

Aprila

Aprila Bank ASA | Q2 2022 | 12 August 2022

Disclaimer

Forward-looking statements



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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Aprila Bank in brief

Technology company reinventing SME banking



Providing credit to a large and underserved SME market

- Faster and easier credit offering to SMEs
- Transparent structure and understandable pricing; no pledge in fixed assets, no access- or registration fees and no lock-in periods
- Credit assessment based on better access to and use of data

Leveraging technology to create competitive advantage

- Scalable architecture developed in-house; integrations through APIs
- Data warehouse developed in-house; enables data-driven decisions and powerful predictive analytics
- Real-time credit scoring and pricing based on machine-learning technology

Building a better bank and a technology provider

- Robust and sustainable bank that will help close the SME funding gap
- Offers advanced technology to partners and other banks

Key Performance Indicators

of unique customers **5,521**
(30 Jun 2022)¹

Gross income run-rate **112**
(NOK million, annual run-rate, Jun 2022)²

Gross margin bf. loan losses **84%**
(Q2 22)³

Job creation **2,498**
(Total # jobs Aprila has contributed to preserving or creating since inception)



Q2 22

NOKm	Q2 22	Q2 21
Gross loans	516.6	252.9
Gross income from lending	26.4	13.9
Total income	22.9	10.8
Pre-tax operating profit bf. loan losses	10.0	-3.3
Pre-tax operating profit	1.6	-7.3
Yield on avg. net loans ¹	24%	25%

LTM

NOKm	LTM ² ending	
	Q2 22	Q2 21
Gross loans	516.6	252.9
Gross income from lending	85.0	41.5
Total income	70.6	30.7
Pre-tax operating profit bf. loan losses	7.8	-33.8
Pre-tax operating profit	-15.6	-50.4
Yield on avg. net loans ¹	24%	26%

First profitable quarter

- Pre-tax profit of NOK 1.6 million in the second quarter of 2022; Aprila's first positive quarterly result since the start of operations in Q2 18
- Gross margin strengthened from 80% in Q1 to 84% in Q2 despite increased funding cost
- Total operating expenses amounted to NOK 12.9m; a decline of NOK 1.1m from Q2 21

Strong growth

- Gross lending grew 104% YoY and 18% QoQ to NOK 517 million
- Gross income from lending grew 90% YoY and 22% QoQ to NOK 26.4 million
- Total income grew 113% YoY and 28% QoQ to NOK 22.9 million

Solid capital position

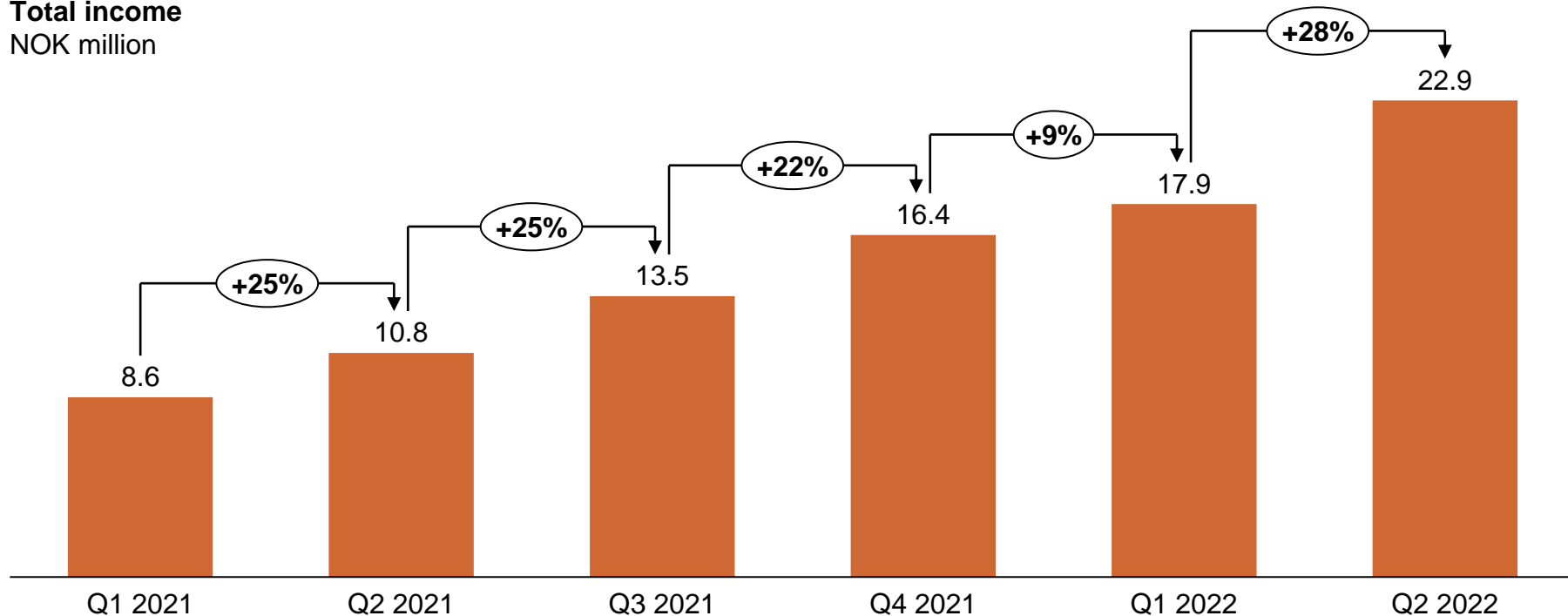
- CET1-ratio of 41.3% at 30 Jun 2022; > 2x current regulatory minimum overall capital requirement (OCR) of 19.0%
- The bank is sufficiently capitalised for continued strong growth

Growth accelerated in Q2

Total income grew by 28% from Q1 to Q2



Total income
NOK million



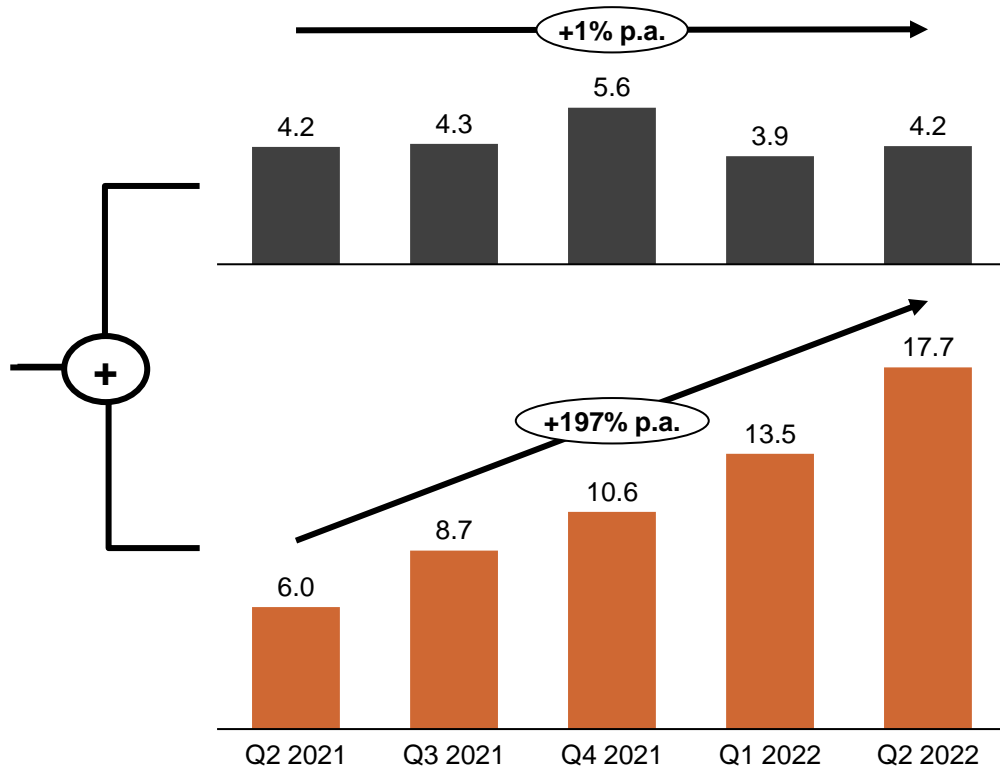
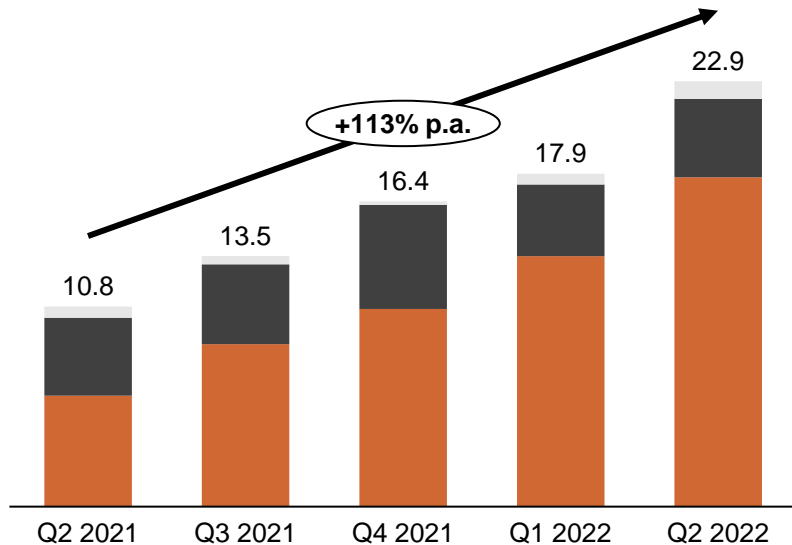
Credit line is the main driver of growth in total income



Credit line has been core focus since Q4 2020. Total income from the product has tripled over last 12 months

Total income
NOK Millions

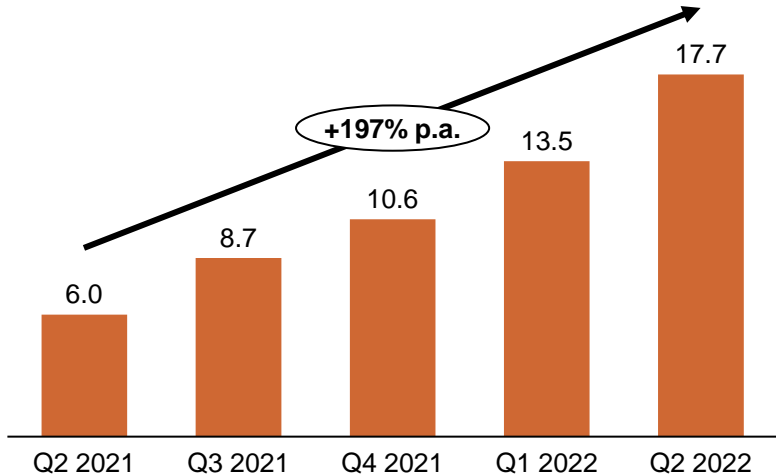
Other Spot factoring / eCommerce Credit line



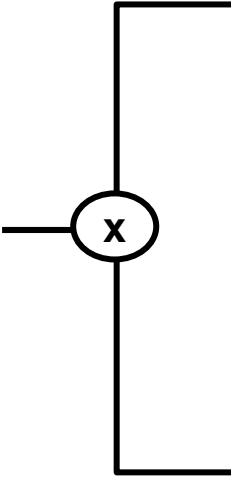
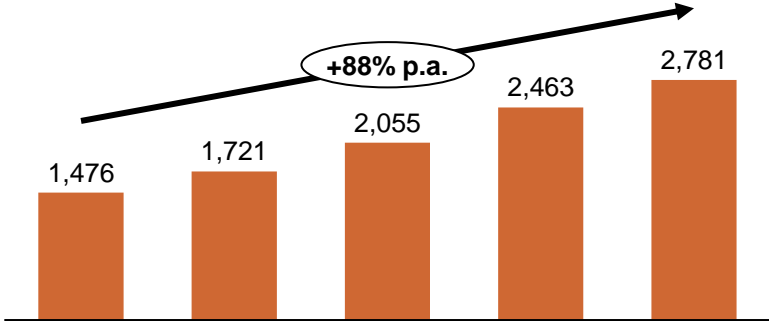
And customer growth is the biggest driver of credit line income



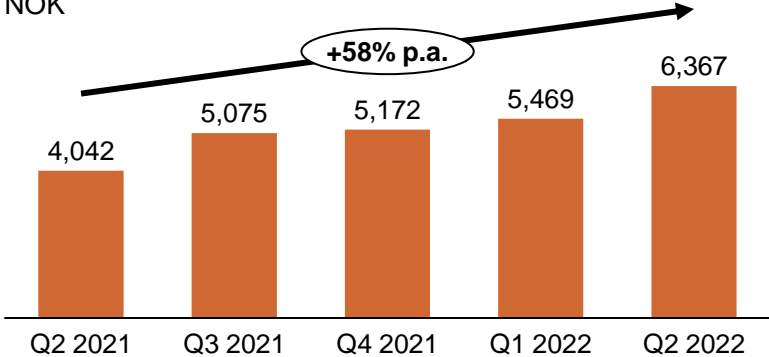
Total income from credit line
NOK Millions



Average number of credit line customers in quarter



Total income per credit line customer per quarter
NOK



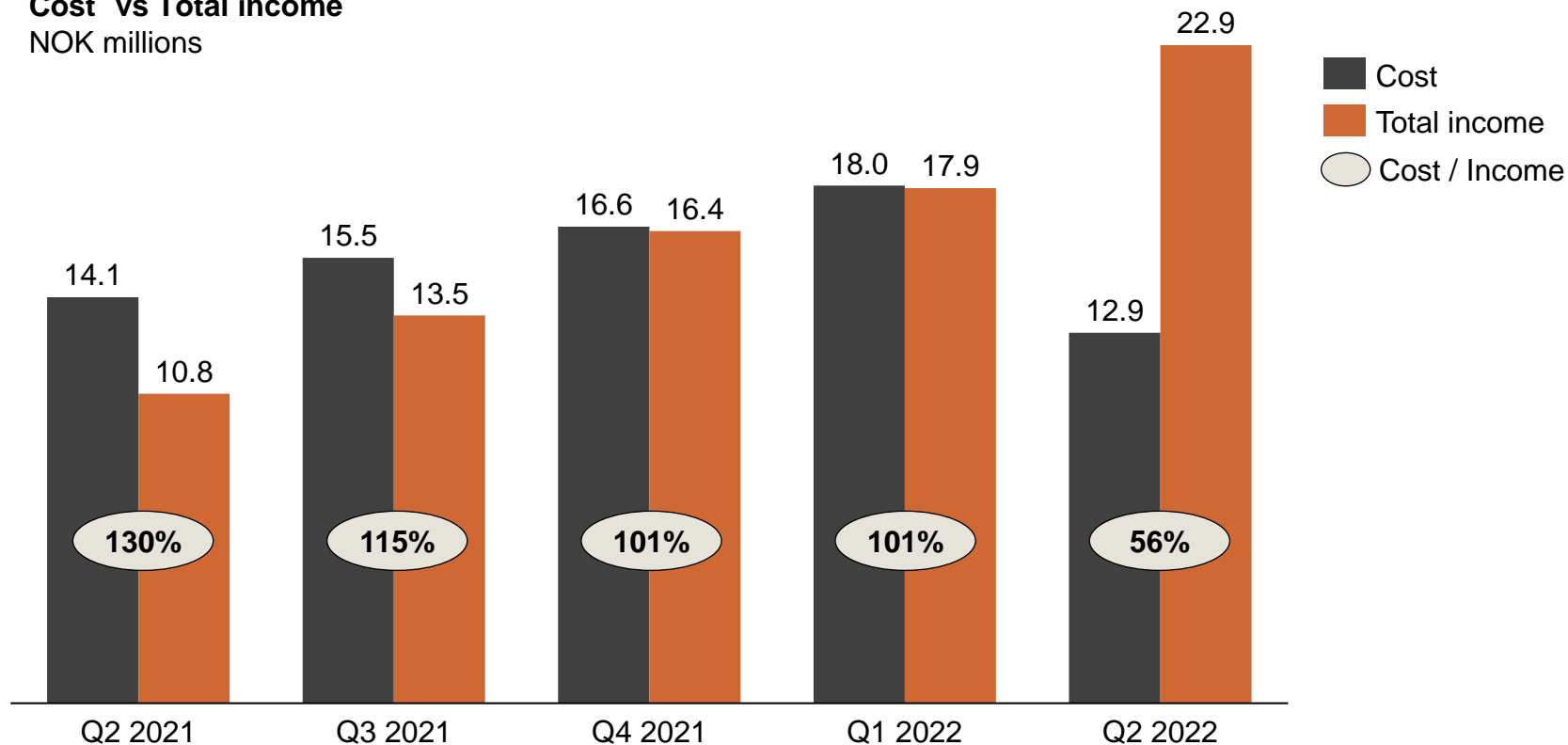
Total income was almost 2×Cost in Q2

Cost / Income improved from 130% in Q2 21 to 56% in Q2 22



Cost¹ vs Total income

NOK millions



Note 1: Cost = Total operating expenses excl. losses on loans.

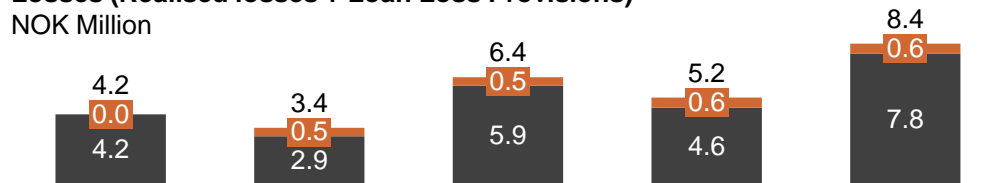
Net Interest Margin after losses was stable at 14% in Q2



Losses amounted to 32% of gross income vs long term goal of <25%

Losses (Realised losses + Loan Loss Provisions)

NOK Million



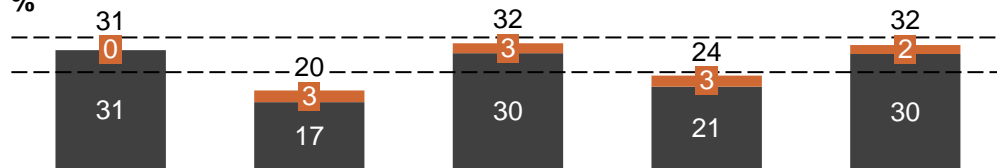
Realised losses Loan Loss Provisions

Loan Loss Provisions

An income statement expense set aside as an allowance for future uncollected loans and loan payments

Losses as share of gross income from lending to customers

%

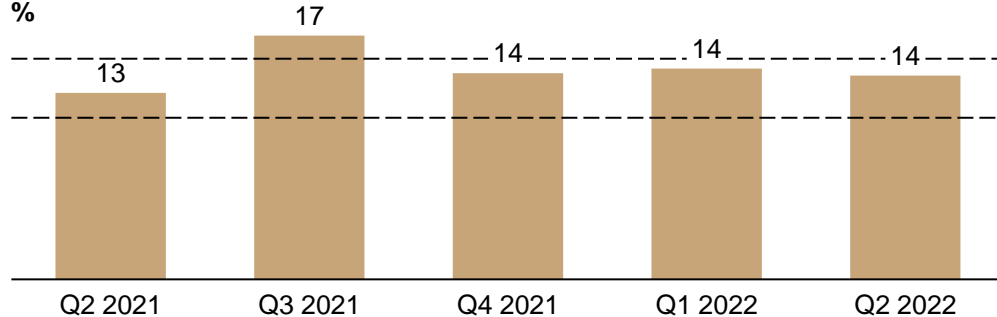


34: Losses as % of gross income in 2021

25: Long term goal: Losses < 25% of gross income

Net Interest Margin (NIM) after losses¹

%



15: Long term goal: NIM after losses = 15%

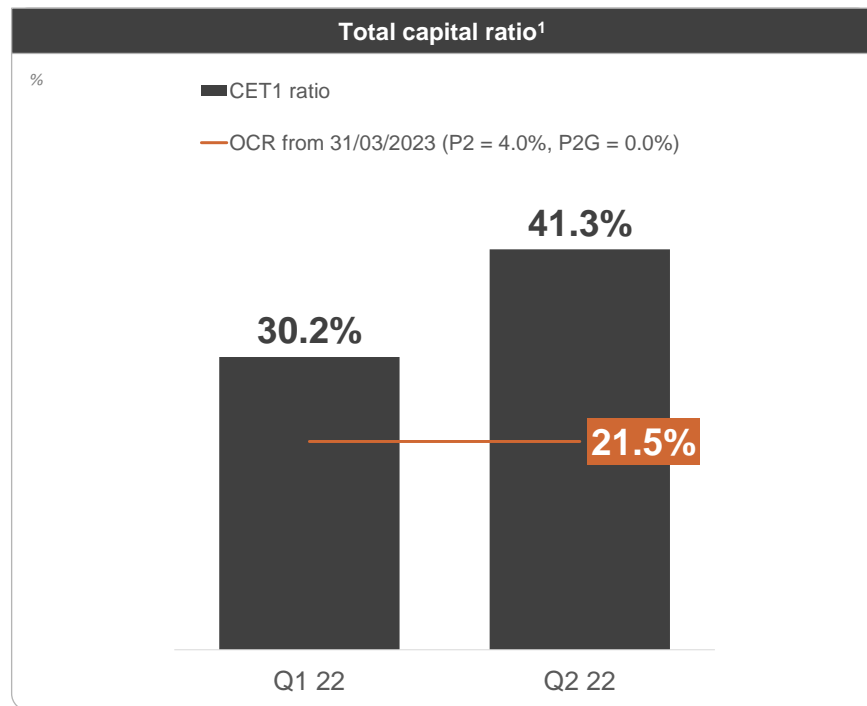
11: NIM after losses in 2021

Note 1: Net interest margin after losses: (Total income – Losses) / Average Net Loans = Net yield on net loans after commissions to partners, interest rate expenses, fees, loan loss provisions, and realised losses.

The bank is sufficiently capitalised for continued strong growth



CET1-ratio of 41.3% at 30 Jun 2022 vs. overall capital requirement (OCR) of 19.0%



Key comments

- Common equity Tier 1 (CET1) capital strengthened in Q2; a total of NOK 60 million in new equity raised
- CET1-ratio of 41.3% at 30 Jun 2022 vs. current regulatory overall capital requirement (OCR) of 19.0%²
- Regulatory OCR expected to increase 2.0 pp on 31 Dec 2022 to 21.0% and 0.5 pp on 31 Mar 2023 to 21.5%²
- Limited effects of CRR II / CRD V (the EU banking package)
 - Extended SME discount has no effect for Aprila³
 - As of 30 Jun 2022 all software assets are deducted from CET 1⁴
- The bank expects NFSA to determine a revised Pillar 2 requirement, including Pillar 2 Guidance (P2G), in H2 2022
 - Current Pillar 2 requirement, including P2G: 4.0%

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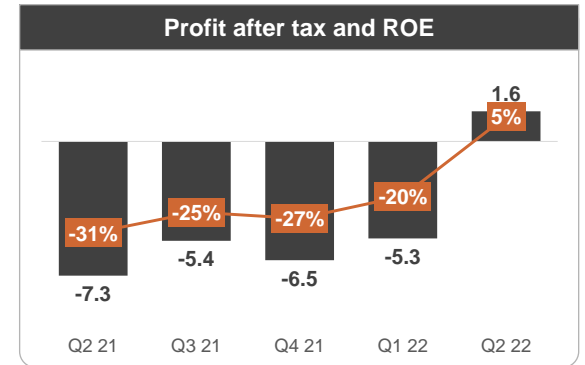
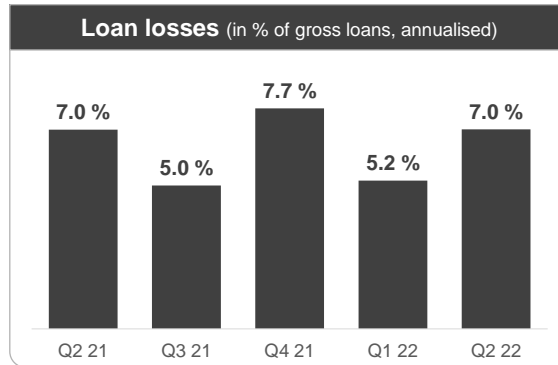
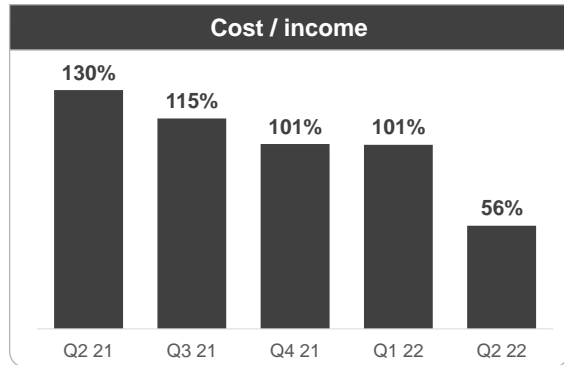
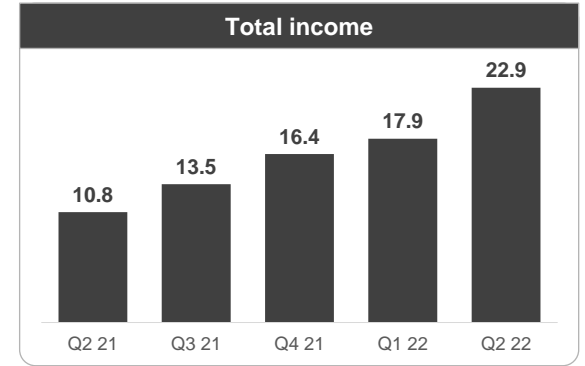
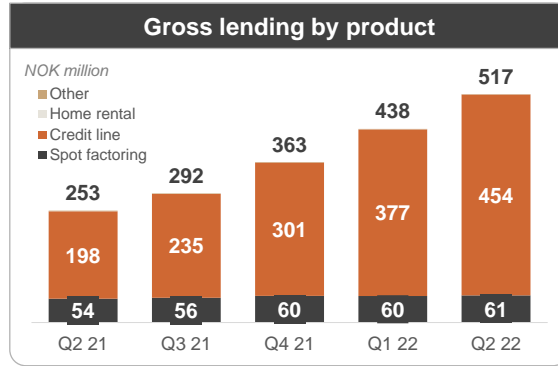
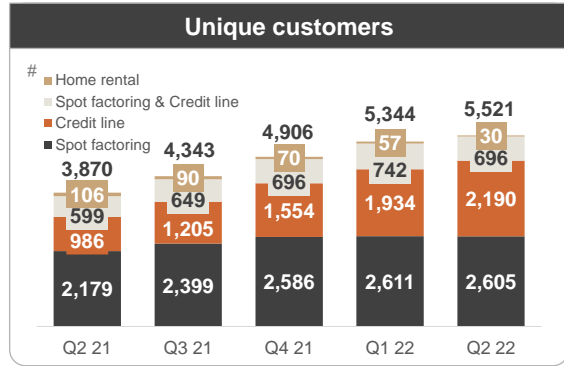
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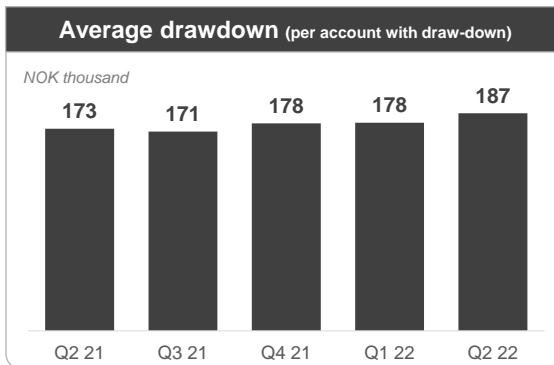
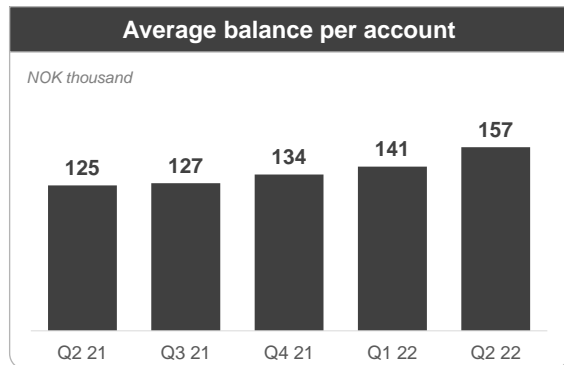
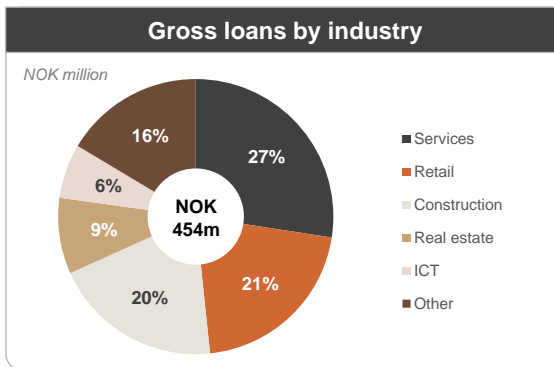
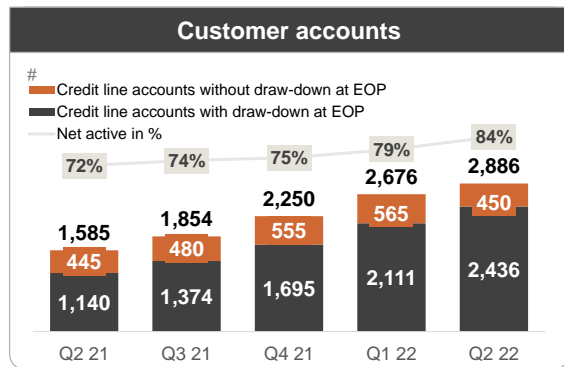
Total income has doubled since Q2 last year without any increase in fixed operating expenses



Credit line | Key figures



An increasing share of the customers use the product, and the average drawdown continues its upward trend

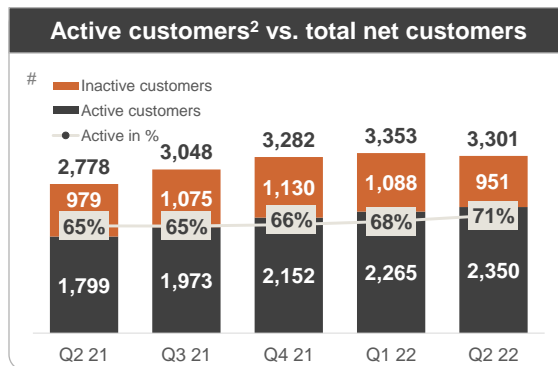
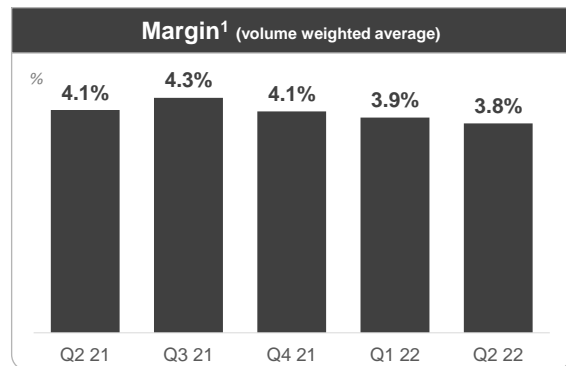
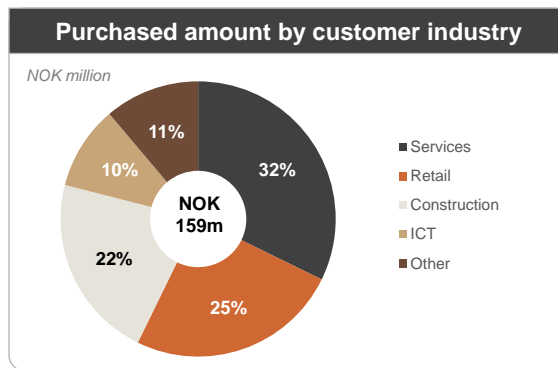
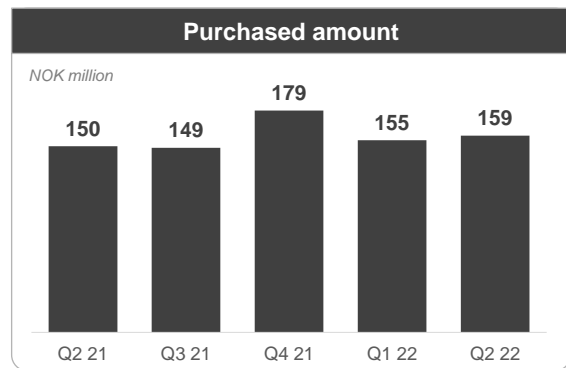


Key comments

- Net 210 new accounts (+8%) added in the quarter
 - Onboarded: 398
 - Offboarded: 188
- 2,886 credit line accounts at the end of the period
- 84% of customer accounts with draw-down at EOP
- NOK 157k outstanding per account at the end of the period
- On average NOK 187k drawn by customers with draw-down

Spot factoring | Key figures

NOK 159m purchased in Q2 22

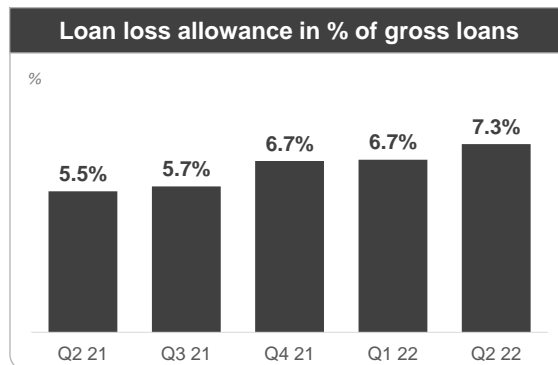
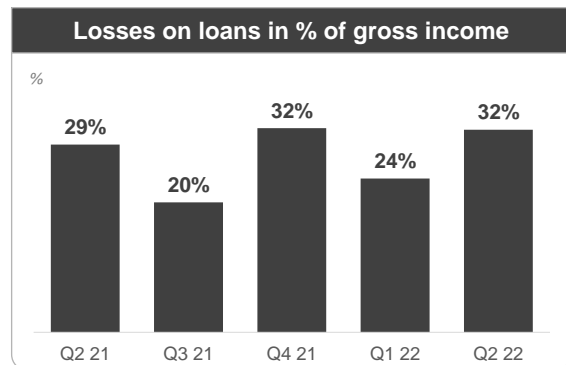
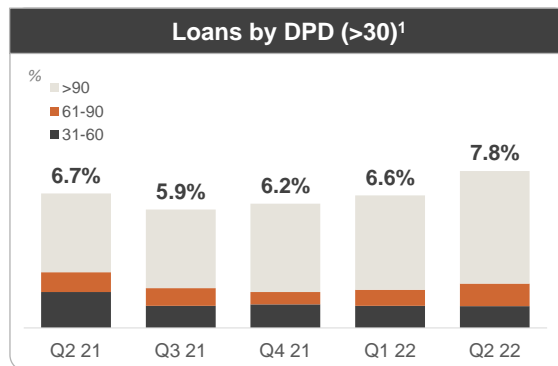
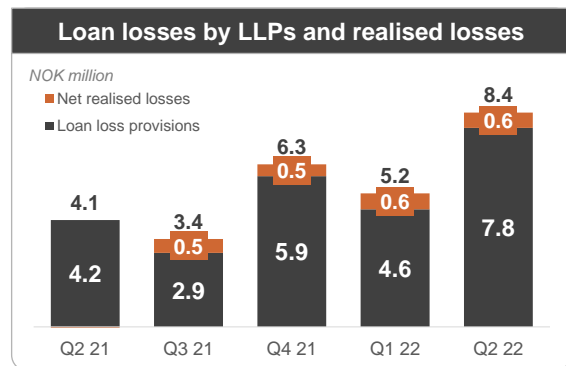


Key comments

- NOK 159m purchased
- Spot factoring accounted for 24% of gross income from lending in Q2 22 (vs. 45% in Q2 21)
- VWA margin: 3.8%
- Customers in services, retail and construction industries accounted for 79% of purchased amount in Q4 (75% in Q2 21)
- 2,350 of 3,301 open customer accounts (71%) had sold invoices at the end of the period
- 862 customers sold invoices in Q2
- We will continue with spot factoring in Visma-channels for the time being, and we are in discussions with Visma as to if or when the offering will be discontinued

Loan losses and provisions

Loan losses of 32% of gross income in Q2 22 (elevated by a one-off IFRS 9 model change)



Key comments

- Total loan losses of NOK 8.4m in Q2 of which:
 - NOK 7.8m (93%) in LLPs and
 - NOK 0.6m (7%) in net realised losses
- NOK 1.7m in extraordinary LLPs in Q2, related to a one-off IFRS 9 model change
 - Adjusted loan losses:
 - ▶ NOK 6.7m (25% of gross income)
- DPD >30: 7.8% of gross loans
 - 1.2 percentage point increase from Q1 of which 0.3 pp in DPD 61-90 and 0.9 pp in DPD >90
- Loan loss allowance in % of gross loans: 7.3%
- Aprila's long term ambition is to keep losses at around 25% of gross income

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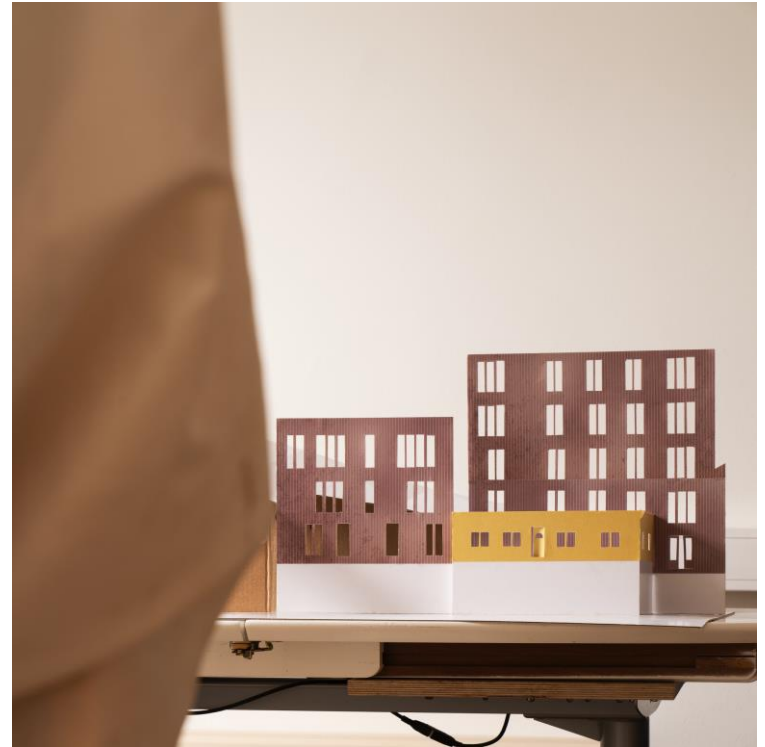
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Priorities H2 2022

Aprila's technology platform is key to realise top priorities for H2 2022



H2 2022

Maintain a high growth trajectory

- Accelerate growth of larger credit line customers
- Continue to optimise approval rates, limit calculations and pricing
- Continue to optimise marketing use and spend to unlock demand

Strengthen competitive advantage

- Continue to streamline customer onboarding and experience
- Optimise and evolve proprietary PD and LGD models
- Enhance credit models by adding new data sources

Continue to improve underlying profitability

- Continue to optimise pricing of credit risk
- Continue to automate customer servicing and monitoring
- Continue to automate reporting and compliance activities

Financial outlook



Targeting a gross income run-rate > NOK 150 million at year-end and gross margin bf. loan losses > 80%

	Q2 22	Q3 22E	YE 22E	Key drivers
Gross income Annual run-rate ¹ (NOK million)	112	~ 130	> 150	<ul style="list-style-type: none">Increased number of credit line customers and increased income per customer
Gross margin bf. loan losses (LTM) ²	81%	> 80%	> 80%	<ul style="list-style-type: none">Improved profitability on credit line and spot factoringLower commission expenses relative to gross income due to higher share of income sourced through own channels
Credit line accounts (End of period)	2,886	~ 3,100	> 3,500	<ul style="list-style-type: none">Reduced guiding on number of customers due to increased focus on larger customers and higher income per customer

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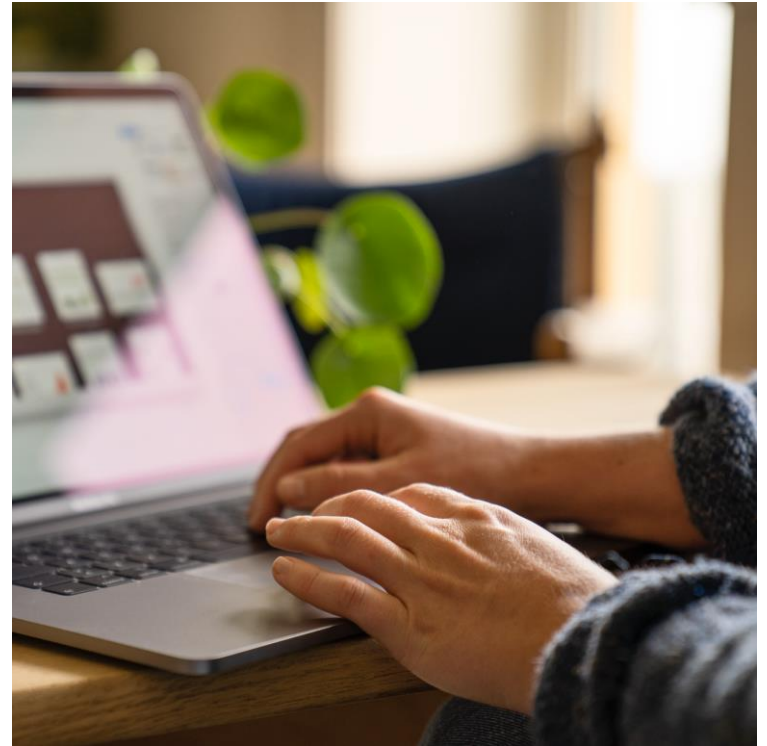
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Income statement & general administrative expenses

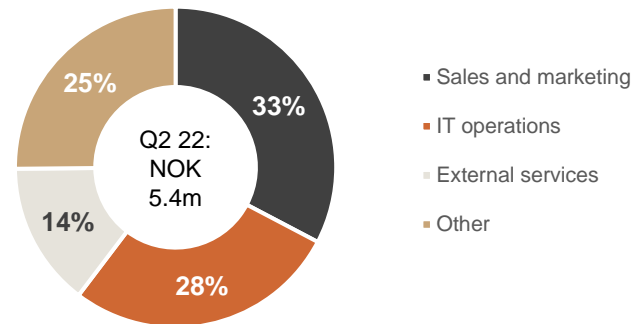


Income Statement

<i>Amounts in NOK thousand</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Interest income	22,579	11,137	40,524	20,022	50,816
Interest expense	1,343	656	2,425	1,720	3,649
Net interest income	21,236	10,481	38,099	18,302	47,167
Income commissions and fees	1,746	470	2,979	774	2,420
Expenses commissions and fees	154	194	314	343	730
Net commissions and fees	1,591	276	2,666	430	1,691
Net gains / losses (-) on certificates, bonds and currency	39	-4	-2	651	414
Other income	0	0	0	0	0
Total income	22,866	10,754	40,762	19,384	49,272
Salary and other personnel expenses	5,442	6,101	14,096	16,571	32,376
General administrative expenses	5,447	5,698	12,795	10,002	22,107
Total salary and administrative expenses	10,889	11,799	26,891	26,573	54,483
Ordinary depreciation	1,986	2,218	3,972	4,287	8,412
Total operating expenses excl. losses on loans	12,875	14,017	30,863	30,860	62,895
Losses on loans	8,352	4,067	13,558	11,110	20,872
Pre-tax operating profit	1,639	-7,330	-3,659	-22,586	-34,495
Tax	0	0	0	0	0
Profit after tax	1,639	-7,330	-3,659	-22,586	-34,495
Earnings per share (NOK)	0.03	-0.16	-0.07	-0.51	-0.77
Diluted earnings per share (NOK)	0.03	-0.16	-0.07	-0.51	-0.77

General administrative expenses

<i>Amounts in NOK thousand</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
Sales and marketing	1,781	2,302	4,779	2,996	5,767
IT operations	1,505	1,374	2,955	2,835	5,607
External services	792	1,013	1,501	1,855	5,625
External audit and related services	340	0	1,440	444	1,583
Credit information	311	304	648	573	1,154
Other operating expenses	719	705	1,472	1,299	2,372
Total general administrative expenses	5,447	5,698	12,795	10,002	22,107



Balance sheet & regulatory capital



Balance Sheet			
<i>Amounts in NOK thousand</i>	30.06.2022	31.12.2021	30.06.2021
Loans and deposits with credit institutions	36,903	67,157	21,185
Net loans to customers	478,665	338,651	238,810
Certificates and bonds	56,058	36,059	56,288
Other intangible assets	11,530	14,036	16,649
Deferred tax assets	0	0	0
Fixed assets	4,390	5,432	2,949
Other receivables	37,638	4,143	7,660
Total assets	625,183	465,478	343,541
Deposits from and debt to customers	439,646	338,002	240,751
Other debt	19,865	18,864	13,047
Total liabilities	459,512	356,866	253,798
Share capital	55,261	44,631	44,631
Share premium	236,191	190,545	190,545
Unregistered Share capital	35,000	30,783	0
Other paid-in equity	2,893	2,668	2,674
Retained earnings	-163,674	-160,015	-148,106
Total equity	165,672	108,612	89,744
Total equity and liabilities	625,183	465,478	343,541

Regulatory capital ¹			
<i>Amounts in NOK thousand</i>	30.06.2022	31.12.2021	30.06.2021
Share capital	55,261	44,631	44,631
Share premium	236,191	190,545	190,545
Other equity	-125,781	-126,564	-145,432
Total equity	165,672	108,612	89,744
Other intangible assets	-11,530	-14,036	-16,649
AVA adjustment	-56	-36	-56
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	154,086	94,540	73,038
Tier 1 capital	154,086	94,540	73,038
Total capital	154,086	94,540	73,038
Risk-weighted assets			
Loans and deposits with credit institutions	7,381	13,431	4,237
Loans to customers	277,655	194,987	131,604
Certificates and bonds	0	0	0
Other assets	42,027	9,575	10,609
Credit risk	327,063	217,994	146,450
Operational risk	45,691	45,691	16,728
Risk-weighted assets	372,755	263,685	163,177
Common equity tier 1 ratio (%)	41.3%	35.9%	44.8%
Tier 1 ratio (%)	41.3%	35.9%	44.8%
Total capital ratio (%)	41.3%	35.9%	44.8%
Leverage ratio (%)	24.4%	20.2%	21.4%
LCR	419%	284%	609%

Note 1: The Company implemented retail classification on eligible exposures as of 30 Sep 2021. Historical figures have been changed accordingly for comparability.

Gross income and key figures



Gross income and key figures									
NOK million	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Gross income and margin									
Interest income credit line	0.9	2.4	3.8	5.5	7.5	10.3	12.0	15.1	18.8
Income commissions and fees credit line	0.0	0.0	0.0	0.0	0.0	0.1	0.5	0.7	1.3
Gross income credit line	0.9	2.4	3.8	5.5	7.5	10.4	12.5	15.8	20.1
Interest income spot factoring	2.5	3.3	6.0	5.6	5.8	5.9	6.8	5.3	5.8
Income commissions and fees spot factoring	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.5	0.5
Gross income spot factoring	2.6	3.5	6.3	6.0	6.3	6.4	7.3	5.8	6.3
Gross income other	0.4	0.2	0.2	0.8	0.2	0.1	0.2	0.0	0.3
Gross income total	3.9	6.0	10.3	12.3	13.9	16.9	20.1	21.7	26.7
Direct variable expenses	1.8	2.4	3.6	4.1	3.7	3.8	4.0	4.3	4.3
Gross profit bf. loan losses	2.1	3.7	6.6	8.2	10.2	13.1	16.0	17.3	22.3
Total income	2.4	4.0	7.3	8.6	10.8	13.5	16.4	17.9	22.9
Gross income from lending	3.5	5.9	10.1	11.6	13.9	16.9	19.9	21.7	26.4
Total operating expenses	13.5	14.7	19.0	16.8	14.0	15.5	16.6	18.0	12.9
Losses on loans	1.1	1.0	4.5	7.0	4.1	3.4	6.3	5.2	8.4
Key figures									
Gross margin	54%	61%	65%	67%	73%	77%	80%	80%	84%
Total income / gross income	63%	66%	71%	70%	77%	80%	82%	83%	86%
Cost / income	557%	367%	260%	195%	130%	115%	101%	101%	56%
Losses on loans / gross income from lending	31%	16%	45%	61%	29%	20%	32%	24%	32%

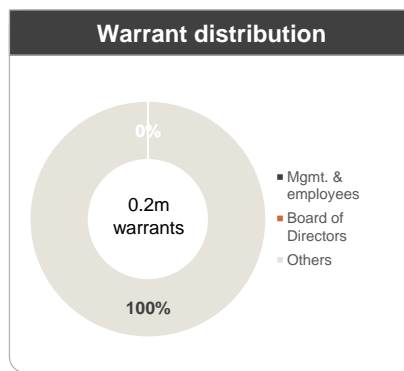
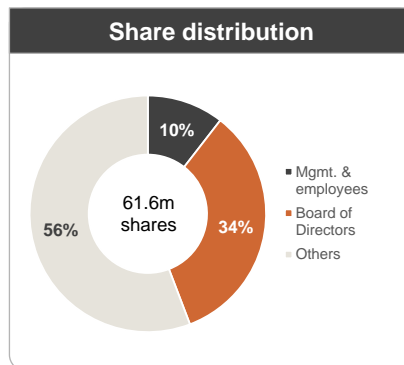
Ownership & warrant structure¹

Aligned interests among key stakeholders



Selected shareholders

Investor	Selected current / previous holdings
FJ LABS	
ALLIANCE VENTURE	



Top 30 shareholders

#	Investor	Name	Role	Ownership		Warrants
				# shares	%	
1	SES AS	Bertel Steen	Board member	11,200,000	18.2 %	
2	AMESTO GROUP AS	Spandow Family	Chairman	9,568,374	15.5 %	
3	ALLIANCE VENTURE SPRING AS			3,174,406	5.2 %	
4	NORDEA BANK ABP			2,418,822	3.9 %	
5	STRØMSTANGEN AS			2,272,167	3.7 %	
6	MP PENSJON PK			2,227,357	3.6 %	
7	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,786,500	2.9 %	
8	REDIVIVUS AS			1,354,008	2.2 %	
9	FJ LABS			1,099,400	1.8 %	
10	ØSD FINANS AS	Øystein Dannevig	Chief Decision Scientist	1,000,000	1.6 %	
11	CHRI AS			933,306	1.5 %	
12	KVANTIA AS			920,000	1.5 %	
13	AREPO AS			907,747	1.5 %	
14	UNIVERSAL PRESENTKORT AS			897,699	1.5 %	
15	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.3 %	
16	NORDIC PRIVATE EQUITY AS			799,982	1.3 %	
17	SIX SIS AG			777,470	1.3 %	
18	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	740,000	1.2 %	
19	INCHOATE AS			610,000	1.0 %	
20	STRIGEN AS			608,798	1.0 %	
21	BLUE MOUNTAIN CAPITAL AS	Kjetil S. Barli	Chief Financial Officer	580,000	0.9 %	
22	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	0.9 %	
23	SPORTSMAGASINET AS			572,697	0.9 %	
24	KLØVNINGEN AS			535,350	0.9 %	
25	SANDSOLO HOLDING AS			522,110	0.8 %	
26	OSMANI VENTURE CAPITAL AS			486,385	0.8 %	
27	KNUDSEN MORTEN WELLEJUS			462,500	0.8 %	
28	FOUGNER INVEST AS			448,511	0.7 %	
29	PIIOTARHO AS			400,000	0.6 %	
30	STORMBUKTA AS			384,863	0.6 %	
	Others			12,563,094	20.4 %	187,500
Total				61,624,746	100.0 %	187,500

Note 1: As registered in VPS 28 July 2022.

Aprila