

Aprila

Aprila Bank ASA | Q3 2024 | 15 November 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 **5,548**
(30 Sep 2024)¹

Total income run-rate **218**
(NOK million, annual run-rate, Q3 24)

Cost / income **54%**
(LTM)²

Return on equity **15.2%**
(LTM)

Highlights Q3 2024



Q3 24

NOKm	Q3 24	Q3 23
Gross loans	1,111	865
Gross income from lending	65	49
Total income	55	42
Pre-tax operating profit bf. loan losses	25	18
Pre-tax operating profit	9	8
Yield on avg. net loans ¹	27%	26%

LTM

NOKm	LTM ² ending	
	Q3 24	Q3 23
Gross loans	1,111	865
Gross income from lending	241	171
Total income	202	143
Pre-tax operating profit bf. loan losses	94	54
Pre-tax operating profit	38	12
Yield on avg. net loans ¹	28%	26%

Soft and profitable lending growth

- Gross lending grew 29% YoY and 3% QoQ to NOK 1,111 million
- Total income grew 32% YoY and 8% QoQ to NOK 51 million
- Downpayment loan launched 31 October

Pre-tax profit of NOK 9m and ROE of 13.0% (16.8% excl. one-off)

- The pre-tax profit was negatively affected by a NOK 2.7 million one-off provision related to severance pay
- Loan losses of NOK 15.6 million of which NOK 13.5 in loan loss provisions (LLPs)
- Return on equity (ROE) of 13.0% in the quarter and 15.2% over the last twelve months. Excluding the one-off, ROE would have been 16.8% in Q3

Sound capital position

- CET1-ratio of 31.2% 30 Sep 2024 vs. overall capital requirement (OCR) of 22.9%³
- We have employed retail classification on eligible exposures as of 30 Sep 2024
- Without retail classification the CET1-ratio would have been 25.7% as of 30 Sep 2024



Downpayment loan launched 31 October

The #1 choice among our customers. Longer-term financing and more predictability

- When asked what other products we should offer, downpayment loan is the number one choice among our customers
- Whereas a credit line is best suited to cover short-term liquidity needs, a downpayment loan is better suited to finance longer-term capital expenditures
- Following the launch, the customers can now choose the option that suits their needs the best

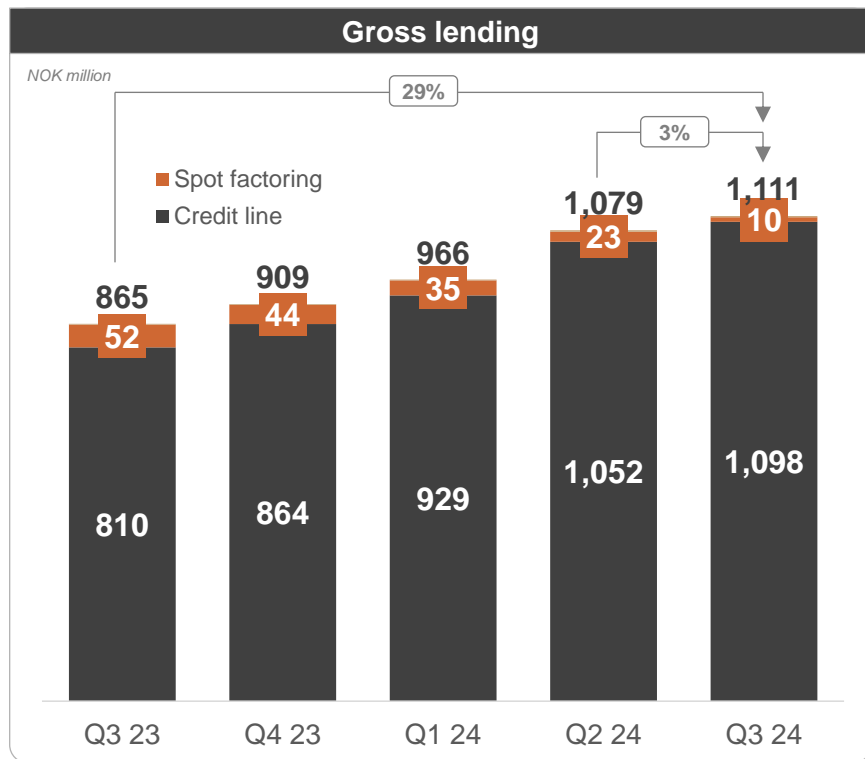
For Aprila, it completes our product portfolio within business credit

- The bank is now better positioned to serve the needs of our customers

The screenshot displays the Aprila Bank website interface. At the top, there are navigation links for 'Hjem' and 'Hjelpesenter', and the bank's name 'Aprila Bank' in a large, bold font. Below the navigation, a 'TILBUD' (Offer) banner shows '0%'. The main heading is 'Velg kassekreditt eller nedbetalingslån' (Choose cash credit or installment loan). Below this, the search amount is specified as 'SØKNADSBELØP: 1 900 000 KR'. There are two main selection panels. The left panel is titled 'Kassekreditt' and lists three options: '✓ Fleksibilitet', '✓ Konto for uforutsette utgifter', and '✓ Renter kun på uttak'. The right panel is titled 'Nedbetalingslån' and lists three options: '✓ Forutsigbar nedbetaling', '✓ Engangsutbetaling', and '✓ Langsiktig finansiering'. Below the right panel, there is a section for 'Velg ønsket nedbetalingstid' (Choose desired repayment period) with a slider set to '5 år'. Both panels have a 'Velg' (Choose) button at the bottom.



Soft and profitable lending growth in Q3

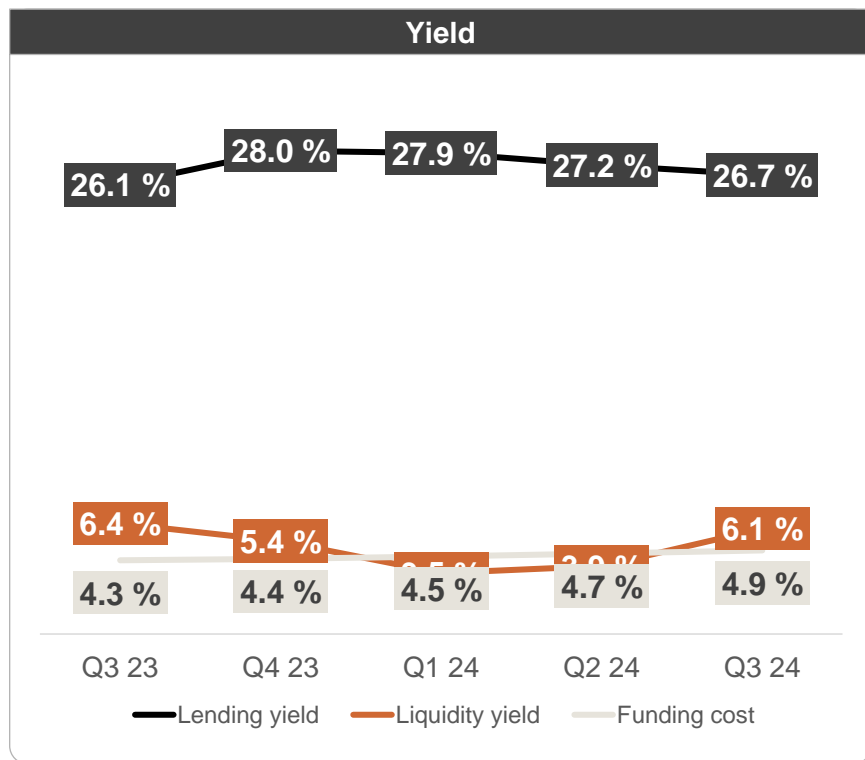


Key comments

- Total book
 - Year-on-year lending growth of 29%
 - Lending growth of 3% in Q3 vs. 12% in Q2
- Credit line
 - Year-on-year lending growth of 36%
 - Lending growth of 4% in Q3 vs. 13% in Q2
- Initiatives to build a foundation for accelerated growth are progressing according to plan
 - Maximum credit limit increased from NOK 5 million to NOK 15 million in June
 - Sales team increased from 2 FTEs in May to 6 FTEs from September
 - Downpayment loan launched 31 October



Lending yield in a controlled decline due to reduced credit risk

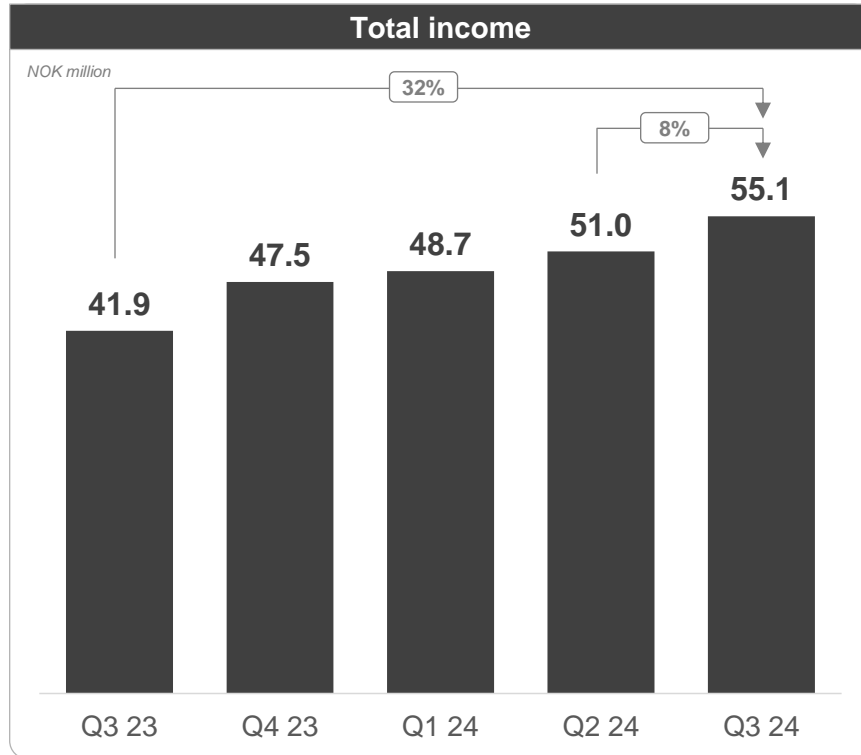


Key comments

- Lending yield trends downwards in a controlled manner due to discontinuation of spot factoring and the ongoing initiative to target larger customers
- Solid return on the liquidity portfolio in Q3
- Funding cost at 4.9% in the quarter. Latest interest change in effect from end of May



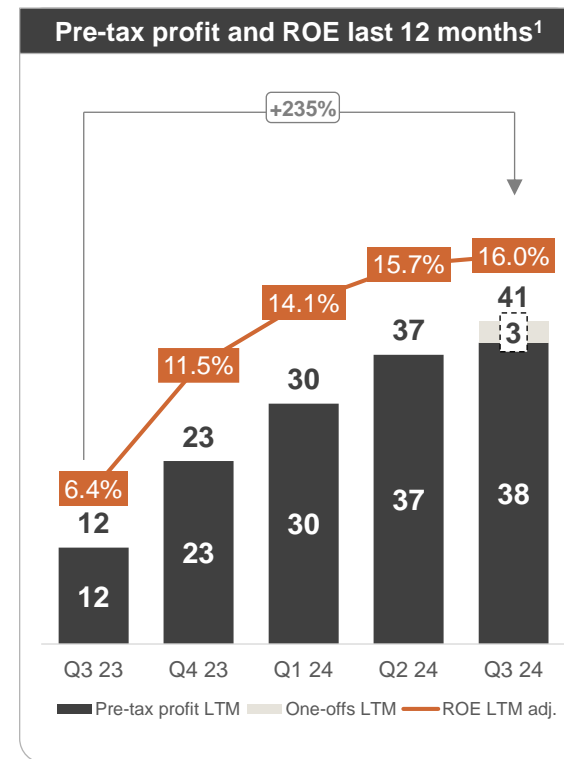
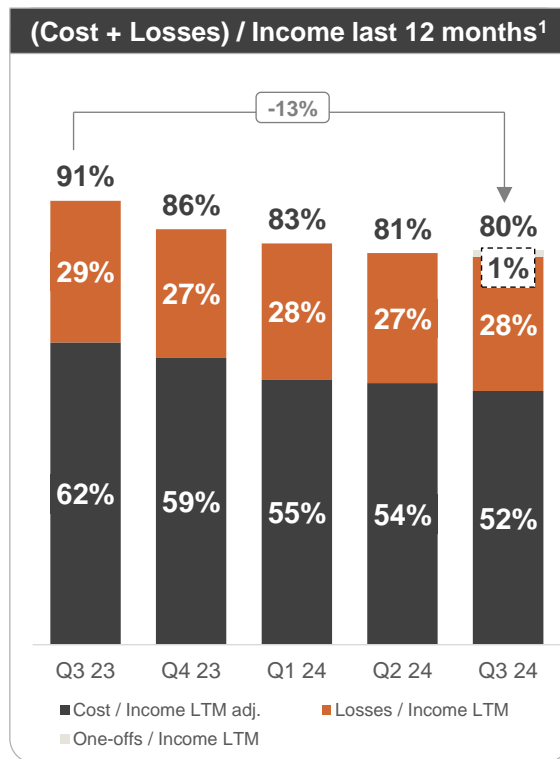
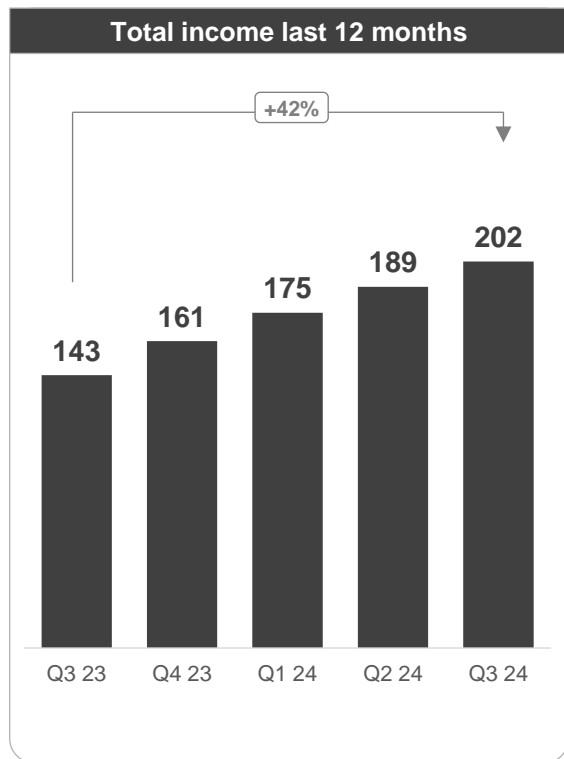
Total income has increased 32% since Q3 23



Key comments

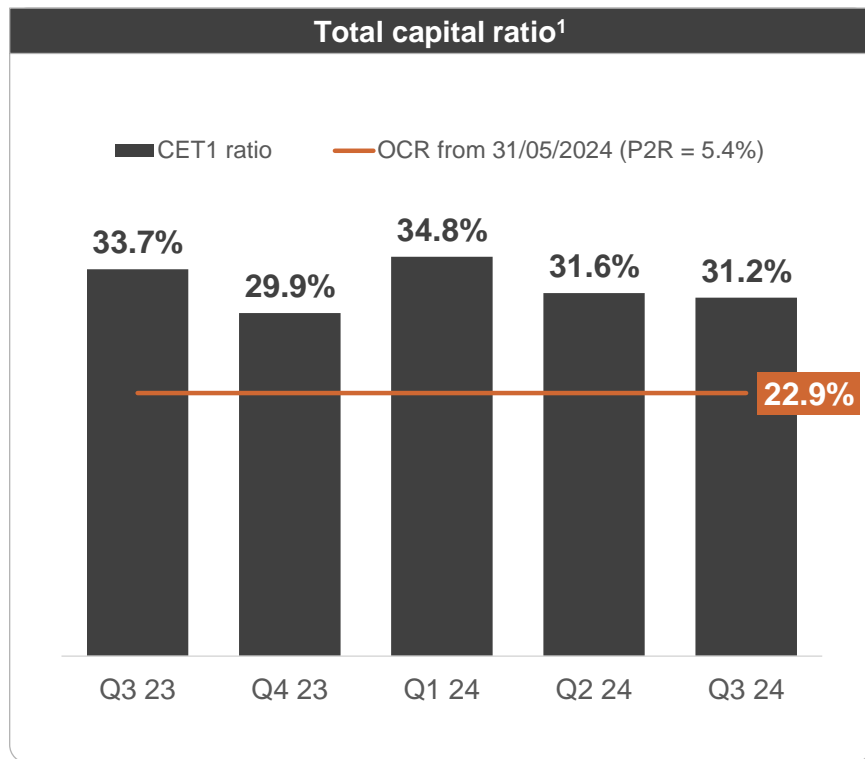
- Total income growth of 32% year-on-year and 8% in Q3, despite discontinuation of spot factoring
- The total income split in Q3 24:
 - Net interest income: NOK 48.0 million (87%)
 - Net commission income: NOK 4.0 million (7%)
 - Net gains on financial instruments: NOK 3.1 million (6%)

Income growth + declining cost/income ratio = improved profitability



Note 1: Total operating expenses ('Cost') adjusted for the NOK 2.7 million one-off in Q3 24.

Sound capital position



Key comments

- CET1-ratio of 31.2% 30 Sep 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 Sep 2024
 - Without retail classification, the CET1-ratio would have been 25.7% as of 30 Sep 2024

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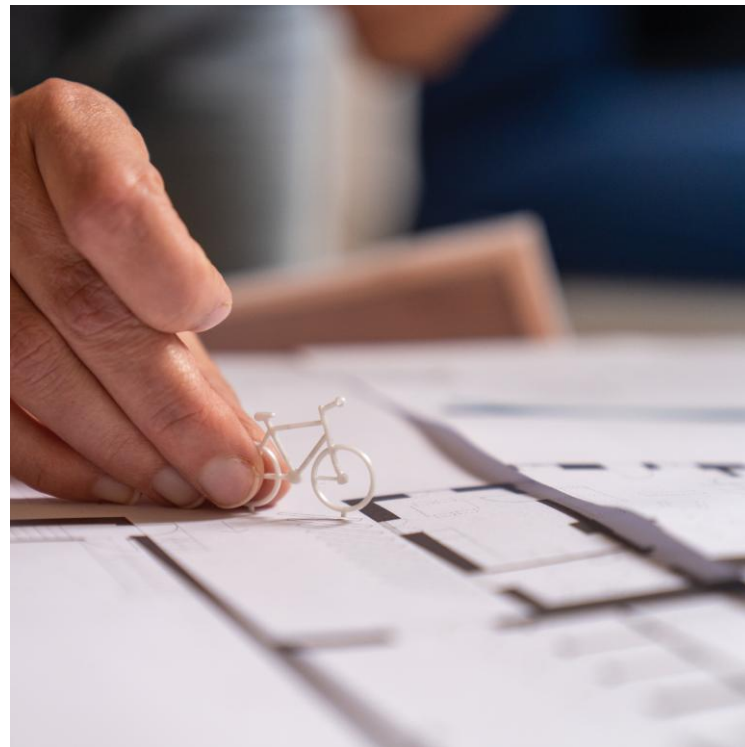
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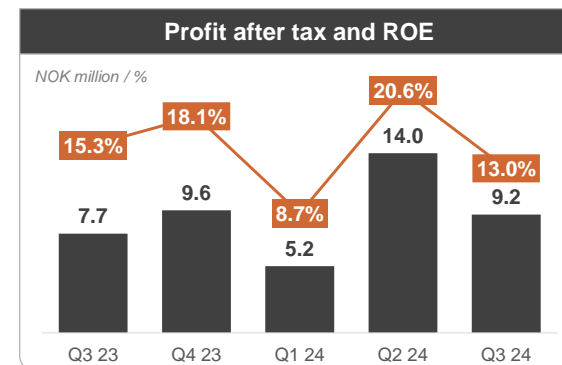
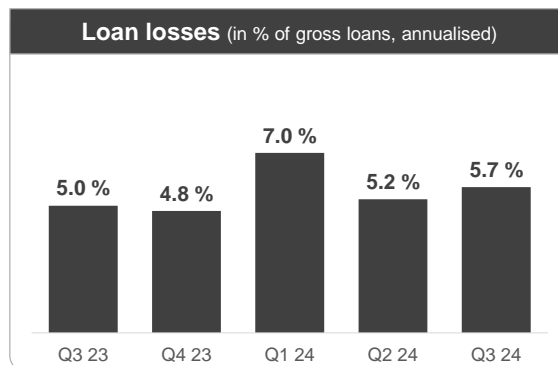
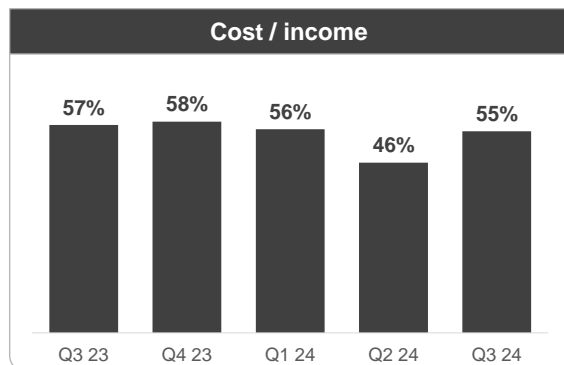
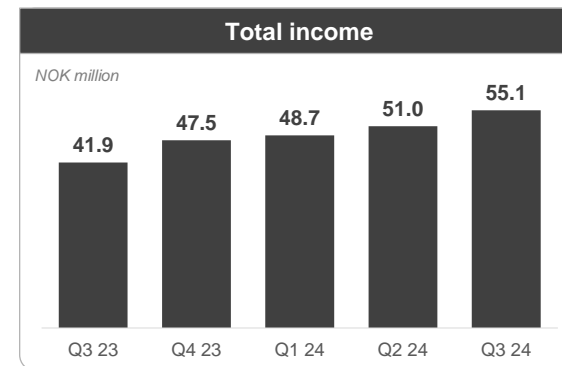
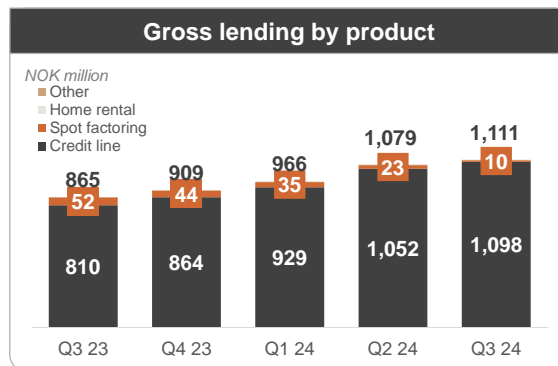
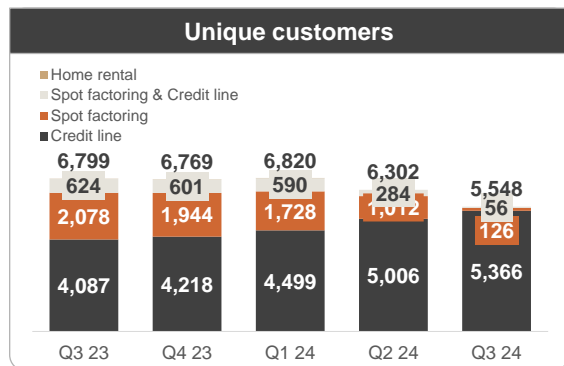
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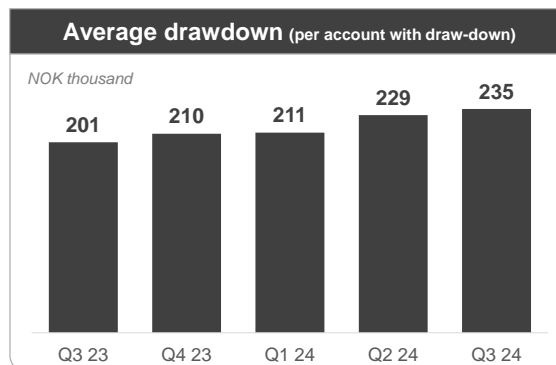
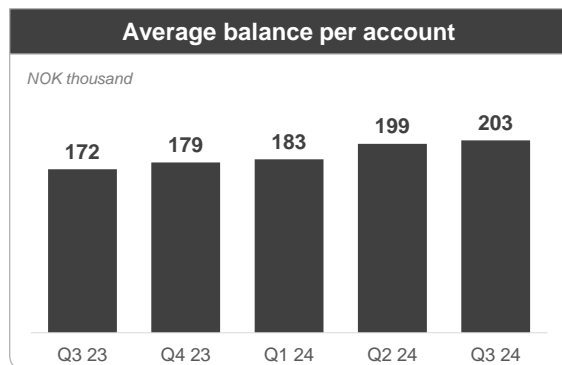
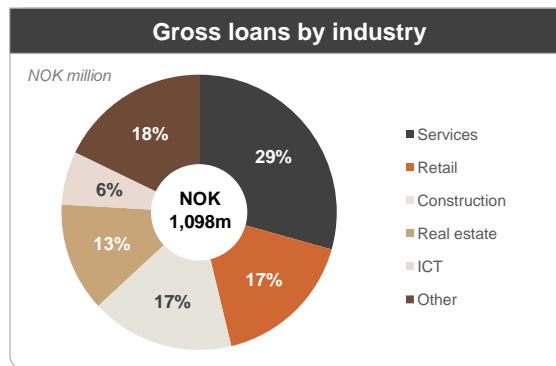
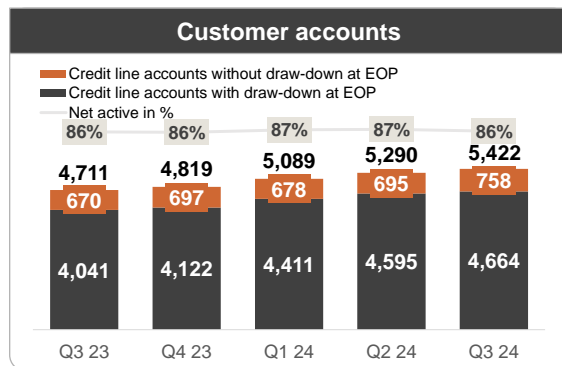


Total income +32% since Q3 last year





Credit line volumes steadily increasing

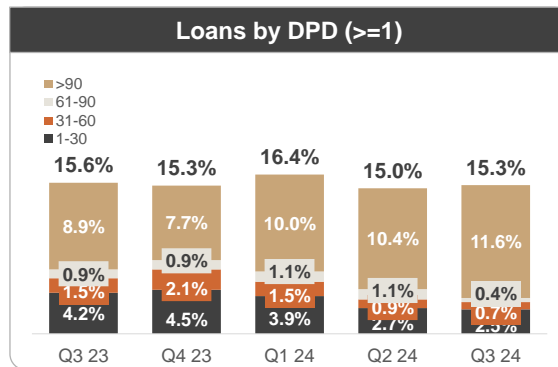
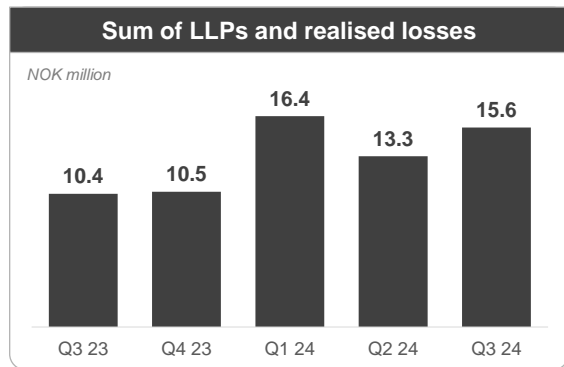


Key comments

- Net 132 new accounts (+2%) added in the quarter
 - Onboarded: 419
 - Offboarded: 287
- 5,422 credit line accounts at the end of the period
- 86% of customer accounts with draw-down at EOP
- NOK 203k outstanding per account at the end of the period
- On average NOK 235k drawn by customers with draw-down



Positive development in delinquency rates



- ### Key comments
- Total loan losses of NOK 15.6m in Q3 of which:
 - NOK 13.5m in LLPs and
 - NOK 2.0m in net realised losses
 - DPD >= 1: 15.3% of gross loans
 - Positive development across all non-default DPD-groups (1-30, 31-60 and 61-90)

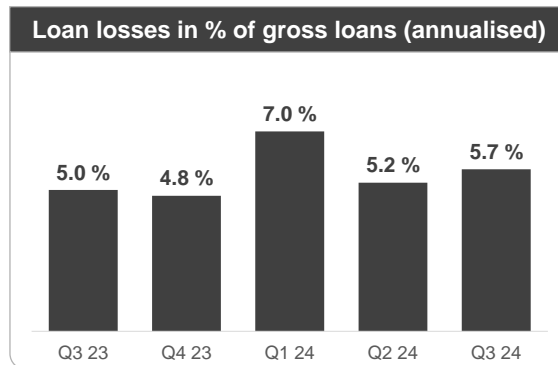
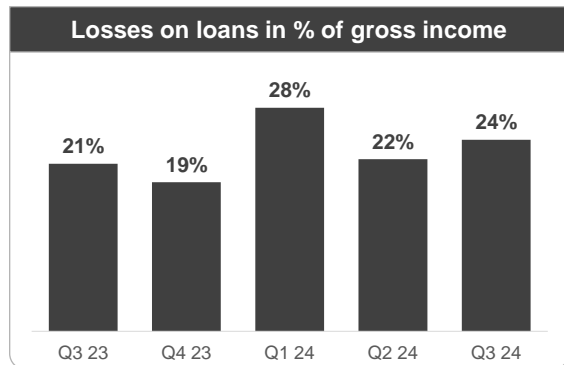


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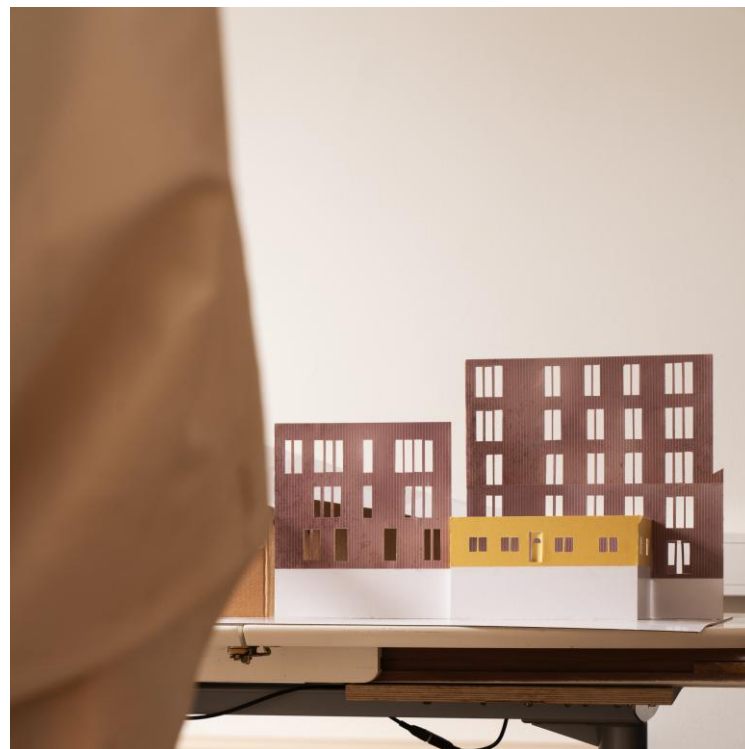
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No. 1 priority in 2024 is to build a foundation for accelerated growth

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



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

	YE 23A	Q3 24A	YE 24E	Key drivers
Total income Annual run-rate ¹ (NOK million)	188	218	~ 225	<ul style="list-style-type: none"> • Number of customers • Income per customer • Discontinuation of spot factoring
Cost / income (LTM) ²	59%	54%	~ 55%	<ul style="list-style-type: none"> • Total income growth • From 36 to 41 FTEs in 2024 • Marketing spend • Wage and cost inflation
Credit line accounts (End of period) ³	4,819	5,422	~ 5,600	<ul style="list-style-type: none"> • Continued marketing investments

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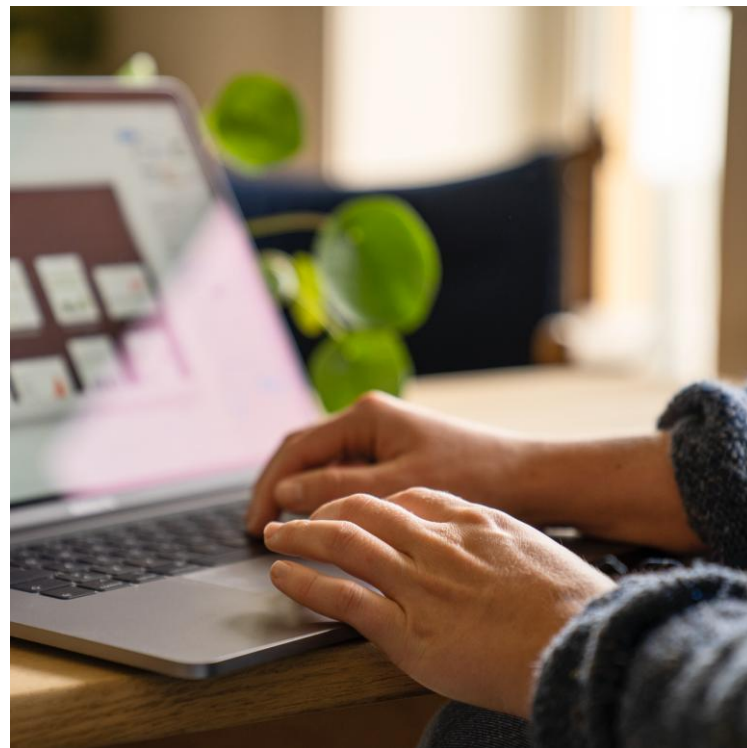
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Income statement & general administrative expenses

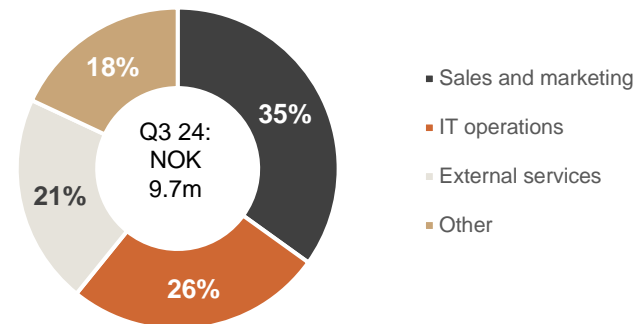


Income Statement

Amounts in NOK thousand	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Interest income	60,682	44,503	170,243	120,810	171,672
Interest expense	12,719	9,120	32,751	20,443	29,957
Net interest income	47,963	35,383	137,493	100,368	141,715
Income commissions and fees	4,221	3,461	12,356	9,629	13,398
Expenses commissions and fees	209	249	677	652	817
Net commissions and fees	4,012	3,212	11,679	8,977	12,581
Net gains / losses (-) on certificates, bonds and currency	3,099	3,276	5,667	3,775	6,308
Other income	0	0	0	0	0
Total income	55,074	41,871	154,839	113,120	160,604
Salary and other personnel expenses	18,973	14,365	45,111	36,612	52,067
General administrative expenses	9,702	7,779	31,101	25,526	35,607
Total salary and administrative expenses	28,675	22,144	76,212	62,138	87,674
Depreciation and impairment of fixed and intangible assets	1,615	1,609	4,875	5,372	7,213
Total operating expenses excl. losses on loans	30,289	23,753	81,087	67,510	94,886
Losses on loans	15,555	10,387	45,311	32,085	42,632
Pre-tax operating profit	9,229	7,731	28,441	13,525	23,086
Tax	0	0	0	0	0
Profit after tax	9,229	7,731	28,441	13,525	23,086
Earnings per share (NOK)	0.13	0.12	0.40	0.21	0.35
Diluted earnings per share (NOK)	0.13	0.12	0.40	0.21	0.35

General administrative expenses

Amounts in NOK thousand	Q3 2024	Q3 2023	YTD 2024	YTD 2023	2023
Sales and marketing	3,388	3,549	12,840	11,714	15,589
IT operations	2,513	1,932	7,104	5,495	7,658
External services	2,052	783	4,839	2,607	3,728
External audit and related services	0	31	892	720	1,475
Credit information	318	358	1,053	1,101	1,456
Other operating expenses	1,431	1,126	4,373	3,889	5,700
Total general administrative expenses	9,702	7,779	31,101	25,526	35,607



Balance sheet & regulatory capital



Balance Sheet

<i>Amounts in NOK thousand</i>	30.09.2024	31.12.2023	30.09.2023
Loans and deposits with credit institutions	174,114	73,803	91,259
Net loans to customers	966,570	819,774	769,750
Certificates and bonds	228,639	152,963	210,431
Other intangible assets	5,089	6,853	7,151
Deferred tax assets	0	0	0
Fixed assets	536	2,036	2,240
Other receivables	7,499	6,170	4,474
Total assets	1,382,447	1,061,600	1,085,305
Deposits from and debt to customers	1,077,801	821,235	861,063
Other debt	16,725	23,689	18,450
Total liabilities	1,094,526	844,924	879,513
Share capital	72,651	65,819	65,819
Share premium	328,901	291,636	291,636
Unregistered Share capital	0	1,315	0
Other paid-in equity	3,424	3,402	3,393
Retained earnings	-117,054	-145,495	-155,056
Total equity	287,921	216,676	205,792
Total equity and liabilities	1,382,447	1,061,600	1,085,305

Regulatory capital

<i>Amounts in NOK thousand</i>	30.09.2024	31.12.2023	30.09.2023
Share capital	72,651	65,819	65,819
Share premium	328,901	291,636	291,636
Other equity	-113,630	-140,778	-151,662
Total equity	287,921	216,676	205,792
Part of interim or year-end profit not eligible	-28,441	0	0
Additional value adjustments (AVA)	-229	-153	-210
Other intangible assets	-5,089	-6,853	-7,151
Deferred tax assets	0	0	0
Insufficient coverage for non-performing exposures	-192	-28	-223
CET 1 instruments funded by the institution	-833	0	0
Common equity tier 1 (CET 1)	253,138	209,641	198,207
Tier 1 capital	253,138	209,641	198,207
Total capital	253,138	209,641	198,207
Risk-weighted exposure amount			
Regional governments or local authorities	0	356	288
Public sector entities	0	146	168
Institutions	34,823	14,764	18,257
Corporates	21,399	18,447	12,416
Retail	516,461	431,560	407,348
Exposures in default	31,352	30,653	28,852
Collective investments undertakings (CIU)	8,703	6,934	8,796
Other items	6,329	7,575	6,734
Credit risk	619,067	510,434	482,859
Position, foreign exchange and commodities risks	0	0	4,226
Operational risk	190,954	190,954	100,733
Credit valuation adjustment	635	380	555
Total risk exposure amount	810,656	701,768	588,372
Common equity tier 1 ratio (%)	31.2%	29.9%	33.7%
Tier 1 ratio (%)	31.2%	29.9%	33.7%
Total capital ratio (%)	31.2%	29.9%	33.7%
Leverage ratio (%)	18.0%	19.5%	18.1%
LCR	932%	701%	884%
NSFR	227%	206%	218%

Gross income and key figures

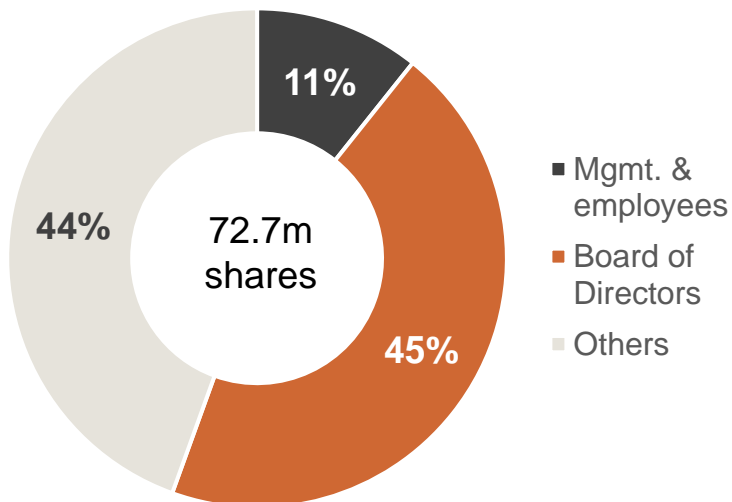


Gross income and key figures										
NOK million	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Gross income and margin										
Interest income credit line	18.8	22.7	27.0	33.1	37.7	41.8	48.3	51.5	55.4	60.1
Income commissions and fees credit line	1.3	2.0	2.4	2.6	2.9	3.2	3.4	3.7	4.0	4.2
Gross income credit line	20.1	24.8	29.5	35.7	40.5	44.9	51.8	55.2	59.5	64.3
Interest income spot factoring	5.8	5.0	5.3	4.6	4.6	4.0	4.1	2.9	1.8	0.2
Income commissions and fees spot factoring	0.5	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.1	0.0
Gross income spot factoring	6.3	5.4	5.7	5.0	5.0	4.3	4.4	3.2	2.0	0.2
Gross income other	0.3	-0.1	1.5	0.8	1.3	4.5	3.6	2.0	2.4	5.1
Gross income total	26.7	30.0	36.7	41.5	46.8	53.8	59.8	60.4	63.9	69.6
Direct variable expenses	4.3	5.5	7.7	8.5	10.4	12.9	13.8	12.5	13.7	15.2
Gross profit bf. loan losses	22.3	24.5	29.0	33.1	36.4	40.9	45.9	47.9	50.1	54.4
Total income	22.9	25.2	29.7	33.9	37.4	41.9	47.5	48.7	51.0	55.1
Gross income from lending	26.5	30.2	35.2	40.7	45.5	49.2	56.2	58.4	61.5	64.5
Total operating expenses	12.9	16.8	21.4	26.0	17.8	23.8	27.1	27.1	23.7	30.3
Losses on loans	8.4	11.9	9.6	9.9	11.8	10.4	10.5	16.4	13.3	15.6
Key figures										
Gross margin ¹	84%	82%	79%	80%	78%	76%	77%	79%	78%	78%
Total income / gross income	86%	84%	81%	82%	80%	78%	79%	81%	80%	79%
Net interest margin after losses ²	13.1%	10.6%	13.1%	14.9%	14.4%	14.9%	17.2%	14.9%	16.1%	15.0%
Cost / income	56%	67%	72%	77%	47%	57%	57%	56%	46%	55%
Losses on loans / gross income from lending	32%	39%	27%	24%	26%	21%	19%	28%	22%	24%

Aligned interests among key stakeholders



Share distribution



Top 30 shareholders¹

#	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 Særlien Barli	Acting CEO	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	ITO CHRISTIAN AS			444,326	0.6 %
29	STRIGEN AS			420,914	0.6 %
30	ARBIENSGT 8 AS			370,758	0.5 %
	Others			11,347,915	15.6 %
	Total			72,650,539	100.0 %

Note 1: As registered in VPS 31 October 2024.

Aprila