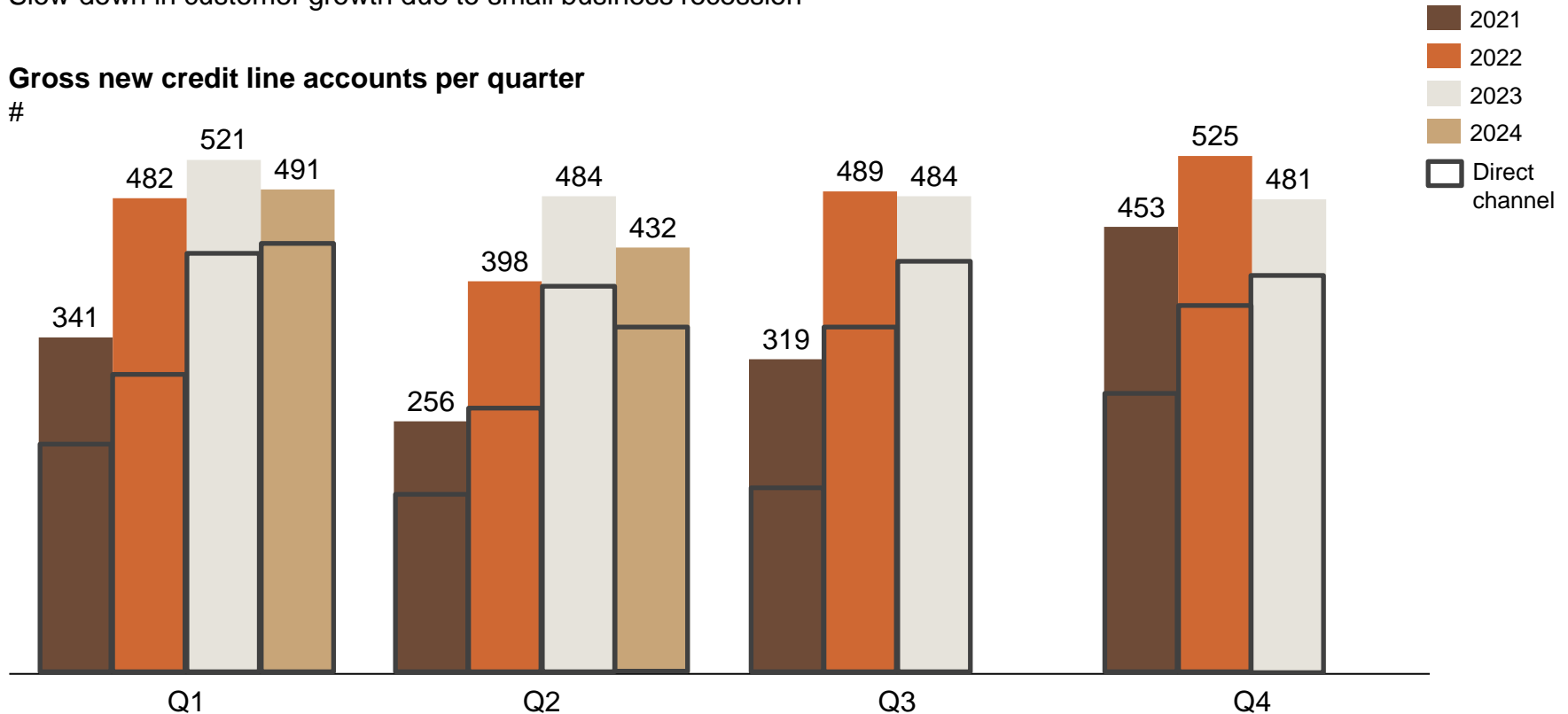


# 432 credit line accounts onboarded in Q2

Slow-down in customer growth due to small business recession

## Gross new credit line accounts per quarter

#

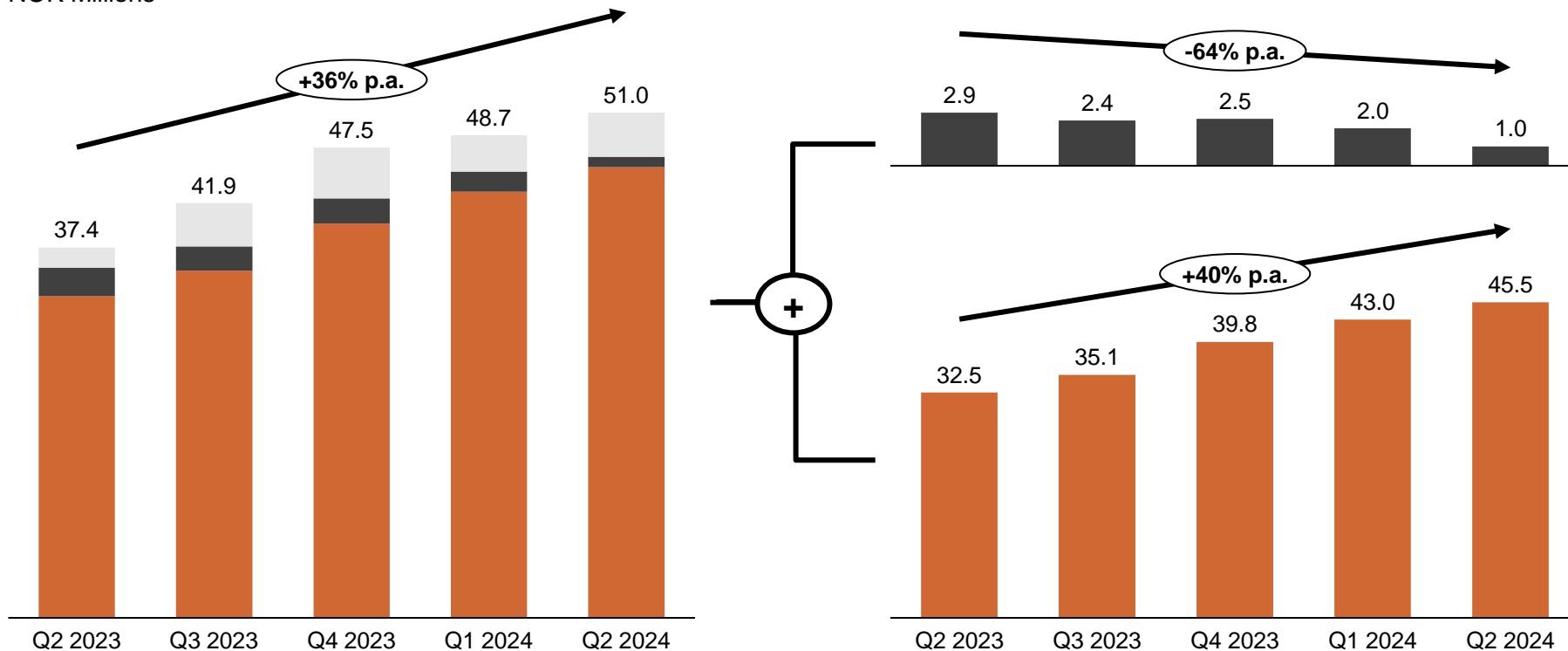




# Total income grew 36% last 4 quarters, driven by credit line

**Total income**  
NOK Millions

Other<sup>1</sup> Spot factoring / eCommerce Credit line

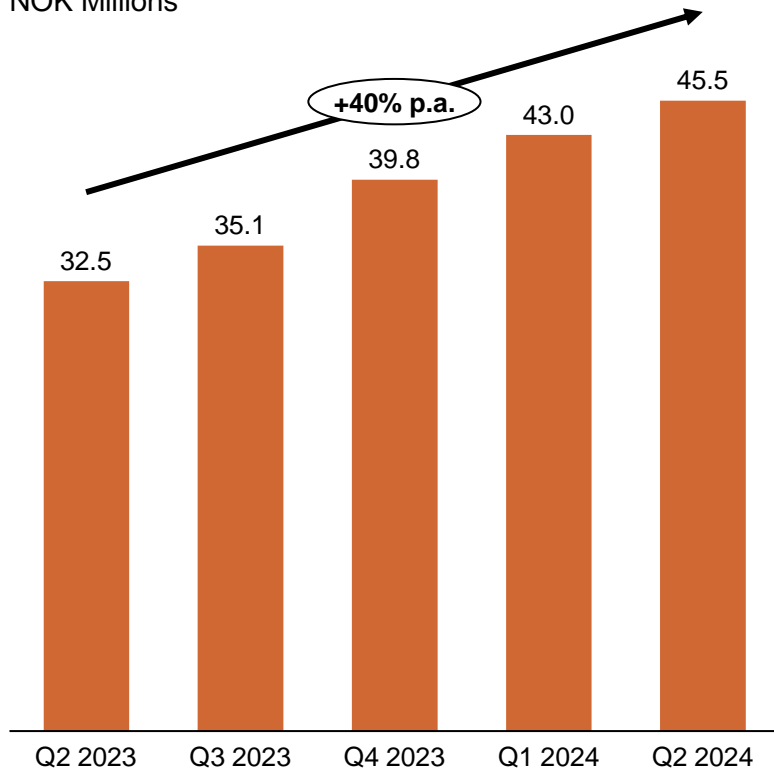


Note 1: Other income consist primarily of interest rates and money market returns on liquidity portfolio (≈ core equity). Has risen due to high interest rates, and will continue to be high as long as interest rates are high

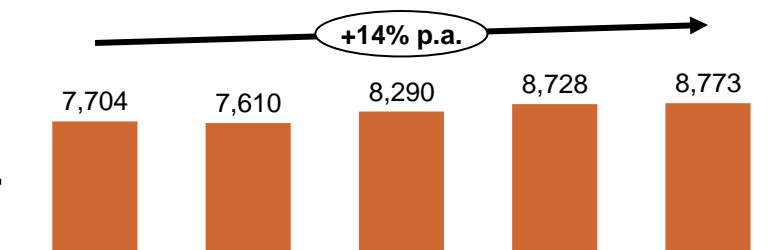


# Customer growth is still the biggest driver of credit line income

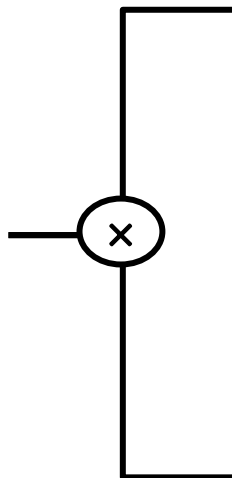
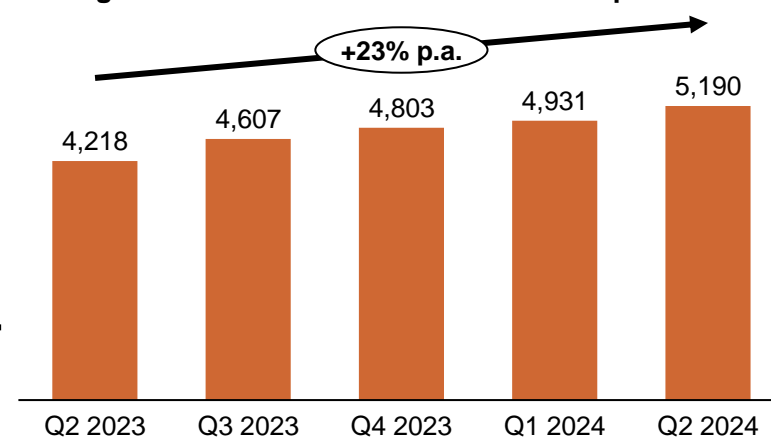
**Total income from credit line**  
NOK Millions



**Total income per credit line customer per quarter**  
NOK



**Average number of credit line customers in quarter**

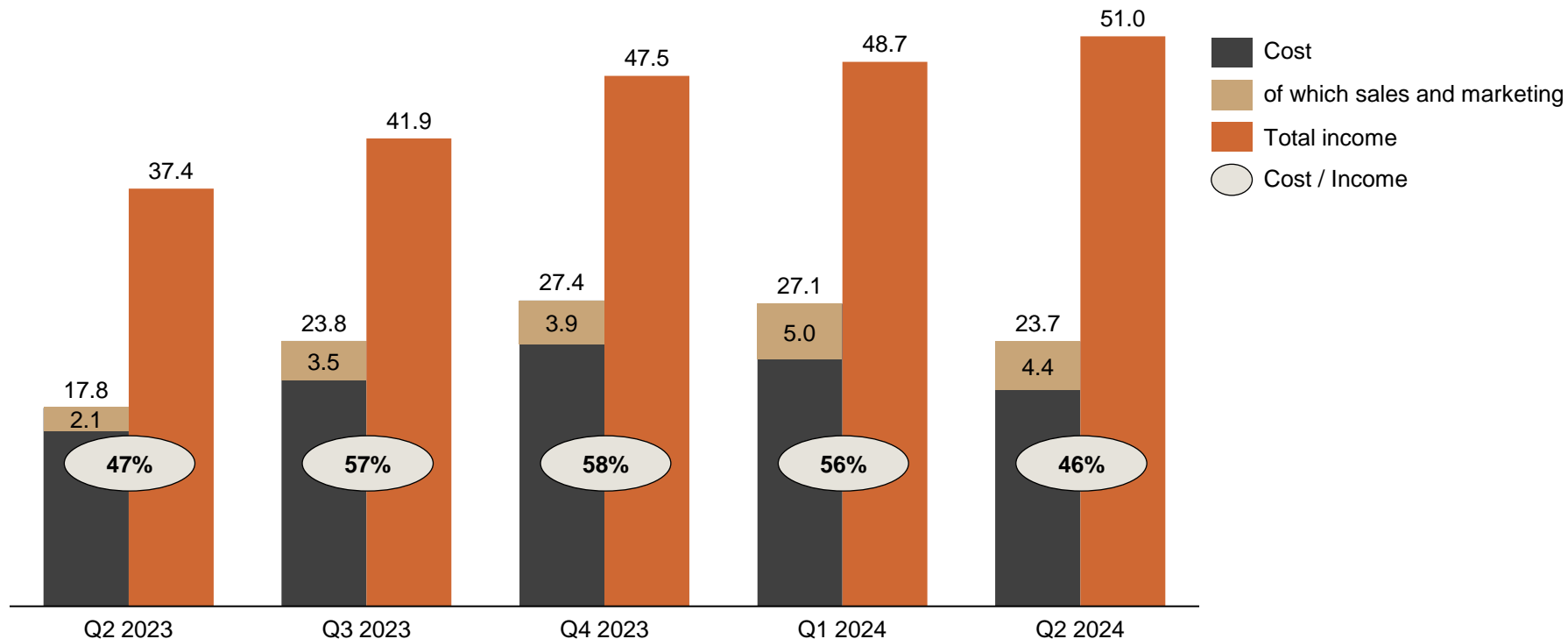






# 46% C/I in Q2, down 1 p.p. from Q2 last year

**Cost<sup>1</sup> vs Total income**  
NOK millions

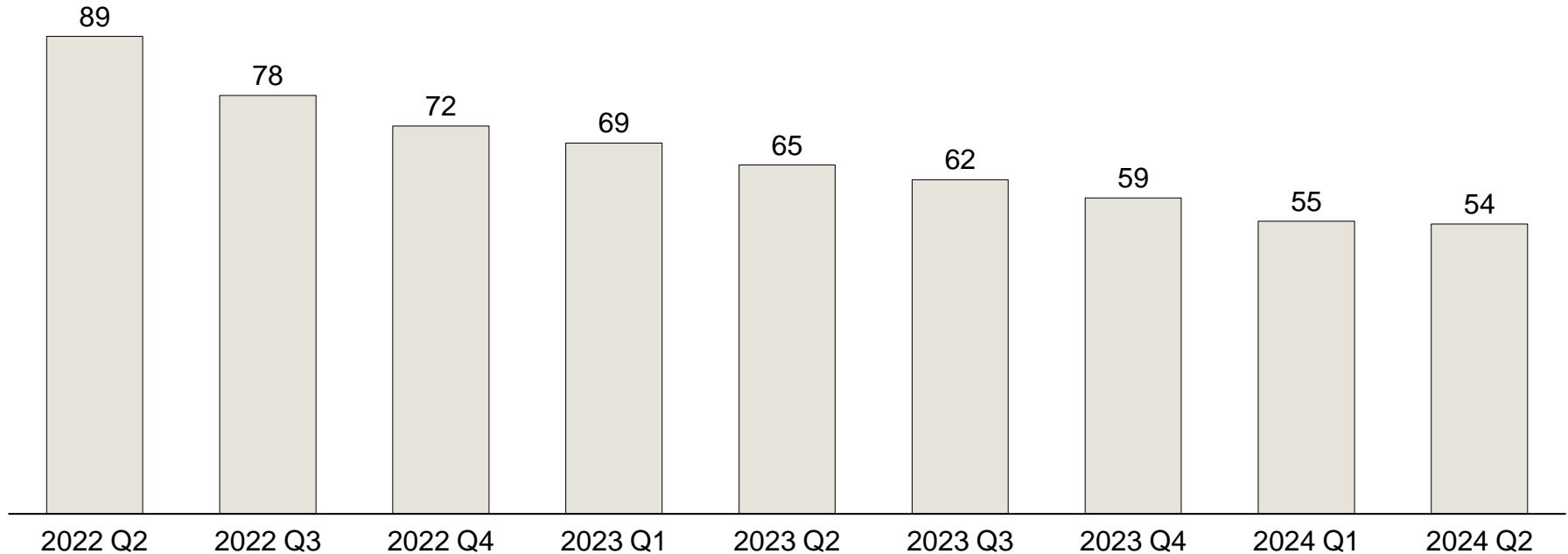




## Trailing 1 year cost / income is steadily declining

### Cost last 12 months / Total Income last 12 months

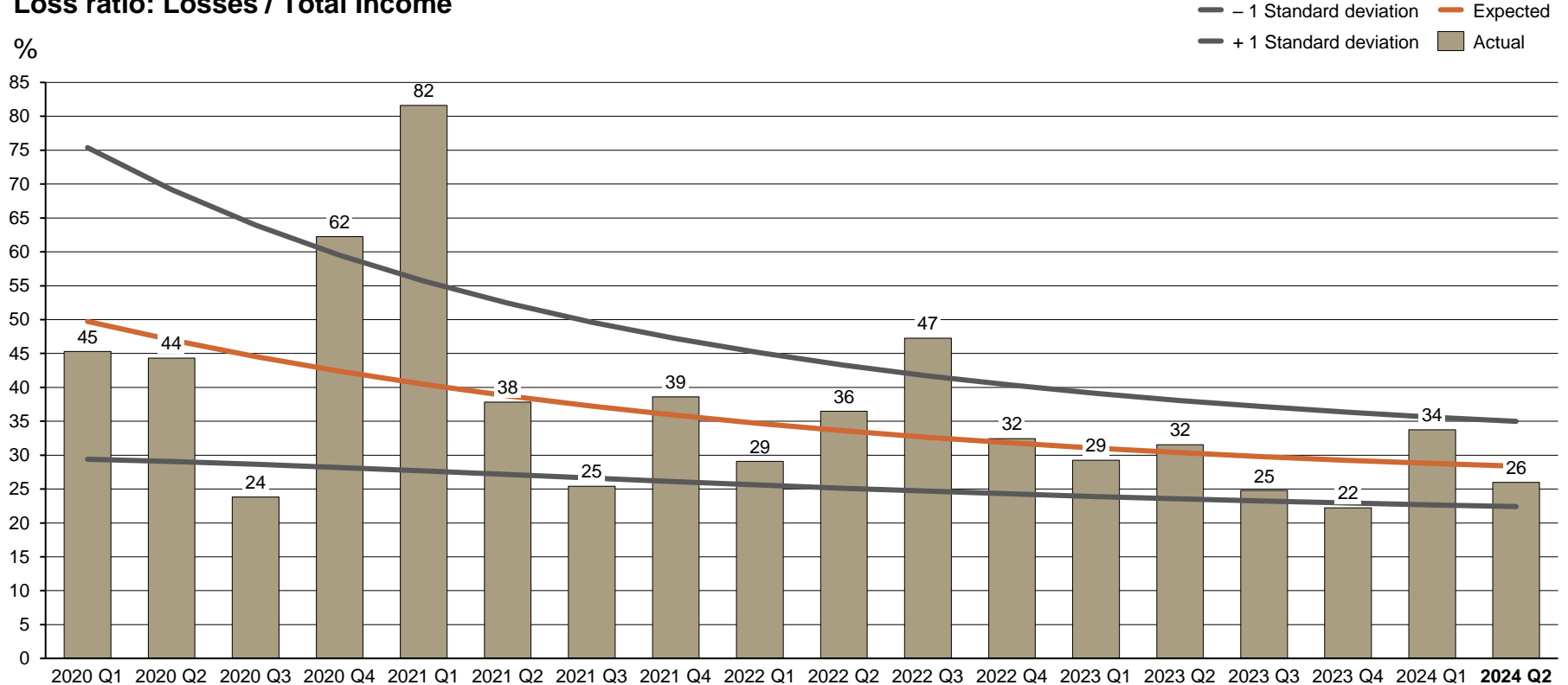
%





# Loss ratio and volatility is declining

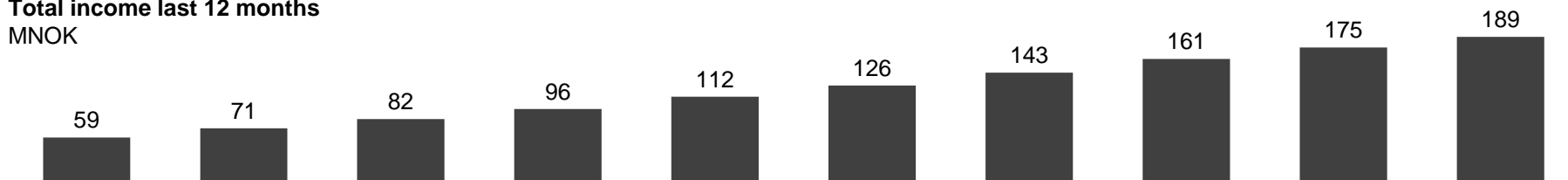
## Loss ratio: Losses / Total Income



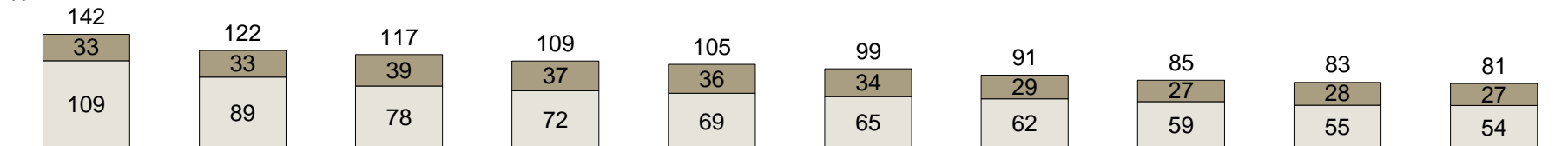


# Growth + declining cost and loss ratio = increasing profits

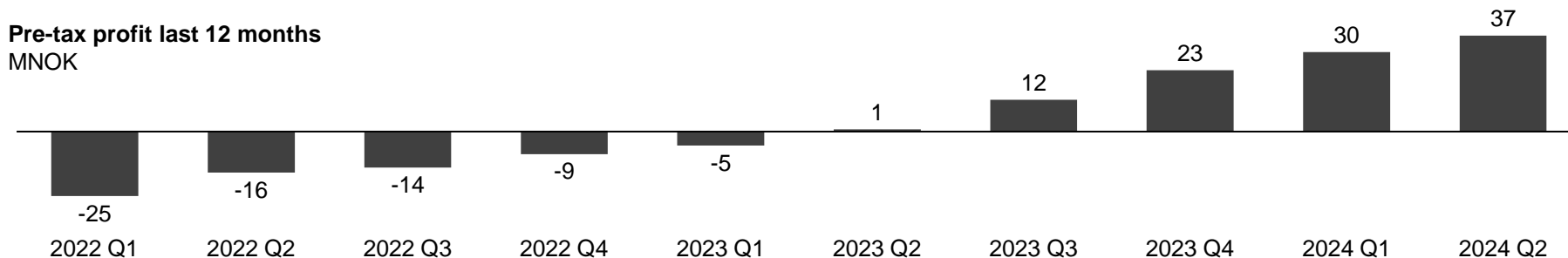
**Total income last 12 months**  
MNOK



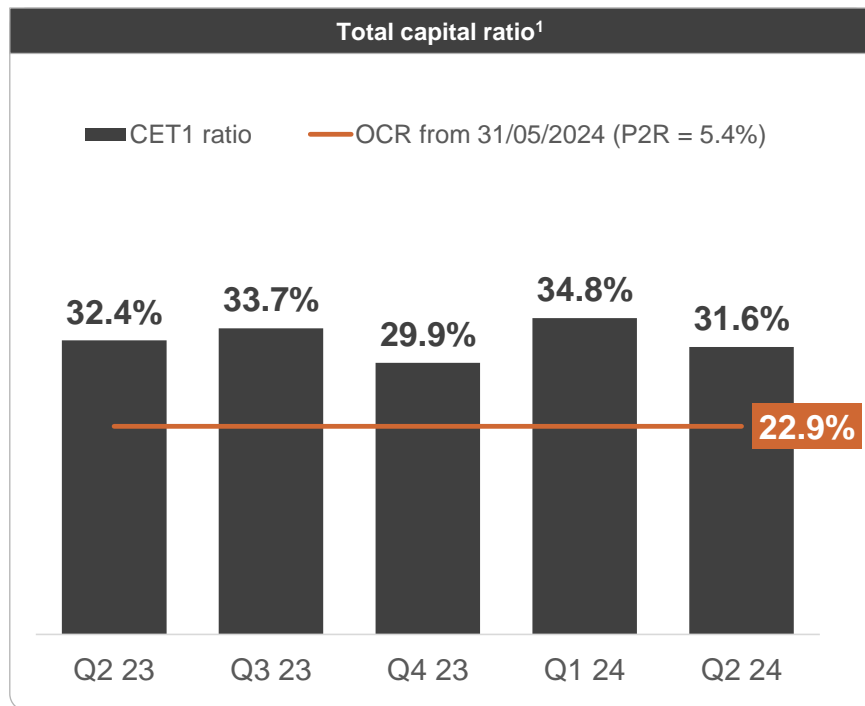
**Cost / Income + Losses / Income last 12 months**  
%



**Pre-tax profit last 12 months**  
MNOK



# Solid capital position



## Key comments

- CET1-ratio of 31.6% 30 Jun 2024
- From 31 May 2024, Aprila's OCR is **22.9%** and the Norwegian Financial Supervisory Authority (FSA) expects Aprila to maintain a total capital ratio above **24.4%** (22.9% + 1.5%)
- In the final report from FSA's on-site inspection of Aprila Bank in 2022, FSA stated that the bank, in FSA's opinion, does not have sufficient historical data to use retail classification
  - The bank has applied retail classification on eligible exposures as of 30 Jun 2024
  - Without retail classification, the CET1-ratio would have been 26.2% as of 30 Jun 2024

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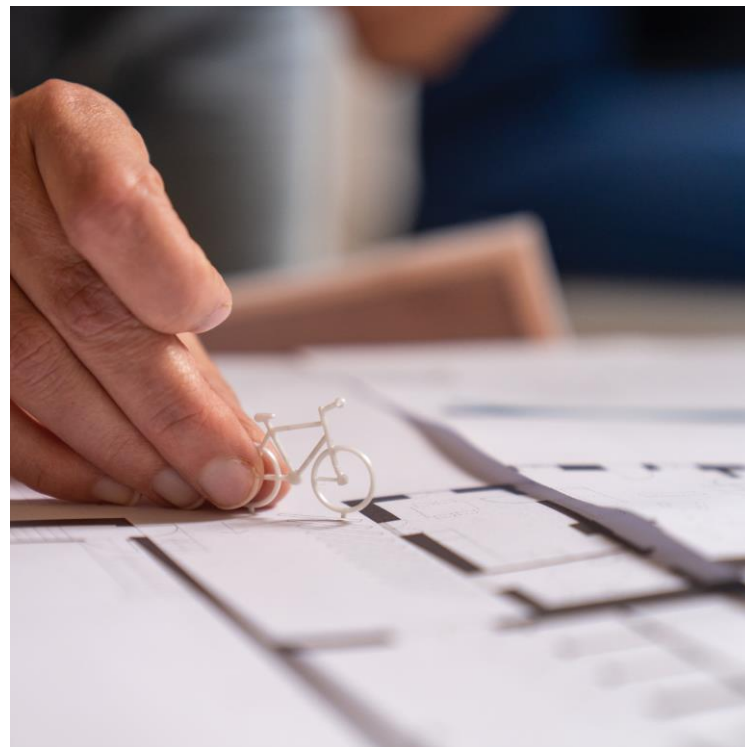
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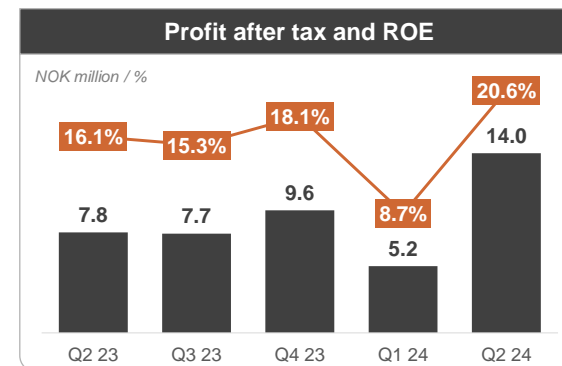
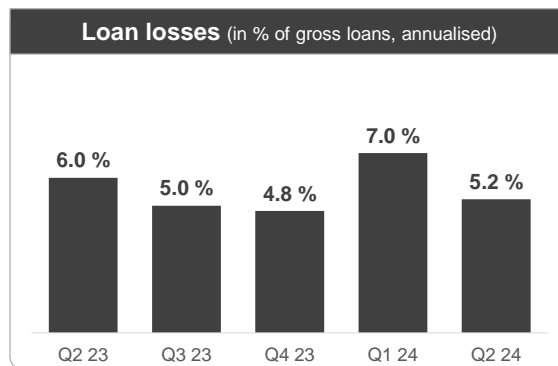
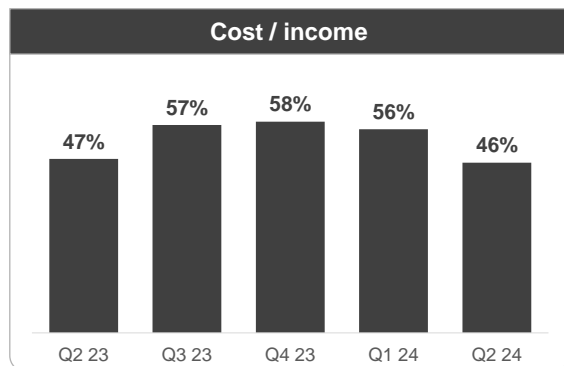
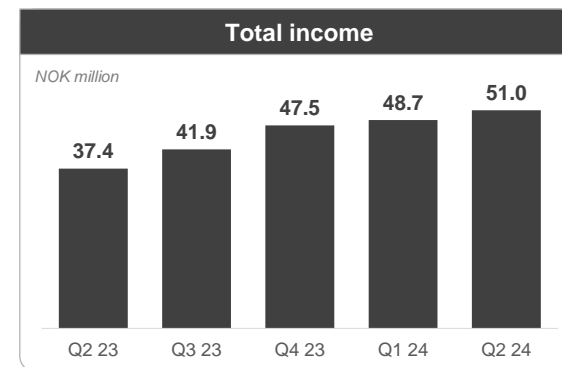
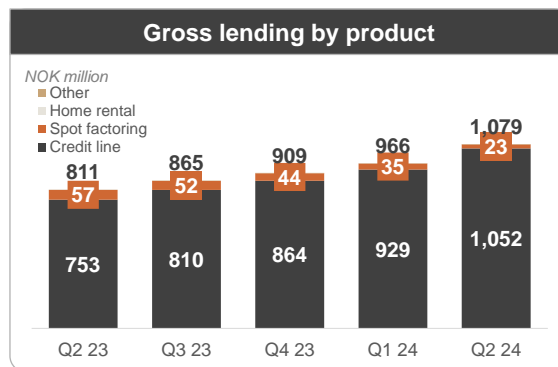
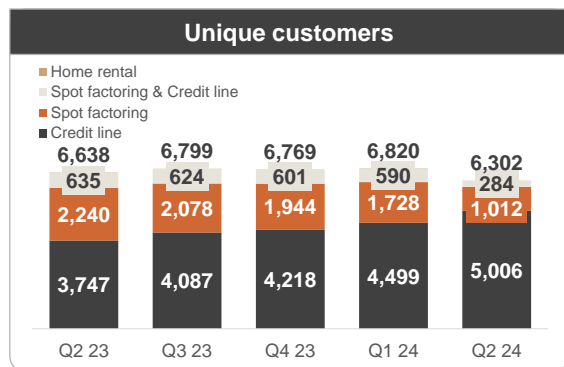
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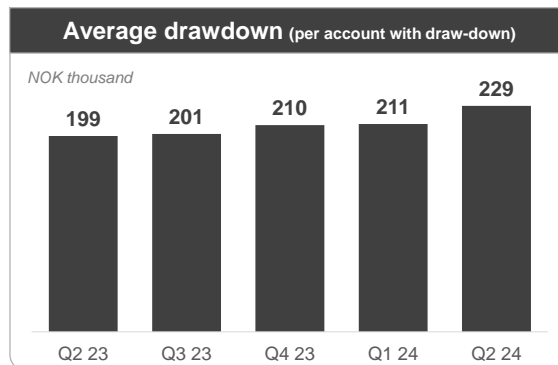
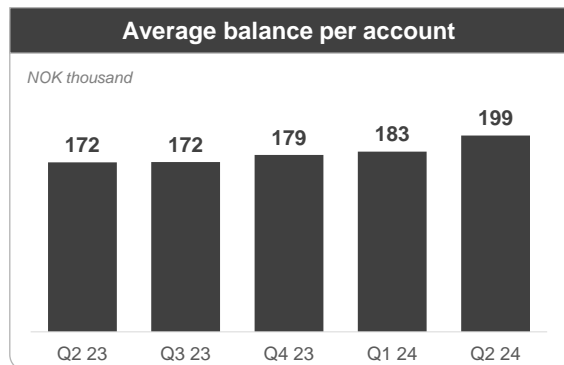
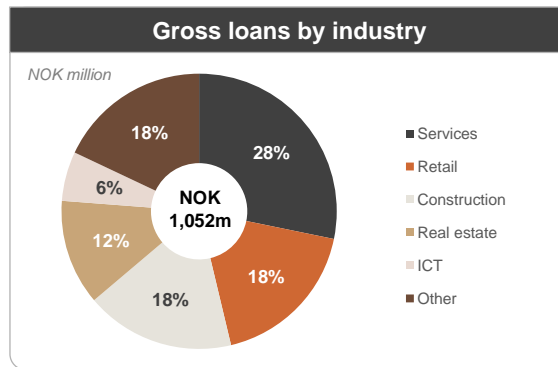
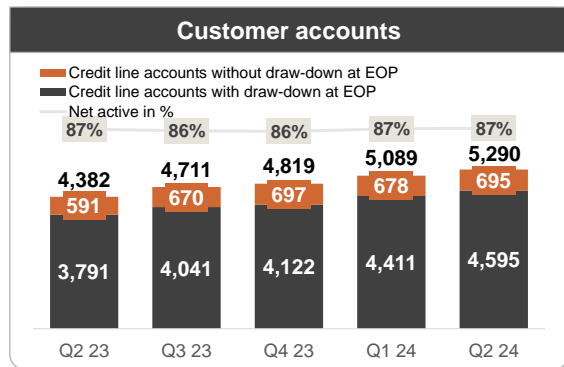


# Total income +36% since Q2 last year and ROE > 20% in the quarter





# Credit line volumes steadily increasing



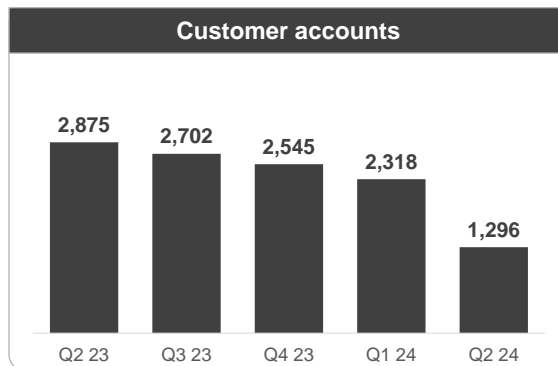
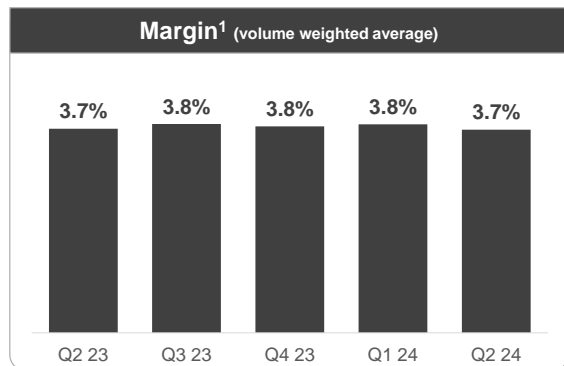
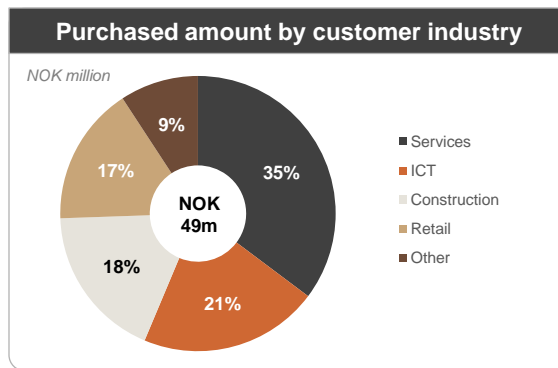
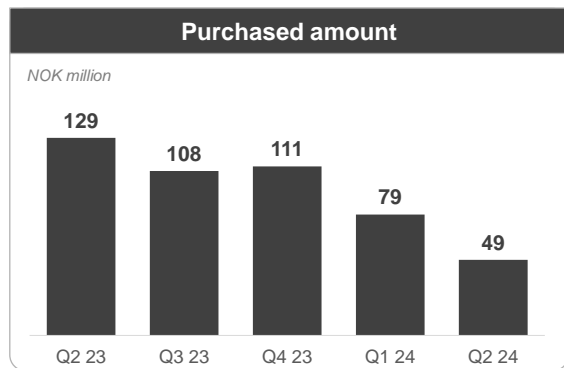
## Key comments

- Net 201 new accounts (+4%) added in the quarter
  - Onboarded: 432
  - Offboarded: 231
- 5,290 credit line accounts at the end of the period
- 87% of customer accounts with draw-down at EOP
- NOK 199k outstanding per account at the end of the period
- On average NOK 229k drawn by customers with draw-down





# Spot factoring volumes sharply declining due to discontinuation

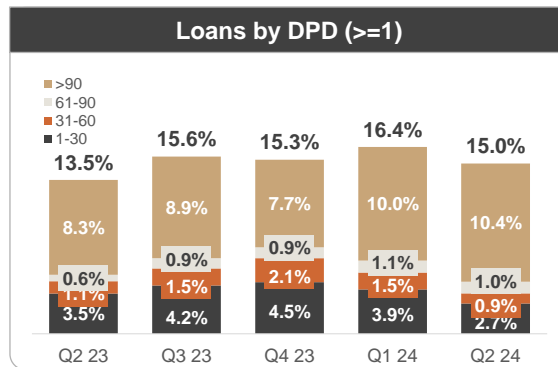
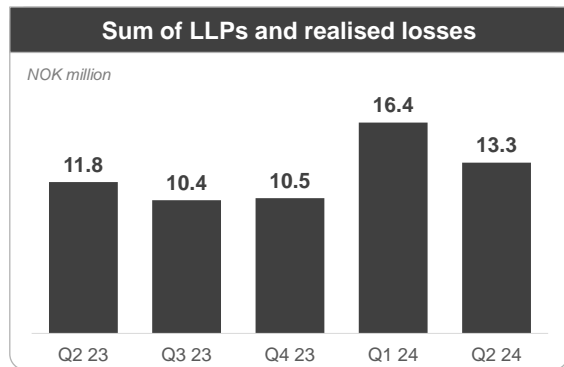


## Key comments

- NOK 49m purchased
- VWA margin: 3.8%
- Customers in services, ICT and construction industries accounted for 74% of purchased amount in Q2 24
- 1,296 open accounts at the end of the period
- Last invoice purchased 1 July 2024

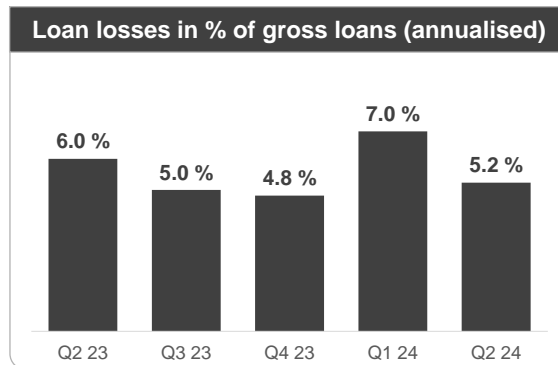
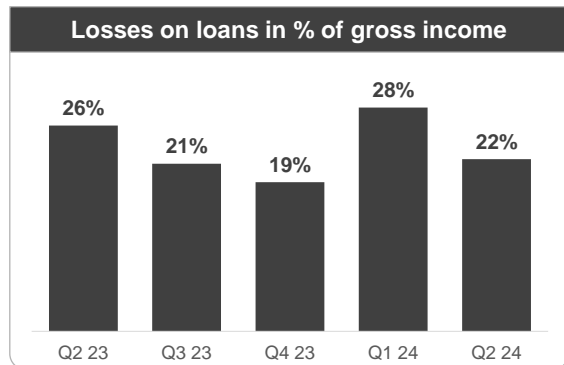


# Positive development in delinquency rates



### Key comments

- Total loan losses of NOK 13.3m in Q2 of which:
  - NOK 10.9m in LLPs and
  - NOK 2.4m in net realised losses
- DPD >= 1: 15.0% of gross loans
  - Positive development across all non-default DPD-groups (1-30, 31-60 and 61-90)
  - The positive trend has continued so far in the third quarter





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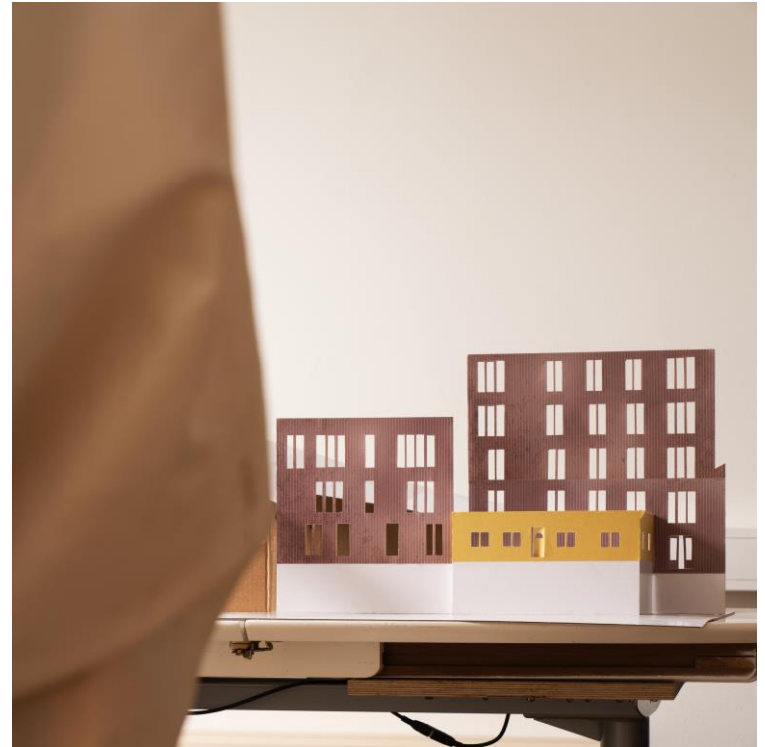
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# No. 1 priority in 2024 is to lay foundation for accelerated growth

2024

## Build foundation for accelerated growth

- Improve offering for larger customers
- Build internal sales capacity to target larger businesses
- Continue to optimise approval rates, limit offers and pricing

## Strengthen competitive advantage

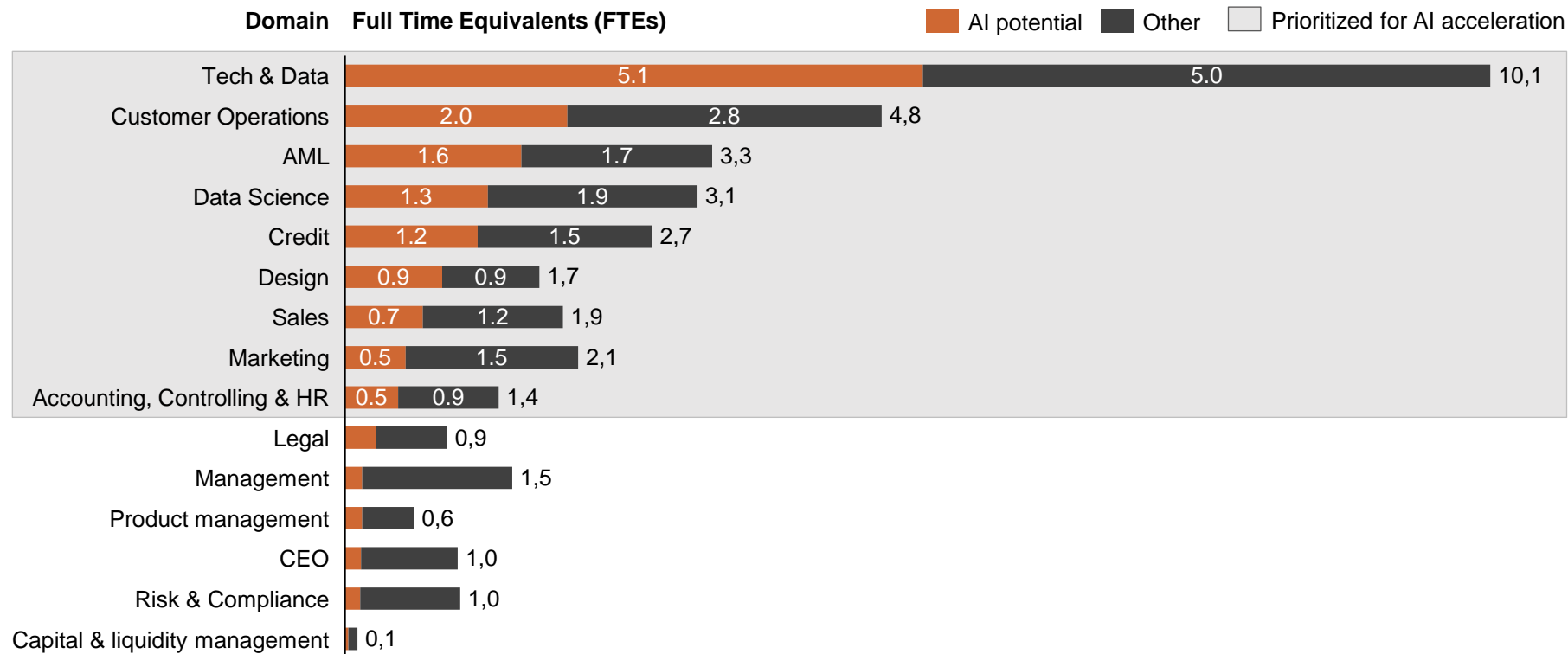
- Increase automation of core processes
- Optimise and evolve machine learning PD and LGD models
- Continue to streamline customer onboarding and experience

## Improve long-term profitability

- Continue to optimise pricing of credit risk
- Continue to automate reporting and compliance activities
- Continue to improve marketing efficiency and effectiveness

# Significant AI acceleration potential in Aprila

AI acceleration potential of 14 «FTEs» in Aprila over the next 1-2 years





# Targeting a total income run-rate of NOK ~225 million at year-end

	YE 23A	Q2 24A	YE 24E	Key drivers
<b>Total income</b> Annual run-rate <sup>1</sup> (NOK million)	188	205	~ 225	<ul style="list-style-type: none"> <li>Increased number of credit line customers and increased income per customer</li> <li>Discontinuation of spot factoring</li> </ul>
<b>Cost / income</b> (LTM) <sup>2</sup>	59%	54%	~ 57%	<ul style="list-style-type: none"> <li>Assuming 7 new FTEs in 2024</li> <li>Wage and cost inflation</li> </ul>
<b>Credit line accounts</b> (End of period)	4,819	5,290	> 5,700	<ul style="list-style-type: none"> <li>Continued marketing investments</li> </ul>

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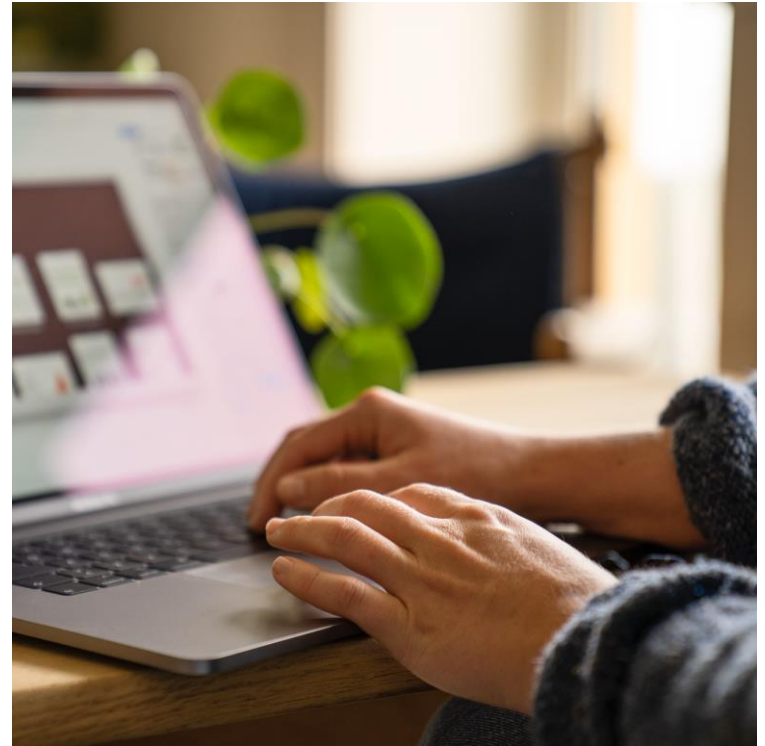
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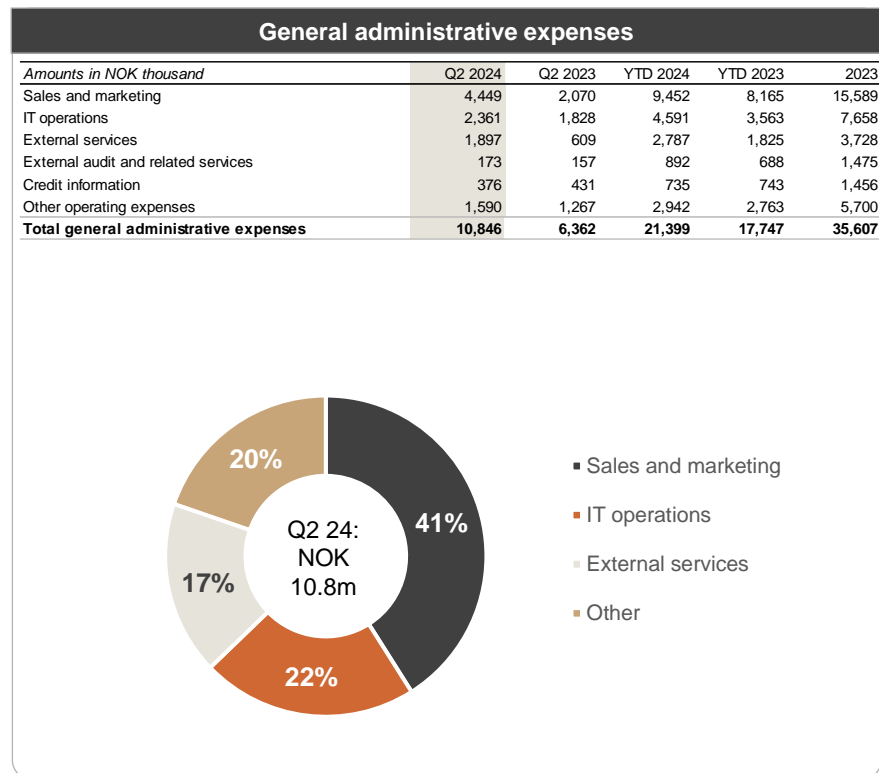
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# Income statement & general administrative expenses



Income Statement						
<i>Amounts in NOK thousand</i>	Note	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
Interest income		56,302	40,674	109,561	76,308	171,672
Interest expense		10,574	6,489	20,031	11,323	29,957
<b>Net interest income</b>		<b>45,728</b>	<b>34,184</b>	<b>89,530</b>	<b>64,985</b>	<b>141,715</b>
Income commissions and fees		4,174	3,197	8,135	6,168	13,398
Expenses commissions and fees		254	243	467	403	817
<b>Net commissions and fees</b>		<b>3,920</b>	<b>2,953</b>	<b>7,667</b>	<b>5,765</b>	<b>12,581</b>
Net gains / losses (-) on certificates, bonds and currency		1,380	249	2,568	500	6,308
Other income		0	0	0	0	0
<b>Total income</b>		<b>51,028</b>	<b>37,386</b>	<b>99,766</b>	<b>71,249</b>	<b>160,604</b>
Salary and other personnel expenses		11,219	9,674	26,138	22,247	52,067
General administrative expenses	8	10,846	6,362	21,399	17,747	35,607
<b>Total salary and administrative expenses</b>		<b>22,064</b>	<b>16,036</b>	<b>47,537</b>	<b>39,994</b>	<b>87,674</b>
Depreciation and impairment of fixed and intangible assets		1,640	1,719	3,260	3,762	7,213
<b>Total operating expenses excl. losses on loans</b>		<b>23,704</b>	<b>17,755</b>	<b>50,797</b>	<b>43,757</b>	<b>94,886</b>
Losses on loans	2, 3	13,317	11,796	29,756	21,698	42,632
<b>Pre-tax operating profit</b>		<b>14,007</b>	<b>7,835</b>	<b>19,212</b>	<b>5,794</b>	<b>23,086</b>
Tax	9	0	0	0	0	0
<b>Profit after tax</b>		<b>14,007</b>	<b>7,835</b>	<b>19,212</b>	<b>5,794</b>	<b>23,086</b>
Earnings per share (NOK)		0.19	0.12	0.27	0.09	0.35
Diluted earnings per share (NOK)		0.19	0.12	0.27	0.09	0.35





# Balance sheet & regulatory capital



## Balance Sheet

<i>Amounts in NOK thousand</i>	Note	30.06.2024	31.12.2023	30.06.2023
Loans and deposits with credit institutions	5, 6	123,808	73,803	125,275
Net loans to customers	2, 3, 6	954,190	819,774	727,902
Certificates and bonds	6	135,533	152,963	127,167
Other intangible assets		5,752	6,853	7,966
Deferred tax assets	9	0	0	0
Fixed assets		1,074	2,036	2,712
Other receivables	7	7,621	6,170	5,983
<b>Total assets</b>		<b>1,227,979</b>	<b>1,061,600</b>	<b>997,004</b>
Deposits from and debt to customers	6	933,882	821,235	784,708
Other debt	7	15,410	23,689	14,251
<b>Total liabilities</b>		<b>949,292</b>	<b>844,924</b>	<b>798,960</b>
Share capital	4	72,651	65,819	65,819
Share premium	4	328,901	291,636	291,636
Unregistered Share capital	4	0	1,315	0
Other paid-in equity	4	3,418	3,402	3,376
Retained earnings	4	-126,283	-145,495	-162,786
<b>Total equity</b>		<b>278,687</b>	<b>216,676</b>	<b>198,044</b>
<b>Total equity and liabilities</b>		<b>1,227,979</b>	<b>1,061,600</b>	<b>997,004</b>

## Regulatory capital

<i>Amounts in NOK thousand</i>	30.06.2024	31.12.2023	30.06.2023
Share capital	72,651	65,819	65,819
Share premium	328,901	291,636	291,636
Other equity	-122,865	-140,778	-159,410
<b>Total equity</b>	<b>278,687</b>	<b>216,676</b>	<b>198,044</b>
Part of interim or year-end profit not eligible	-19,212	0	-5,794
Additional value adjustments (AVA)	-136	-153	-127
Other intangible assets	-5,752	-6,853	-7,966
Deferred tax assets	0	0	0
Insufficient coverage for non-performing exposures	-58	-28	-130
CET 1 instruments funded by the institution	-1,250	0	0
<b>Common equity tier 1 (CET 1)</b>	<b>252,279</b>	<b>209,641</b>	<b>184,027</b>
<b>Tier 1 capital</b>	<b>252,279</b>	<b>209,641</b>	<b>184,027</b>
<b>Total capital</b>	<b>252,279</b>	<b>209,641</b>	<b>184,027</b>
<b>Risk-weighted exposure amount</b>			
Regional governments or local authorities	38	356	414
Public sector entities	24	146	189
Institutions	24,767	14,764	25,055
Corporates	35,789	18,447	13,249
Retail	496,262	431,560	382,673
Exposures in default	36,029	30,653	26,525
Collective investments undertakings (CIU)	5,548	6,934	5,585
Other items	8,165	7,575	7,364
<b>Credit risk</b>	<b>606,622</b>	<b>510,434</b>	<b>461,054</b>
Position, foreign exchange and commodities risks	0	0	6,384
Operational risk	190,954	190,954	100,733
Credit valuation adjustment	365	380	686
<b>Total risk exposure amount</b>	<b>797,941</b>	<b>701,768</b>	<b>568,857</b>
Common equity tier 1 ratio (%)	31.6%	29.9%	32.4%
Tier 1 ratio (%)	31.6%	29.9%	32.4%
Total capital ratio (%)	31.6%	29.9%	32.4%
Leverage ratio (%)	20.2%	19.5%	18.4%
LCR	627%	701%	595%
NSFR	210%	206%	219%

# Gross income and key figures

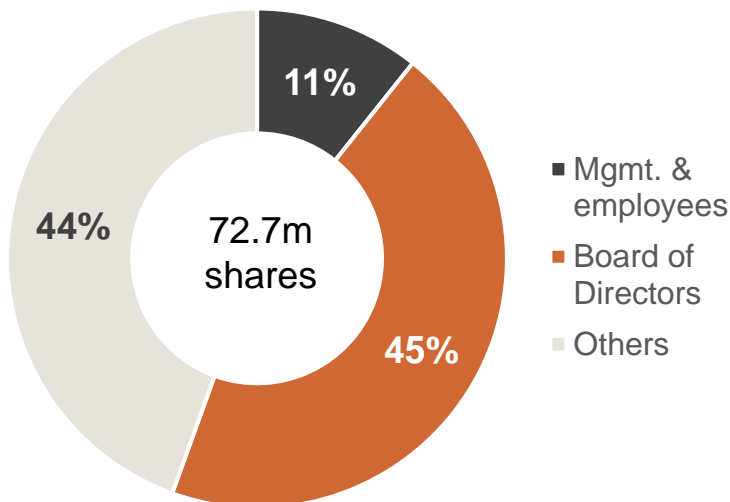


Gross income and key figures										
NOK million	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
<b>Gross income and margin</b>										
Interest income credit line	15.1	18.8	22.7	27.0	33.1	37.7	41.8	48.3	51.5	55.4
Income commissions and fees credit line	0.7	1.3	2.0	2.4	2.6	2.9	3.2	3.4	3.7	4.0
<b>Gross income credit line</b>	<b>15.8</b>	<b>20.1</b>	<b>24.8</b>	<b>29.5</b>	<b>35.7</b>	<b>40.5</b>	<b>44.9</b>	<b>51.8</b>	<b>55.2</b>	<b>59.5</b>
Interest income spot factoring	5.3	5.8	5.0	5.3	4.6	4.6	4.0	4.1	2.9	1.8
Income commissions and fees spot factoring	0.5	0.5	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.1
<b>Gross income spot factoring</b>	<b>5.8</b>	<b>6.3</b>	<b>5.4</b>	<b>5.7</b>	<b>5.0</b>	<b>5.0</b>	<b>4.3</b>	<b>4.4</b>	<b>3.2</b>	<b>2.0</b>
Gross income other	0.0	0.3	-0.1	1.5	0.8	1.3	4.5	3.6	2.0	2.4
<b>Gross income total</b>	<b>21.7</b>	<b>26.7</b>	<b>30.0</b>	<b>36.7</b>	<b>41.5</b>	<b>46.8</b>	<b>53.8</b>	<b>59.8</b>	<b>60.4</b>	<b>63.9</b>
Direct variable expenses	4.3	4.3	5.5	7.7	8.5	10.4	12.9	13.8	12.5	13.7
<b>Gross profit bf. loan losses</b>	<b>17.3</b>	<b>22.3</b>	<b>24.5</b>	<b>29.0</b>	<b>33.1</b>	<b>36.4</b>	<b>40.9</b>	<b>45.9</b>	<b>47.9</b>	<b>50.1</b>
<b>Total income</b>	<b>17.9</b>	<b>22.9</b>	<b>25.2</b>	<b>29.7</b>	<b>33.9</b>	<b>37.4</b>	<b>41.9</b>	<b>47.5</b>	<b>48.7</b>	<b>51.0</b>
<b>Gross income from lending</b>	<b>21.7</b>	<b>26.5</b>	<b>30.2</b>	<b>35.2</b>	<b>40.7</b>	<b>45.5</b>	<b>49.2</b>	<b>56.2</b>	<b>58.4</b>	<b>61.5</b>
<b>Total operating expenses</b>	<b>18.0</b>	<b>12.9</b>	<b>16.8</b>	<b>21.4</b>	<b>26.0</b>	<b>17.8</b>	<b>23.8</b>	<b>27.1</b>	<b>27.1</b>	<b>23.7</b>
<b>Losses on loans</b>	<b>5.2</b>	<b>8.4</b>	<b>11.9</b>	<b>9.6</b>	<b>9.9</b>	<b>11.8</b>	<b>10.4</b>	<b>10.5</b>	<b>16.4</b>	<b>13.3</b>
<b>Key figures</b>										
Gross margin <sup>1</sup>	80%	84%	82%	79%	80%	78%	76%	77%	79%	78%
Total income / gross income	83%	86%	84%	81%	82%	80%	78%	79%	81%	80%
Net interest margin after losses <sup>2</sup>	13.8%	13.1%	10.6%	13.1%	14.9%	14.4%	14.9%	17.2%	14.9%	16.1%
Cost / income	101%	56%	67%	72%	77%	47%	57%	57%	56%	46%
Losses on loans / gross income from lending	24%	32%	39%	27%	24%	26%	21%	19%	28%	22%

# Aligned interests among key stakeholders



## Share distribution



## Top 30 shareholders<sup>1</sup>

#	Investor	Name	Role	Ownership	
				# shares	%
1	SES AS	Bertel Steen	Board member	18,100,000	24.9 %
2	AMESTO GROUP AS	Arild Spandow	Chairman	9,768,374	13.4 %
3	KVANTIA AS	Hans Marius Falkanger	Board member	4,335,036	6.0 %
4	ALLIANCE VENTURE SPRING AS			3,174,406	4.4 %
5	VISMA NORGE HOLDING AS			3,000,000	4.1 %
6	EQUILIBRIA APS			2,808,822	3.9 %
7	MP PENSJON PK			2,227,357	3.1 %
8	STRØMSTANGEN AS			1,990,341	2.7 %
9	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,816,500	2.5 %
10	ØSD INVEST AS	Øystein Sindre Dannevig	Chief Decision Scientist	1,360,000	1.9 %
11	FJ LABS			1,099,400	1.5 %
12	CHRI AS			946,032	1.3 %
13	AREPO AS			907,747	1.2 %
14	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.1 %
15	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	750,000	1.0 %
16	OSMANI VENTURE CAPITAL AS			736,385	1.0 %
17	THESAURUS AS			725,453	1.0 %
18	JAH AS			615,127	0.8 %
19	BLUE MOUNTAIN CAPITAL AS	Kjetil Sørlien Barli	Chief Financial Officer	614,000	0.8 %
20	UNIVERSAL PRESENTKORT AS			597,699	0.8 %
21	VIVIEND AS			575,454	0.8 %
22	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	0.8 %
23	KLØVNINGEN AS			535,350	0.7 %
24	Jomaho As			535,136	0.7 %
25	SPORTSMAGASINET AS			512,697	0.7 %
26	PIIOTARHO AS			500,000	0.7 %
27	SANDSOLO HOLDING AS			462,110	0.6 %
28	STRIGEN AS			420,914	0.6 %
29	ARBIENSGT 8 AS			370,758	0.5 %
30	KNUT OLAV ASBJØRNSEN	Knut Olav Asbjørnsen	Head of Sales	350,000	0.5 %
	Others			11,442,241	15.7 %
<b>Total</b>				<b>72,650,539</b>	<b>100.0 %</b>

Aprila