

Aprila

Q4 Interim report
October – December 2024

Unaudited

Table of Contents

Interim report.....	3
Condensed consolidated interim statement of comprehensive income.....	8
Condensed statement of financial position.....	9
Condensed statement of the cash flow position.....	10
Condensed statement of changes in equity.....	11
Notes.....	12

Interim report

About Aprila Bank ASA

Aprila is a product- and technology company offering improved access to financing for businesses through innovative financial solutions. The bank commenced operations in April 2018 and offers two credit products to businesses: credit line and downpayment loans.

Aprila's technology infrastructure employs machine learning models that predict outcomes and price risk automatically, using real-time data in addition to ordinary sources of credit information. This enables the bank to offer credit to businesses with a seamless customer experience.

The bank is owned by private and institutional investors in Norway and abroad. The largest shareholders are SES AS (24.9%), Amesto Group AS (13.4%), and Kvantia AS (6.0%)¹.

Fourth quarter 2024

Highlights from the quarter are outlined below.

Highlights Q4 24

- Aprila delivered a pre-tax profit of NOK 8.9 million in the quarter.
- The bank divested a portfolio of non-performing loans (NPL) with a gross carrying amount of NOK 92 million in the quarter. The portfolio was sold at a price above book value.
- Total income amounted to NOK 52.8 million, an increase of 11% YoY and a decrease of 4% QoQ.
- Gross lending at the end of the quarter amounted to NOK 1,072 million, an increase of 18% YoY and decrease of 4% QoQ. Adjusted for the NPL divestment, gross lending grew by NOK 53 million, equivalent to an increase of 28% YoY and 5% QoQ.
- Gross lending to credit line accounts amounted to NOK 1,040 million at the end of the quarter, an increase of 20% YoY and a decline of 5% QoQ.
- At the end of the quarter, Aprila had 5,234 unique business customers, a decline of -23% YoY and -6% QoQ. The decline is primarily caused by the NPL divestment, but also a slightly elevated level of general customer churn.
- At the end of the quarter, Aprila had 5,271 open customer accounts: credit line (5,034 accounts), spot factoring (163 accounts) and downpayment loan (74 accounts).

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q4 23 are presented in brackets.

¹ As registered in VPS 5 February 2025.

Interest income in the quarter amounted to NOK 60.0 million (NOK 50.9 million), net interest income to NOK 46.3 million (NOK 41.3 million) and total income was NOK 52.8 million (NOK 47.5 million).

Total operating expenses amounted to NOK 32.2 million (NOK 27.4 million) of which NOK 16.5 million (51%) in salary and personnel expenses, NOK 14.2 million (44%) in general administrative expenses and NOK 1.5 million (5%) in depreciation and impairment of fixed and intangible assets.

Losses on loans amounted to NOK 11.7 million (NOK 10.5 million). Pre-tax operating profit amounted to NOK 8.9 million (NOK 9.6 million).

Total assets at the end of the quarter amounted to NOK 1,416 million (NOK 1,062 million) of which NOK 978 million (NOK 820 million) were net loans to customers. Total equity amounted to NOK 297 million (NOK 217 million) and the CET1-ratio was 31.7% (29.9%). Total liquid assets amounted to NOK 425 million (NOK 227 million) of which NOK 169 million in bank deposits and NOK 256 million in certificates and bonds.

Outlook

Macroeconomic outlook

Norges Bank kept the key policy rate unchanged at 4.5% in its monetary policy meetings in November, December and January. In the press release issued in connection with the meeting in January, the central bank said that the policy rate most likely will be reduced in March 2025². The bank also stated that “a restrictive monetary policy is still needed to stabilise inflation around target, but that the time to begin easing monetary policy is soon approaching”.

America's Federal Reserve (Fed) cut the federal funds rate by 1 percentage point during the second half in 2024; 50 bps in its meeting in September and 25 bps in its meetings in November and December. In the meeting on 29 January 2025, the Fed decided to maintain the target range for the federal funds rate at 4.25 – 4.50% and reiterated that it is “strongly committed to supporting maximum employment and returning inflation to its 2 percent objective”³. The European Central Bank (ECB) has lowered its deposit facility rate by 1 percentage point from September 2024 to January 2025; from 3.75% to 2.75%.

The 4.50 percentage point increase in the Norwegian key policy rate from September 2021 to December 2023 has, as of the date of this report, resulted in an increase of Aprila's funding cost of 3.82 percentage points⁴. Aprila is favourably positioned to manage potential future hikes in interest level as the bank's loan agreements provide a high degree of pricing flexibility. Moreover, since the bank offers high-yielding products, the relative effect of potential future increases in interest rates on the customers' borrowing cost is quite modest. Potential future reductions in the key policy rate are expected to positively impact the banks profitability in the short to medium term as the pass-through to funding cost most likely will exceed the pass-through to lending rates.

In the current macro-economic environment, we consider the key uncertainty for Aprila to be the effect of continued low economic growth on our customers' credit appetite and quality. The bank will continue to closely monitor the financial health of its customers and continuously align its risk appetite with the customers' financial performance.

² <https://www.norges-bank.no/en/topics/Monetary-policy/Monetary-policy-meetings/2025/january-2025/>

³ <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250129a.htm>

⁴ From 1.0 percent in September 2021 to 4.82 percent from 30 May 2024.

Retail classification

Aprila Bank has employed retail classification in accordance with Article 123 of the Capital Requirements Regulation (CRR) since 30 September 2021. In the Financial Supervisory Authority's final report from the 2022 on-site inspection at Aprila (published on 12 October 2022) the Financial Supervisory Authority (FSA) wrote that "(...) *the bank must have data for a longer time period to be able to document that the risk has been sufficiently reduced so that risk weights of 75 percent can be used*". Furthermore, the FSA stated that they would address the matter in a separate letter. The bank has not received this letter as of the date of this report.

Along with other Norwegian banks, Aprila received an information request from the FSA in April 2023, requesting more information on the bank's policies and application of retail classification. Aprila responded to the information request within the deadline in August 2023 and expects the FSA to issue a revised circular letter on the topic. Our understanding is that FSA intends to issue the revised circular letter when the consultation on EBA's draft guidelines on proportionate retail diversification methods⁵ is completed. The deadline for the submission of comments was 12 February 2025⁶.

The bank is of the opinion that the exposures classified as retail exposures as of 31 December 2024, meet the requirements of Article 123 of CRR and has decided to use retail classification to calculate the risk-weighted exposure amount for credit risk for these exposures as of 31 December 2024.

Capital requirements

On 30 April 2024, FSA finalised its supervisory review (SREP) of Aprila and issued a Pillar 2 requirement (P2R) of 5.4% and a Pillar 2 guidance (P2G) of 1.5% with effect from 31 May 2024.

On 19 December 2024, the FSA informed Aprila Bank that the P2R will be reduced from 5.4% to 4.8% with effect from 31 May 2024. The FSA also informed Aprila that the bank's P2R no longer needs to consist of 100% CET1 capital, as per the bank's latest SREP from May 2024, but may consist of minimum 56.25% common equity tier 1 (CET1) capital and minimum 75% tier 1 capital. In addition, the FSA stated that it intends to perform a new SREP already in 2025.

The change implies a relief of 2.7% in the CET1 requirement (from 19.4% to 16.7%), equivalent to NOK 25 million based on the total risk exposure amount of NOK 920 million as of 31 December 2024.

With a Pillar 1 requirement of 14.0%⁷, a Tier 1 requirement of 1.5%, a Tier 2 requirement of 2.0%, a P2R of 4.8% and a P2G of 1.5%, Aprila's OCR is 22.3% and the FSA expects Aprila to maintain a total capital ratio above 23.8%. The regulatory minimum leverage ratio requirement is 5.0%, the minimum LCR is 100% and the minimum NSFR is 100%.

Key priorities

In 2025, Aprila will focus on the following three key priorities:

⁵ As specified in CRR Article 123, point (c)

⁶ <https://www.eba.europa.eu/publications-and-media/press-releases/eba-consults-guidelines-proportionate-retail-diversification-methods>

⁷ Applicable to all Norwegian banks.

Accelerate growth

In 2025, Aprila will continue to improve its offering to and acquisition of larger customers, aiming to accelerate growth while maintaining a robust ratio of customer lifetime value to customer acquisition cost.

Strengthen competitive advantage

We believe that unmatched operational scalability combined with high quality of processes and output is key to create sustainable competitive advantage in Aprila's market. In 2025, Aprila will implement a set of carefully selected and prioritised initiatives that will increase the level of automation and quality of key business processes and thus strengthen Aprila's competitive advantage.

Improve long-term profitability

Aprila delivered its first full-year positive profit after tax of NOK 23 million in 2023, equivalent to a return on equity of 11.5%. In 2024, Aprila delivered a profit after tax of NOK 37 million, equivalent to a return on equity of 13.9%. The development reflects the bank's operational efficiency and the scalability of its business model. Looking ahead, the bank remains committed to improving its underlying profitability and expects to deliver a robust profit after tax in 2025.

Future prospects

We believe that artificial intelligence (AI) will radically transform how businesses are run in the next two to five years. Businesses that are slow to adapt their operations to AI will most likely be outcompeted by other businesses leveraging AI for superior strategy, cost efficiency, speed, and customer service.

Aprila has used machine learning extensively for the training of the bank's credit models and our understanding is that Aprila is in the forefront among banks using AI capabilities in real-time business decisions. Thanks to our small size, agility, and tech-savvy team, we are well-positioned to keep leveraging new AI technology as it emerges.

Looking ahead, we are confident that the continued adaptation of new technology, combined with the scalability of Aprila's business model, will continue to improve the bank's underlying operating expenses and loan losses relative to total income. We expect this to contribute to a steady improvement of the bank's return on equity over time.

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.

Other information

The accounting surplus for the fourth quarter 2024 has in its entirety been added to retained earnings. The retained earnings year-to-date as of 31 December is included as common equity tier 1 capital.

Oslo, 13 February 2025

Board of Directors
Aprila Bank ASA

Condensed consolidated interim statement of comprehensive income

<i>Amounts in NOK thousand</i>	Note	Q4 2024	Q4 2023	2024	2023
Interest income		60,025	50,861	230,269	171,672
Interest expense		13,757	9,515	46,508	29,957
Net interest income		46,268	41,347	183,761	141,715
Income commissions and fees		4,329	3,769	16,686	13,398
Expenses commissions and fees		221	165	898	817
Net commissions and fees		4,108	3,604	15,788	12,581
Net gains / losses (-) on certificates, bonds and currency		2,422	2,533	8,089	6,308
Other income		0	0	0	0
Total income		52,798	47,484	207,638	160,604
Salary and other personnel expenses		16,502	15,455	61,613	52,067
General administrative expenses	<u>8</u>	14,219	10,080	45,321	35,607
Total salary and administrative expenses		30,721	25,536	106,934	87,674
Depreciation and impairment of fixed and intangible assets		1,513	1,841	6,387	7,213
Total operating expenses excl. losses on loans		32,234	27,376	113,321	94,886
Losses on loans	<u>2, 3</u>	11,667	10,547	56,979	42,632
Pre-tax operating profit		8,897	9,561	37,338	23,086
Tax	<u>9</u>	0	0	0	0
Profit after tax		8,897	9,561	37,338	23,086
Earnings per share (NOK)		0.12	0.15	0.52	0.35
Diluted earnings per share (NOK)		0.12	0.15	0.52	0.35
<i>Amounts in NOK thousand</i>	Note	Q4 2024	Q4 2023	2024	2023
Comprehensive income for the period		8,897	9,561	37,338	23,086

Condensed statement of financial position

<i>Amounts in NOK thousand</i>	Note	31.12.2024	31.12.2023
Loans and deposits with credit institutions	<u>5, 6</u>	168,803	73,803
Net loans to customers	<u>2, 3, 6</u>	977,840	819,774
Certificates and bonds	<u>6</u>	256,060	152,963
Other intangible assets		4,316	6,853
Deferred tax assets	<u>9</u>	0	0
Fixed assets		2,443	2,036
Other receivables	<u>7</u>	6,101	6,170
Total assets		1,415,564	1,061,600
Deposits from and debt to customers	<u>6</u>	1,096,783	821,235
Other debt	<u>7</u>	21,913	23,689
Total liabilities		1,118,696	844,924
Share capital	<u>4</u>	72,660	65,819
Share premium	<u>4</u>	328,940	291,636
Unregistered Share capital	<u>4</u>	0	1,315
Other paid-in equity	<u>4</u>	3,424	3,402
Retained earnings	<u>4</u>	-108,157	-145,495
Total equity		296,868	216,676
Total equity and liabilities		1,415,564	1,061,600

Condensed statement of the cash flow position

<i>Amounts in NOK thousand</i>	Note	Q4 2024	Q4 2023	2024	2023
Pre-tax operating profit		8,897	9,561	37,338	23,086
Taxes	<u>9</u>	0	0	0	0
Depreciation and impairment of fixed and intangible assets		1,513	1,841	6,387	7,213
Change in loans	<u>3</u>	-11,270	-50,025	-158,066	-207,296
Change in deposits from customers		18,982	-39,828	275,548	243,985
Change in securities	<u>6</u>	-27,422	57,468	-103,097	-86,300
Change in accruals		4,471	3,852	-2,210	31,448
Net cash flow from operating activities		-4,829	-17,132	55,901	12,135
Net investments in fixed assets		-65	-79	-361	-205
Net investments in intangible assets		-157	-1,055	-1,471	-2,753
Net cash flow from investing activities		-222	-1,134	-1,832	-2,959
Paid-in equity	<u>4</u>	50	1,324	42,854	1,480
Repayment of leasing liabilities		-310	-513	-1,923	-1,964
Net cash flow from financing activities		-260	810	40,931	-485
Net cash flow for the period		-5,311	-17,456	95,000	8,692
Cash and cash equivalents at the start of the period	<u>5</u>	174,114	91,259	73,803	65,111
Cash and cash equivalents at the end of the period	<u>5</u>	168,803	73,803	168,803	73,803

Condensed statement of changes in equity

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Unregistered share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2022	61,812	265,671	29,971	3,237	-168,581	192,111
Share capital increase	4,006	25,964	-28,656			1,315
Changes in equity due to stock options program				165		165
Net profit for the period					23,086	23,086
Equity as of 31 December 2023	65,819	291,636	1,315	3,402	-145,495	216,676

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Unregistered share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2023	65,819	291,636	1,315	3,402	-145,495	216,676
Share capital increase	6,842	37,305	-1,315			42,832
Changes in equity due to stock options program				22		22
Net profit for the period					37,338	37,338
Equity as of 31 December 2024	72,660	328,940	0	3,424	-108,157	296,868

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 2023.

Aprila 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 February 2025.

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 expected credit losses (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.

Expected credit losses shall be measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. As of 31 December 2024, Aprila has used three scenarios to determine the probability-weighted expected credit losses:

<i>Amounts in NOK thousand</i>	Base	Recession	Boom	Weighted
Probability	50%	35%	15%	
ECL	89,170	108,882	77,787	94,362

Note 3 Loans to customers

Loans to customers

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Credit line	1,040,069	863,629
Downpayment loans	20,571	0
Other	11,562	45,794
Gross loans to customers	1,072,202	909,422
Loan loss allowance	94,362	89,648
Net loans to customers	977,840	819,774

Defaults and losses

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Gross loans in stage 3	69,198	87,480
Loan loss allowance stage 3	50,971	54,793
Net loans in stage 3	18,228	32,687

Loan loss provisions in the period

<i>Amounts in NOK thousand</i>	Q4 2024	Q4 2023	2024	2023
Loan loss provisions stage 1	2,378	2,776	5,845	6,349
Loan loss provisions stage 2	3,237	-2,749	2,692	6,725
Loan loss provisions stage 3	-62,359	-9,864	-25,994	5,256
Total loan loss provisions in the period	-56,744	-9,837	-17,457	18,331
Realised losses in the period	68,412	20,384	74,436	24,301
Losses on loans in the period	11,667	10,547	56,979	42,632

Ageing of loans, Loans to customers

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Loans not past due	973,457	770,338
Past due 1 - 30 days	21,171	41,244
Past due 31 - 60 days	7,801	19,232
Past due 61 - 90 days	9,540	8,628
Past due 91+ days	60,232	69,980
Total	1,072,202	909,422

Ageing of loans, Credit line

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Loans not past due	950,292	747,591
Past due 1 - 30 days	21,126	30,345
Past due 31 - 60 days	7,746	17,717
Past due 61 - 90 days	9,469	7,175
Past due 91+ days	51,437	60,801
Total	1,040,069	863,629

Ageing of loans, Downpayment loans

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Loans not past due	20,571	0
Past due 1 - 30 days	0	0
Past due 31 - 60 days	0	0
Past due 61 - 90 days	0	0
Past due 91+ days	0	0
Total	20,571	0

Loans to customers

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2024	834,986	135,674	140,447	1,111,107
Transfers from stage 1 to stage 2	-70,505	70,505	0	0
Transfers from stage 1 to stage 3	-2,401	0	2,401	0
Transfers from stage 2 to stage 1	33,743	-33,743	0	0
Transfers from stage 2 to stage 3	0	-12,712	12,712	0
Transfers from stage 3 to stage 1	417	0	-417	0
Transfers from stage 3 to stage 2	0	110	-110	0
New financial assets issued in the period	179,971	8,510	199	188,681
Financial assets derecognised in the period	-123,075	-18,477	-86,034	-227,586
Gross carrying amount as of 31 December 2024	853,136	149,868	69,198	1,072,202

Loan loss allowance

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2024	21,222	16,555	106,760	144,537
Transfers from stage 1 to stage 2	-3,259	3,259	0	0
Transfers from stage 1 to stage 3	-175	0	175	0
Transfers from stage 2 to stage 1	1,771	-1,771	0	0
Transfers from stage 2 to stage 3	0	-2,220	2,220	0
Transfers from stage 3 to stage 1	12	0	-12	0
Transfers from stage 3 to stage 2	0	14	-14	0
New financial assets issued in the period	1,842	674	8	2,525
Increased expected credit loss	6,281	7,099	11,038	24,419
Decreased expected credit loss	-3,755	-3,218	-2,438	-9,411
Financial assets derecognised in the period	-339	-601	-66,767	-67,707
Loan loss allowance as of 31 December 2024	23,600	19,792	50,971	94,363

Loans to customers, Credit line

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2024	832,192	135,132	130,816	1,098,140
Transfers from stage 1 to stage 2	-70,505	70,505	0	0
Transfers from stage 1 to stage 3	-2,306	0	2,306	0
Transfers from stage 2 to stage 1	33,743	-33,743	0	0
Transfers from stage 2 to stage 3	0	-12,450	12,450	0
Transfers from stage 3 to stage 1	417	0	-417	0
Transfers from stage 3 to stage 2	0	110	-110	0
New financial assets issued in the period	158,963	7,959	115	167,038
Financial assets derecognised in the period	-122,006	-18,196	-84,907	-225,109
Gross carrying amount as of 31 December 2024	830,497	149,317	60,255	1,040,069

Loan loss allowance, Credit line

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2024	21,161	16,519	101,120	138,800
Transfers from stage 1 to stage 2	-3,259	3,259	0	0
Transfers from stage 1 to stage 3	-171	0	171	0
Transfers from stage 2 to stage 1	1,771	-1,771	0	0
Transfers from stage 2 to stage 3	0	-2,200	2,200	0
Transfers from stage 3 to stage 1	12	0	-12	0
Transfers from stage 3 to stage 2	0	14	-14	0
New financial assets issued in the period	1,438	607	0	2,045
Increased expected credit loss	6,280	7,099	10,229	23,609
Decreased expected credit loss	-3,746	-3,218	-2,358	-9,322
Financial assets derecognised in the period	-335	-585	-66,225	-67,145
Loan loss allowance as of 31 December 2024	23,151	19,725	45,111	87,987

Loans to customers, Downpayment loans

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2024	0	0	0	0
Transfers from stage 1 to stage 2	0	0	0	0
Transfers from stage 1 to stage 3	0	0	0	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	0	0	0
Transfers from stage 3 to stage 1	0	0	0	0
Transfers from stage 3 to stage 2	0	0	0	0
New financial assets issued in the period	20,044	527	0	20,571
Financial assets derecognised in the period	0	0	0	0
Gross carrying amount as of 31 December 2024	20,044	527	0	20,571

Loan loss allowance, Downpayment loans

<i>Amounts in NOK thousand</i>	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2024	0	0	0	0
Transfers from stage 1 to stage 2	0	0	0	0
Transfers from stage 1 to stage 3	0	0	0	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	0	0	0
Transfers from stage 3 to stage 1	0	0	0	0
Transfers from stage 3 to stage 2	0	0	0	0
New financial assets issued in the period	395	66	0	461
Increased expected credit loss	0	0	0	0
Decreased expected credit loss	0	0	0	0
Financial assets derecognised in the period	0	0	0	0
Loan loss allowance as of 31 December 2024	395	66	0	461

Note 4 Regulatory capital

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Share capital	72,660	65,819
Share premium	328,940	291,636
Other equity	-104,733	-140,778
Total equity	296,868	216,676
Part of interim or year-end profit not eligible	0	0
Additional value adjustments (AVA)	-256	-153
Other intangible assets	-4,316	-6,853
Deferred tax assets	0	0
Insufficient coverage for non-performing exposures	-174	-28
CET 1 instruments funded by the institution	-521	0
Common equity tier 1 (CET 1)	291,601	209,641
Tier 1 capital	291,601	209,641
Total capital	291,601	209,641
Risk-weighted exposure amount		
Regional governments or local authorities	0	356
Public sector entities	0	146
Institutions	33,761	14,764
Corporates	32,070	18,447
Retail	523,654	431,560
Exposures in default	16,578	30,653
Items associated with particularly high risk	3,006	0
Collective investments undertakings (CIU)	11,856	6,934
Other items	8,336	7,575
Credit risk	629,261	510,434
Position, foreign exchange and commodities risks	0	0
Operational risk	289,933	190,954
Credit valuation adjustment	759	380
Total risk exposure amount	919,952	701,768
Common equity tier 1 ratio (%)	31.7%	29.9%
Tier 1 ratio (%)	31.7%	29.9%
Total capital ratio (%)	31.7%	29.9%
Leverage ratio (%)	20.1%	19.5%
LCR	937%	701%
NSFR	233%	206%

Retail classification

Aprila Bank has employed retail classification in accordance with Article 123 of the Capital Requirements Regulation (CRR) since 30 September 2021. In the Financial Supervisory Authority's final report from the 2022 on-site inspection at Aprila (published on 12 October 2022) the Financial Supervisory Authority (FSA) wrote that "(...) *the bank must have data for a longer time period to be able to document that the risk has been sufficiently reduced so that risk weights of 75 percent can be used*". Furthermore, the FSA stated that they would address the matter in a separate letter. The bank has not received this letter as of the date of this report.

Along with other Norwegian banks, Aprila received an information request from the FSA in April 2023, requesting more information on the bank's policies and application of retail classification. Aprila responded to the information request within the deadline in August 2023 and expects the FSA to issue a revised circular letter on the topic. Our understanding is that FSA intends to issue the revised circular letter when the

consultation on EBA's draft guidelines on proportionate retail diversification methods⁸ is completed. The deadline for the submission of comments was 12 February 2025⁹.

The bank is of the opinion that the exposures classified as retail exposures as of 31 December 2024, meet the requirements of Article 123 of CRR and has decided to use retail classification to calculate the risk-weighted exposure amount for credit risk for these exposures as of 31 December 2024.

Capital requirements

On 30 April 2024, FSA finalised its supervisory review (SREP) of Aprila and issued a Pillar 2 requirement (P2R) of 5.4% and a Pillar 2 guidance (P2G) of 1.5% with effect from 31 May 2024.

On 19 December 2024, the FSA informed Aprila Bank that the P2R will be reduced from 5.4% to 4.8% with effect from 31 May 2024. The FSA also informed Aprila that the bank's P2R no longer needs to consist of 100% CET1 capital, as per the bank's latest SREP from May 2024, but may consist of minimum 56.25% common equity tier 1 (CET1) capital and minimum 75% tier 1 capital. In addition, the FSA stated that it intends to perform a new SREP already in 2025.

The change implies a relief of 2.7% in the CET1 requirement (from 19.4% to 16.7%), equivalent to NOK 25 million based on the total risk exposure amount of NOK 920 million as of 31 December 2024.

With a Pillar 1 requirement of 14.0%¹⁰, a Tier 1 requirement of 1.5%, a Tier 2 requirement of 2.0%, a P2R of 4.8% and a P2G of 1.5%, Aprila's OCR is 22.3% and the FSA expects Aprila to maintain a total capital ratio above 23.8%. The regulatory minimum leverage ratio requirement is 5.0%, the minimum LCR is 100% and the minimum NSFR is 100%.

Note 5 Loans and deposits with credit institutions

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Loans and deposits with credit institutions	168,803	73,803
Total	168,803	73,803

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.

⁸ As specified in CRR Article 123, point (c)

⁹ <https://www.eba.europa.eu/publications-and-media/press-releases/eba-consults-guidelines-proportionate-retail-diversification-methods>

¹⁰ Applicable to all Norwegian banks.

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

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Initial recognition	240,784	145,784
Change in fair value	15,277	7,180
Total financial assets at fair value	256,060	152,963

Financial instruments at amortised cost

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Loans and deposits with credit institutions	168,803	73,803
Net loans to customers	977,840	819,774
Other receivables	6,101	6,170
Total financial assets at amortised cost	1,152,744	899,747
Deposits from and debt to customers	1,096,783	821,235
Other debt	21,913	23,689
Total financial liabilities at amortised cost	1,118,696	844,924

Note 7 Receivables and other liabilities

Receivables

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Skattefunn tax deduction claim	2,747	2,242
Other receivables	3,354	3,927
Total receivables	6,101	6,170

Other liabilities

<i>Amounts in NOK thousand</i>	31.12.2024	31.12.2023
Payables to suppliers	3,975	4,151
Payables to factoring customers and partners	431	3,215
Social security tax	3,348	2,415
Lease liabilities	2,634	2,078
Other liabilities	11,525	11,830
Total other liabilities	21,913	23,689

Note 8 General administrative expenses

Amounts in NOK thousand	Q4 2024	Q4 2023	2024	2023
Sales and marketing	5,357	3,875	18,197	15,589
IT operations	2,792	2,162	9,896	7,658
External services	2,002	1,121	6,841	3,728
External audit and related services	413	755	1,304	1,475
Credit information	326	356	1,380	1,456
Other operating expenses	3,330	1,811	7,703	5,700
Total general administrative expenses	14,219	10,080	45,321	35,607

Note 9 Tax

Aprila has a tax loss carryforward, with a related unrecognised deferred tax asset, that exceeds the expected taxable profit for the full financial year and, hence, the bank's best estimate of the weighted average annual income tax rate for 2024 is zero. The bank expects to recognise a deferred tax asset for the remaining net tax loss carryforward when it is considered probable, with convincing evidence, that future taxable profit will allow the deferred tax asset to be recovered. Please refer to note 15 in the annual statement for 2023 for more details.

Note 10 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 11 Shareholders

20 largest shareholders as registered in VPS 5 February 2025

#	Shareholder	# shares	%
1	SES AS	18,100,000	24.91%
2	AMESTO GROUP AS	9,768,374	13.44%
3	KVANTIA AS	4,335,036	5.97%
4	ALLIANCE VENTURE SPRING AS	3,174,406	4.37%
5	VISMA NORGE HOLDING AS	3,000,000	4.13%
6	EQUILIBRIA APS	2,808,822	3.87%
7	MP PENSJON PK	2,227,357	3.07%
8	STRØMSTANGEN AS	1,990,341	2.74%
9	PRIMERA AS	1,816,500	2.50%
10	ØSD INVEST AS	1,512,781	2.08%
11	FJ LABS	1,099,400	1.51%
12	CHRI AS	946,032	1.30%
13	AREPO AS	907,747	1.25%
14	SIRKELBUE AS	800,000	1.10%
15	DISRUPTOR AS	760,289	1.05%
16	OSMANI VENTURE CAPITAL AS	736,385	1.01%
17	THESAURUS AS	725,453	1.00%
18	JAH AS	615,127	0.85%
19	BLUE MOUNTAIN CAPITAL AS	614,000	0.85%
20	UNIVERSAL PRESENTKORT AS	597,699	0.82%
	Others	16,124,687	22.19%
	Total	72,660,436	100%

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Aprila