

Aprila

Aprila Bank ASA | Q3 2022 | 14 November 2022

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.

This presentation does not imply that Aprila Bank has undertaken to revise these forward-looking statements, beyond what is required by applicable law or other applicable regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.



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We reinvent business 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
(30 Sep 2022)¹ **5,790**

Gross income run-rate
(NOK million, annual run-rate, Sep 2022)² **130**

Gross margin bf. loan losses
(Q3 22)³ **82%**

Job creation
(Total # jobs Aprila has contributed to preserving or creating since inception) **2,899**



Norwegian SMBs are going strong and are well positioned

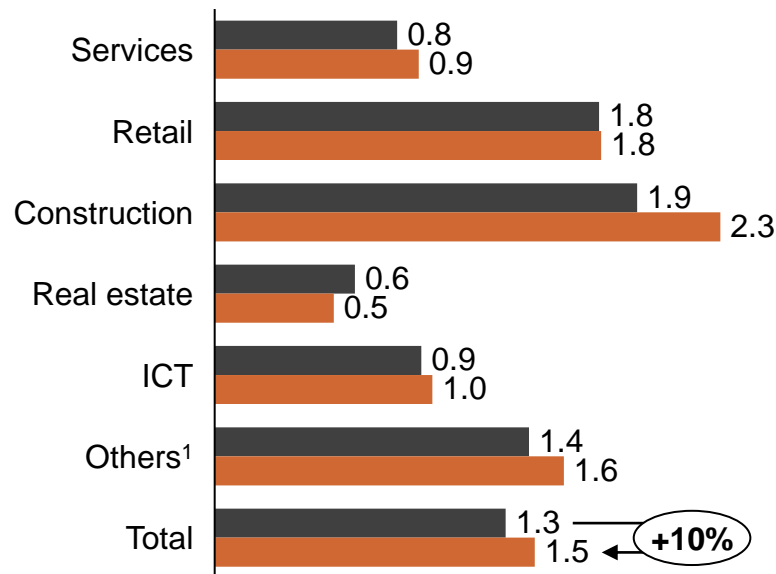
Aprila customers grew 10% last 12 months...

...improved profitability...

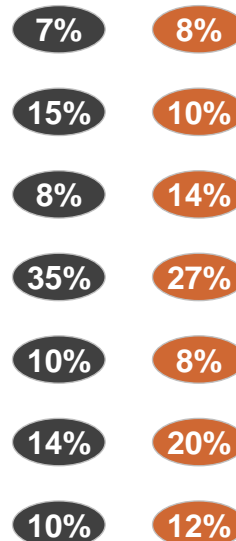
...and are well capitalised

Average customer quarterly revenue

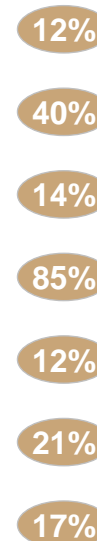
NOK million



Average EBIT margin



Equity / Revenue last 12 M





Q3 22

| NOKm | Q3 22 | Q3 21 |
|--|-------|-------|
| Gross loans | 595.0 | 292.1 |
| Gross income from lending | 30.2 | 16.9 |
| Total income | 25.2 | 13.5 |
| Pre-tax operating profit bf. loan losses | 8.3 | -2.0 |
| Pre-tax operating profit | -3.6 | -5.4 |
| Yield on avg. net loans ¹ | 24% | 26% |

LTM

| NOKm | Q3 22 | Q3 21 |
|--|-------|-------|
| Gross loans | 595.0 | 292.1 |
| Gross income from lending | 98.2 | 52.5 |
| Total income | 82.4 | 40.2 |
| Pre-tax operating profit bf. loan losses | 18.1 | -25.2 |
| Pre-tax operating profit | -13.7 | -44.2 |
| Yield on avg. net loans ¹ | 24% | 26% |

LTM² ending

Record number of new credit line customers

- The bank onboarded 489 credit line customers in Q3, a new quarterly record
- Gross lending grew 104% YoY and 15% QoQ to NOK 595 million
- Total income grew 87% YoY and 10% QoQ to NOK 25.2 million

Negative result driven by elevated loan loss provisions

- Pre-tax operating profit for the quarter was negative NOK 3.6 million
- Loan loss provisions were 2.9 MNOK higher than expected due to improved PD model
- However, net interest margin after losses still attractive at 10.6% in the quarter

Visma agreement results in strong capital position

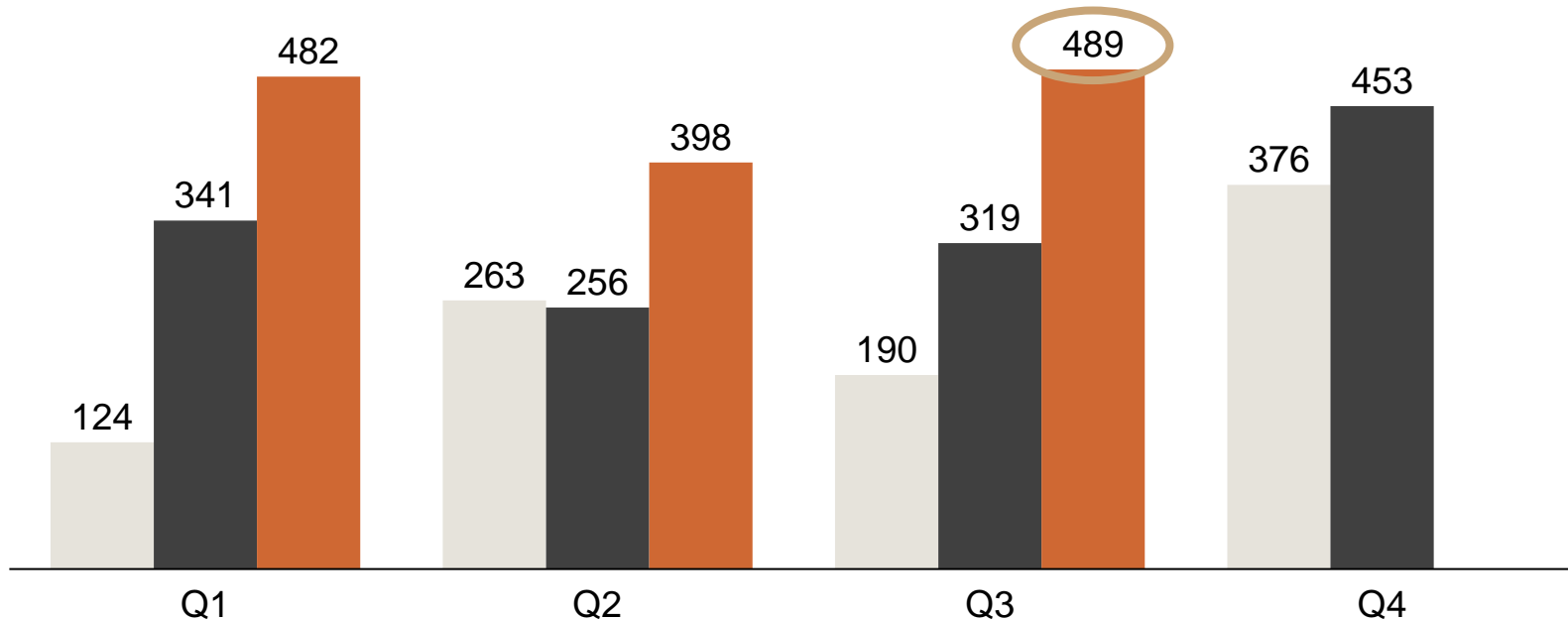
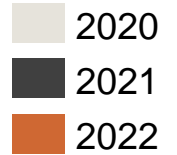
- CET1-ratio of 39.7% at 30 Sep 2022; ~ 2x current overall capital requirement of 19.0%
- NOK 30m new equity to be raised at the closing of the Visma transaction
- The bank is sufficiently capitalised for continued strong growth



Record number of onboarded credit line customers in Q3

Gross new credit line accounts per quarter

#

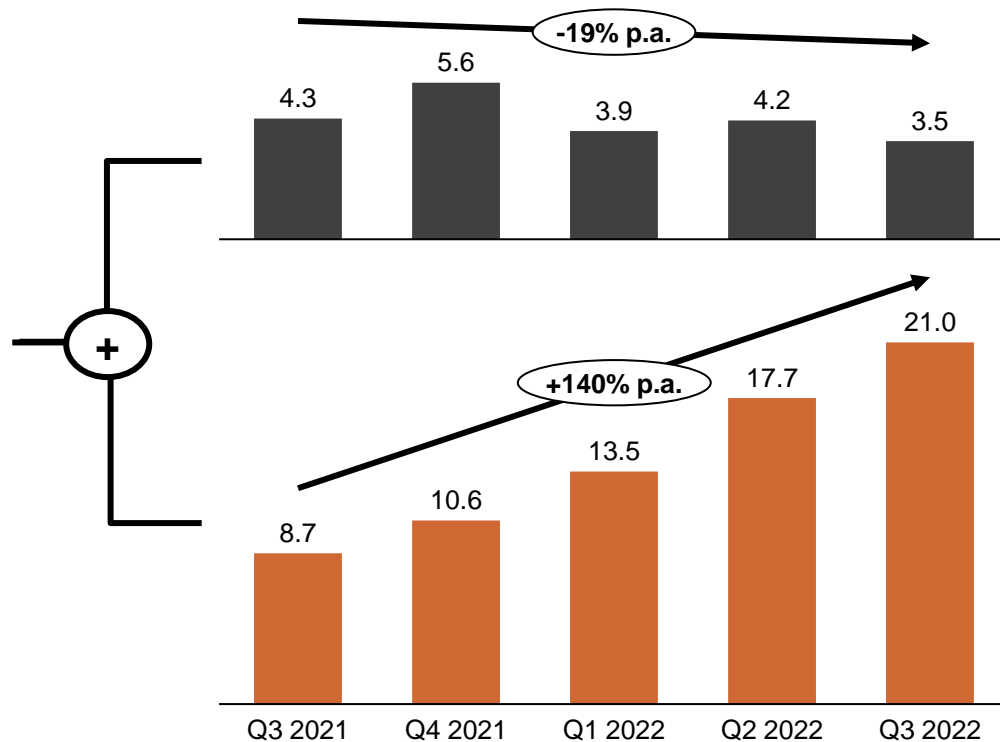
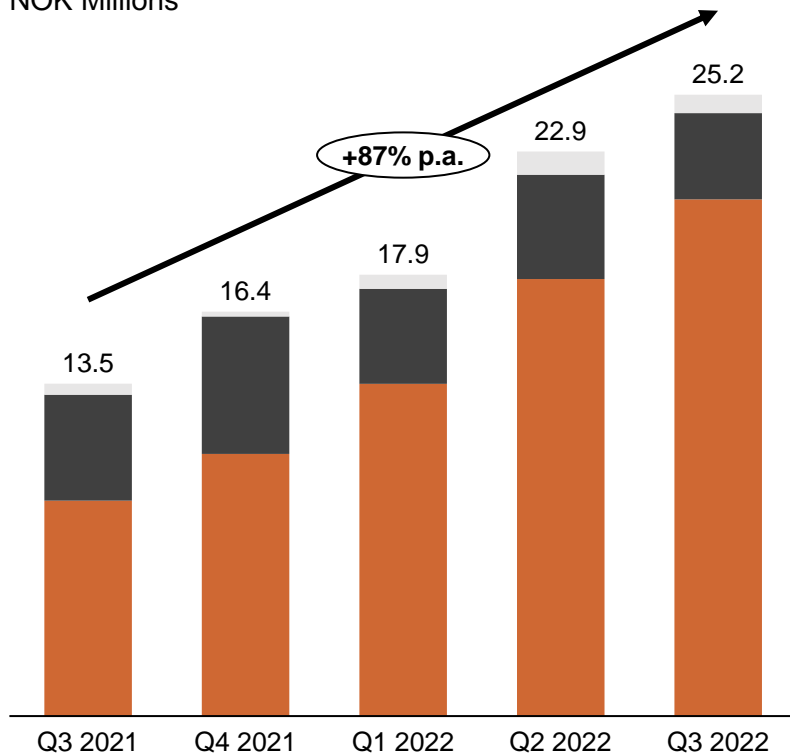




Total income from credit line is growing > 100% per year

Total income
NOK Millions

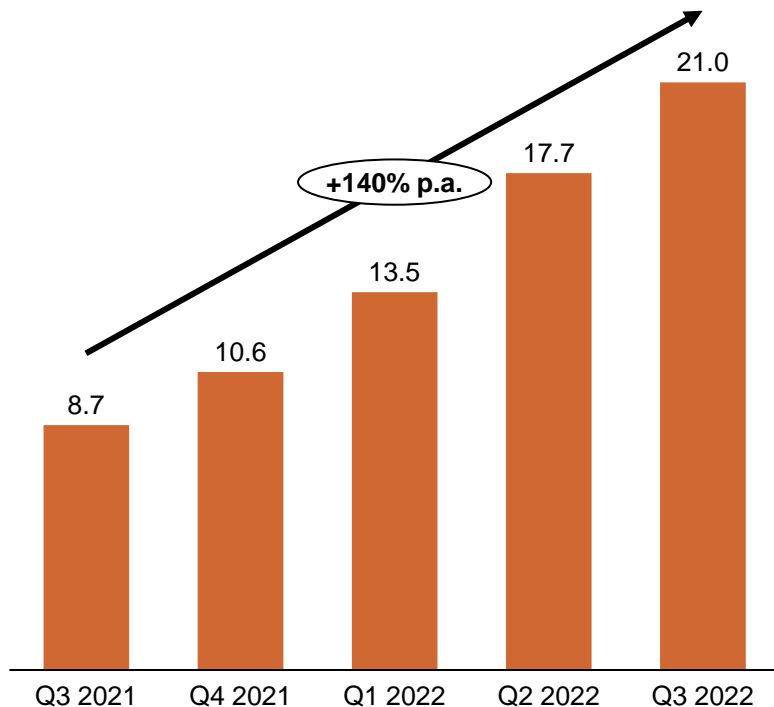
Other Spot factoring / eCommerce Credit line



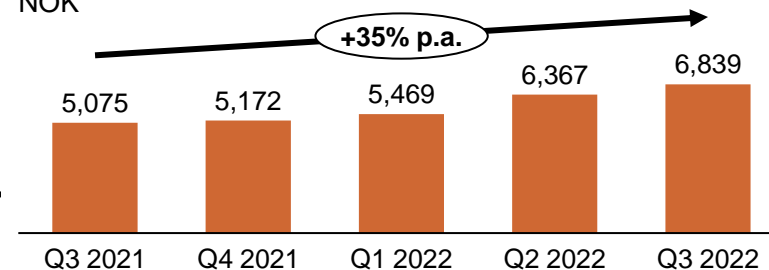


Customer growth is the biggest driver of credit line income

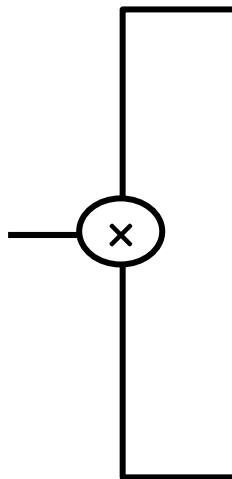
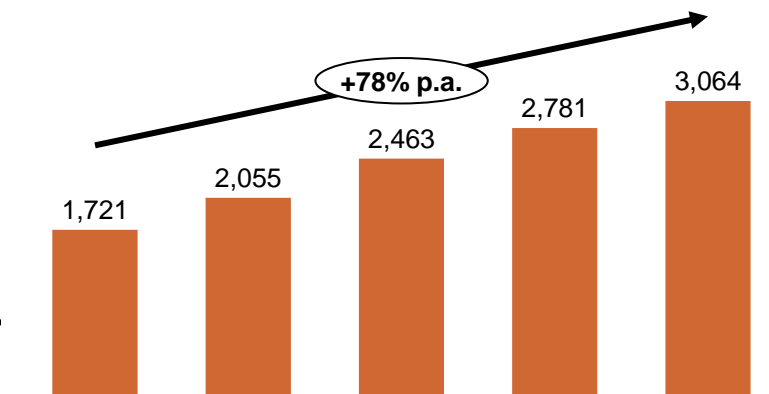
Total income from credit line
NOK Millions



Total income per credit line customer per quarter
NOK



Average number of credit line customers in quarter

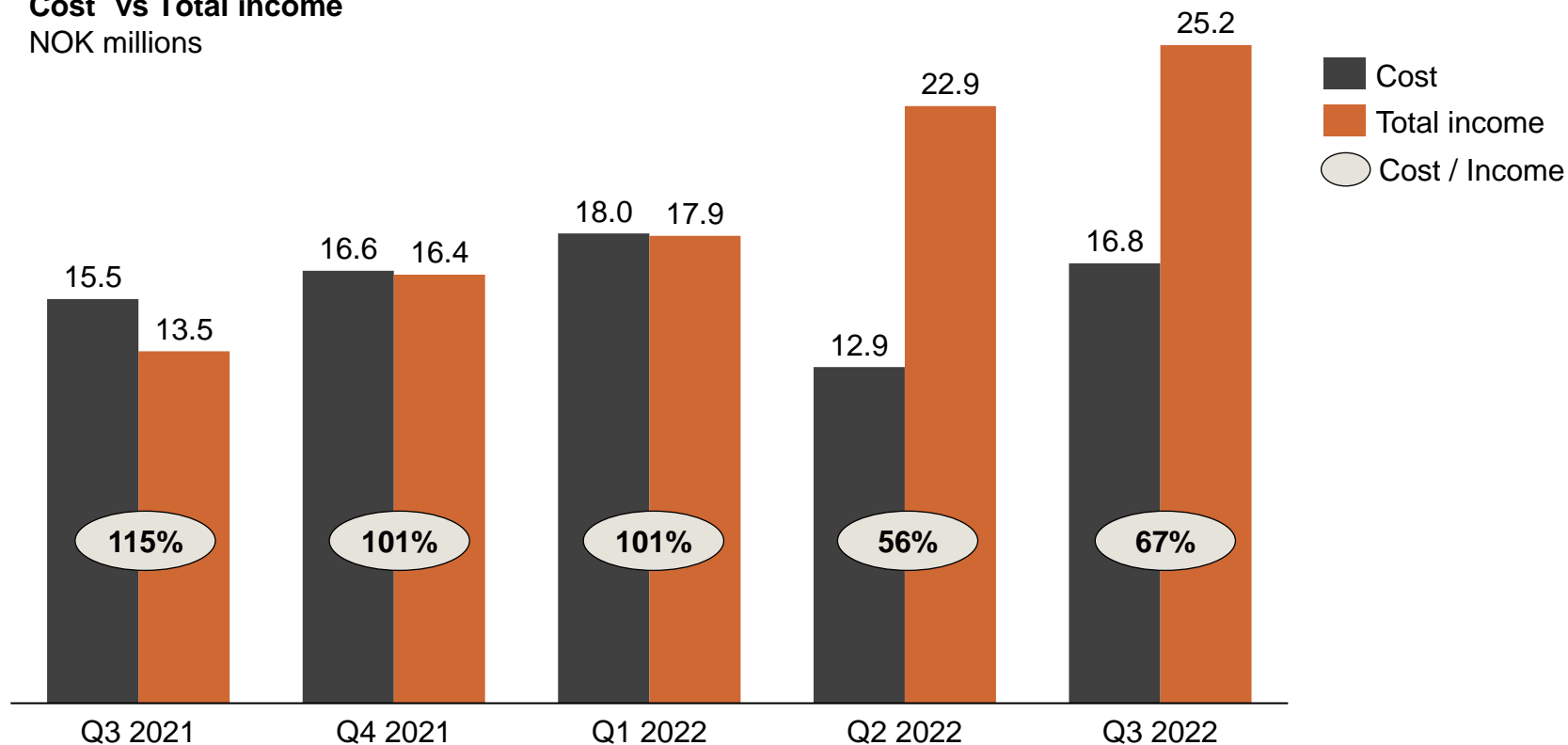




Total income was 50% higher than costs in Q3

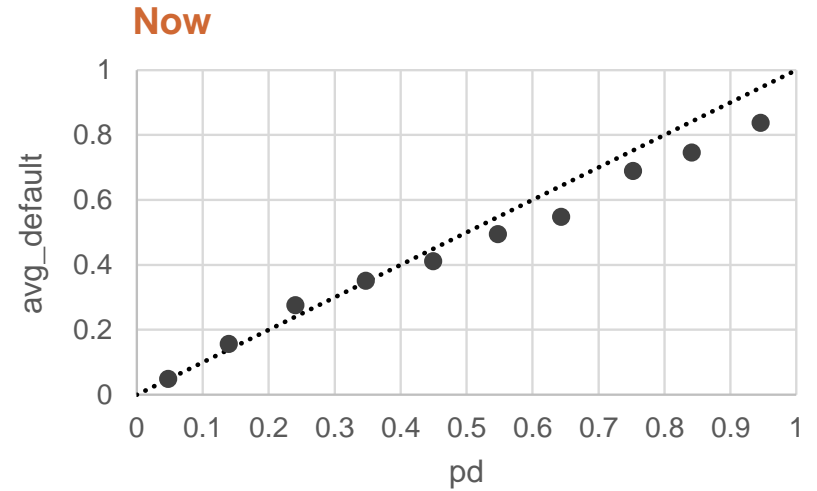
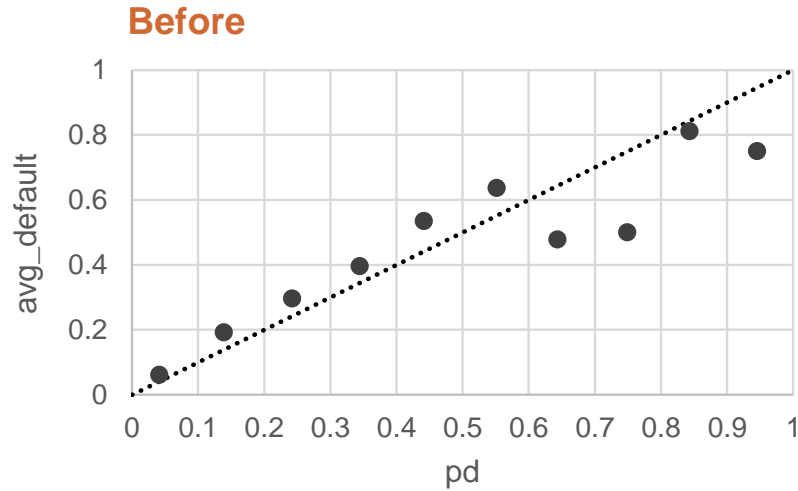
Cost¹ vs Total income

NOK millions





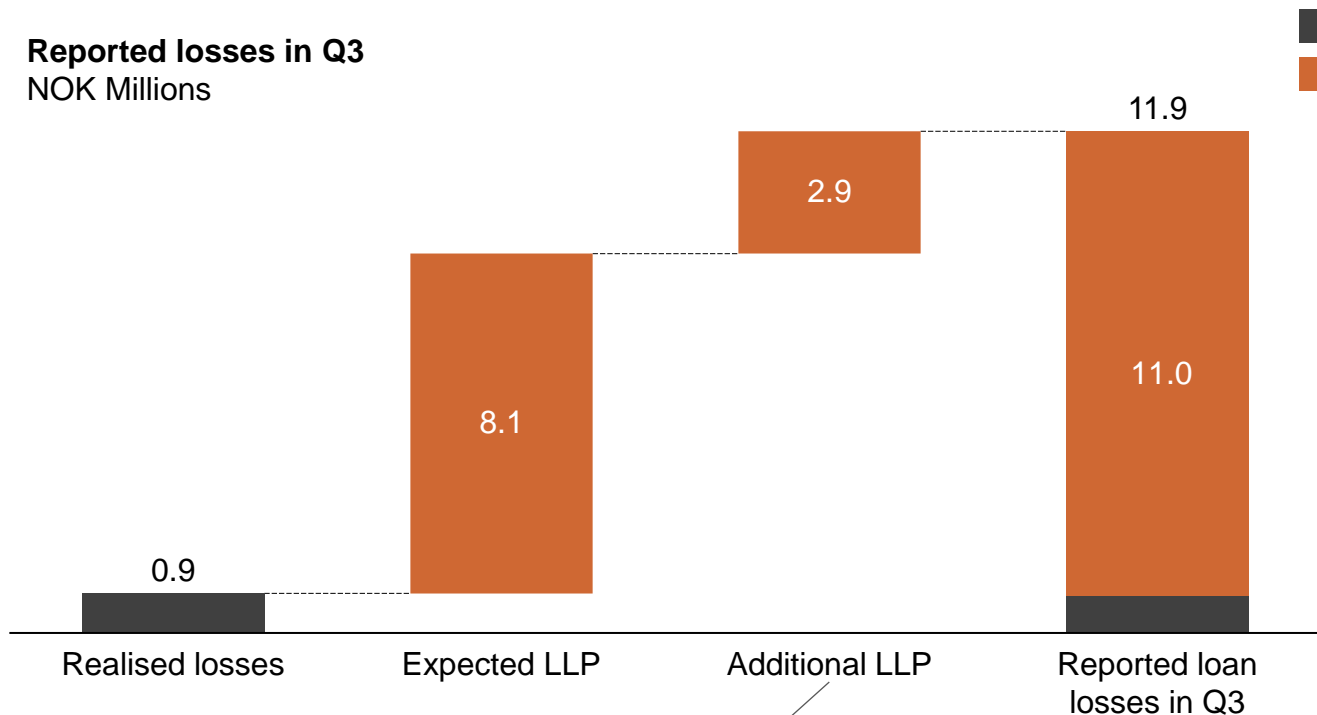
Significant improvement in our machine learning PD models...





...resulted in one-off increase in loan loss provisions

Reported losses in Q3
NOK Millions



- Realised losses
- LLP

LLP: Loan Loss Provisions

An income statement expense set aside as an allowance for future uncollected loans and loan payments (interest rates and fees)

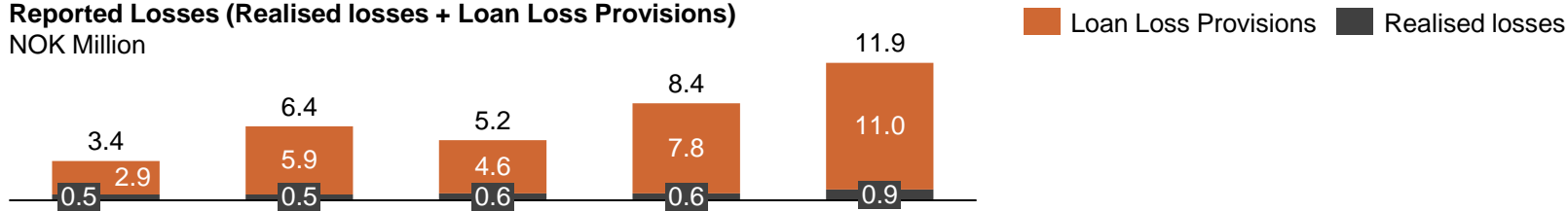
LLP increased due to improved machine learning models



However, net interest margin after losses was still > 10% in Q3

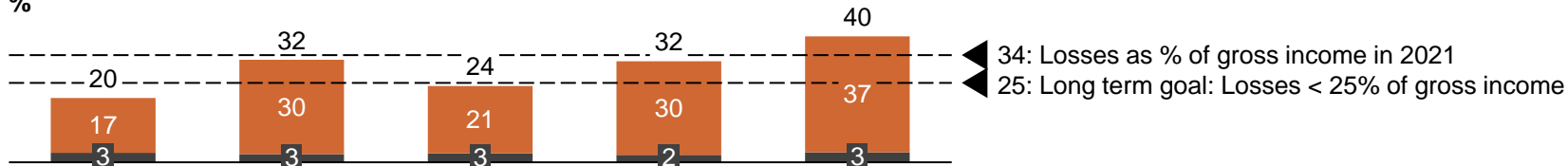
Reported Losses (Realised losses + Loan Loss Provisions)

NOK Million



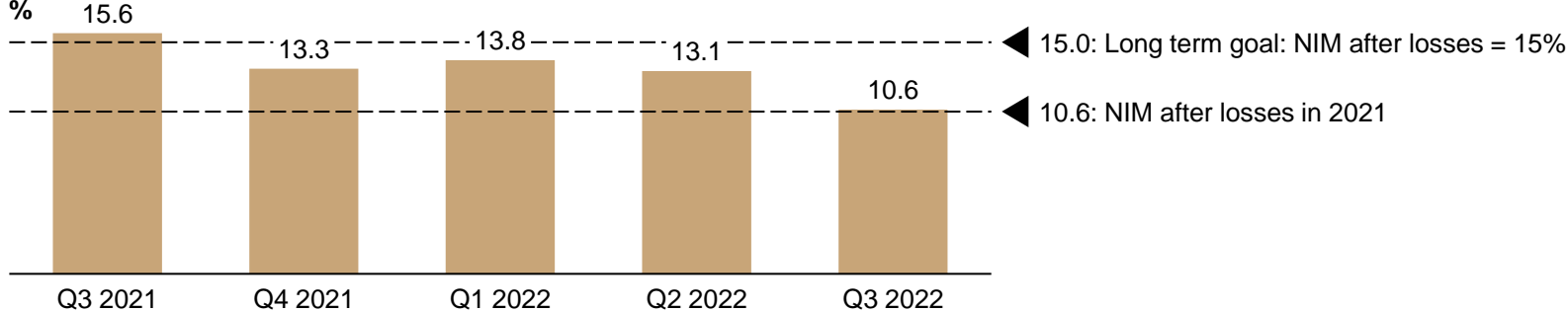
Reported losses as share of gross income from lending to customers

%



Net Interest Margin (NIM) after losses¹

%



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



Visma invests in Aprila to accelerate lending to SMEs

Visma and Aprila see substantial benefits from combining the business of Visma Finance and Aprila.

Aprila and Visma Finance share similar ambitions and have complementary competencies which would together build a very strong platform to become the leading solution in Norway when it comes to factoring financing solutions for small and medium businesses

New hires in Aprila from January



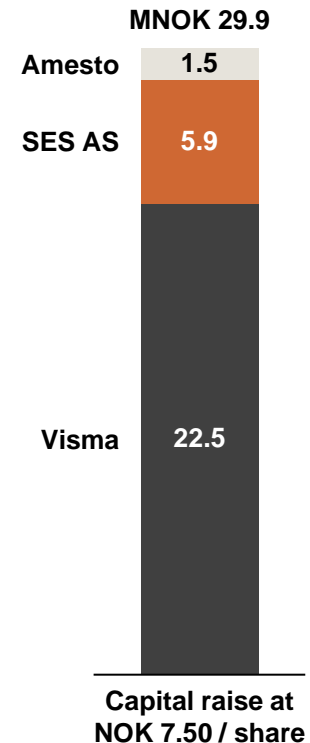
Aksel Fjeld-Olsen

Head of Legal Risk & Compliance in Visma Finance
Former Head of Legal in Svea Finance
Joins as Head of legal in Aprila



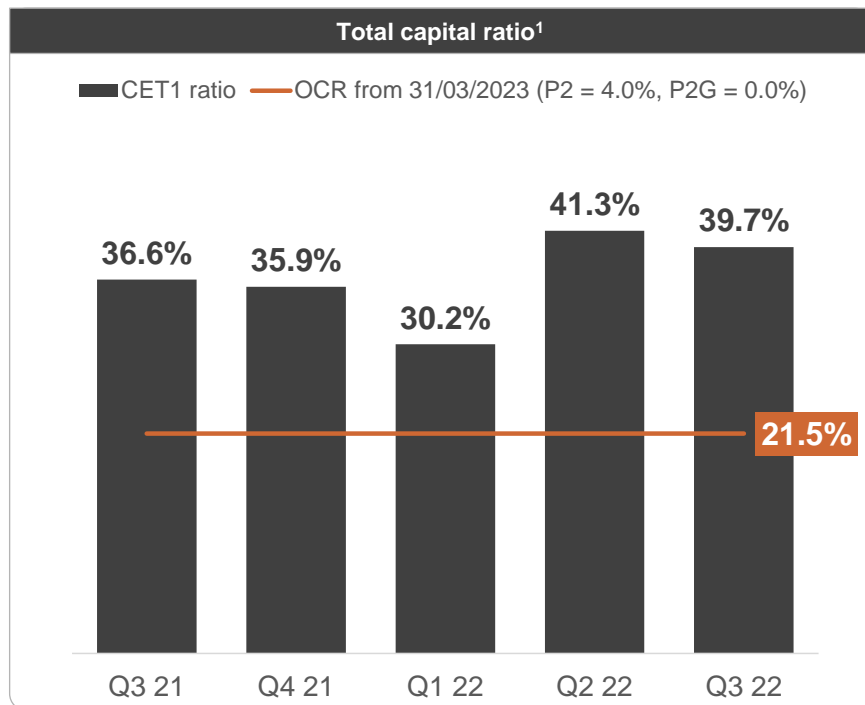
Ida Merete Markussen

Head of Business Development & IT in Visma Finance
Former Lead Consultant in Visma Consulting
Joins as Product & Technology manager in Aprila





The bank is sufficiently capitalised for continued strong growth



Key comments

- CET1-ratio of 39.7% at 30 Sep 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
- SREP delayed
 - The bank expected NFSA³ to determine a revised Pillar 2 requirement, including Pillar 2 Guidance (P2G), in H2 2022, but NFSA has postponed the process
- In the final report from NFSA's on-site inspection of Aprila Bank published 12 October, NFSA stated that the bank, in NFSA's opinion, does not have sufficient historical data to use retail classification
 - We (strongly supported by our advisors) do not share NFSA's view
 - We are waiting for NFSA to revert with a letter
- NOK 30m new equity to be raised at the closing of the Visma transaction

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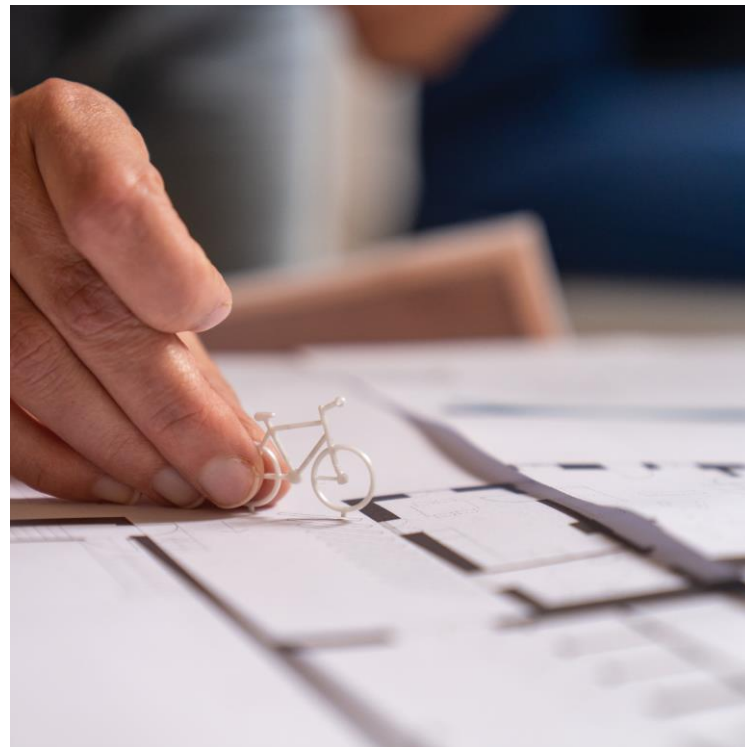
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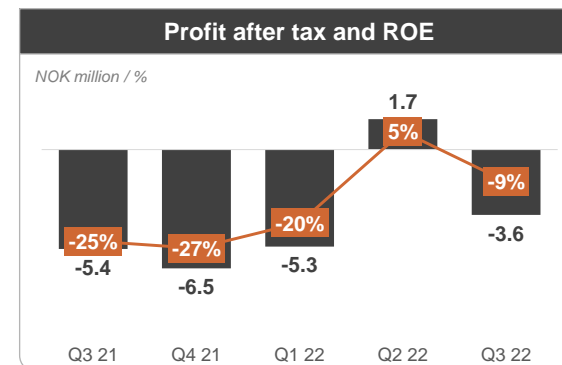
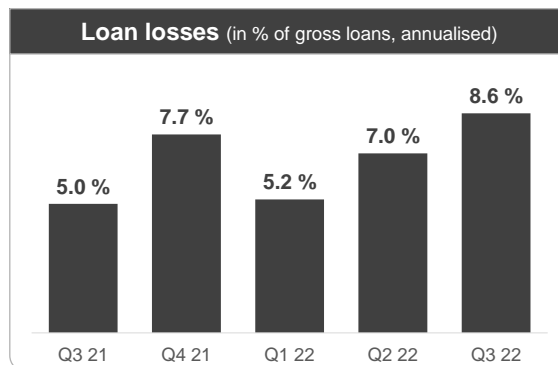
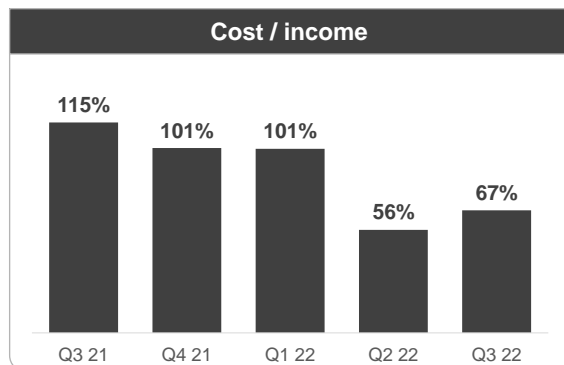
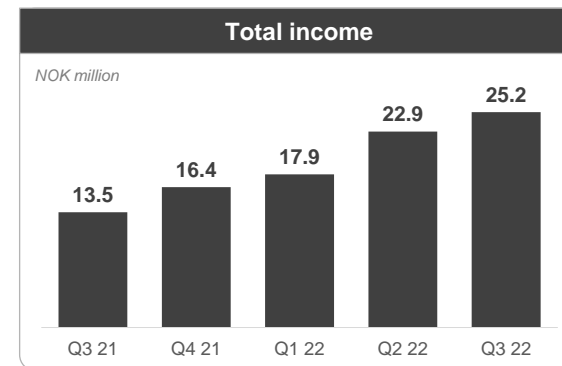
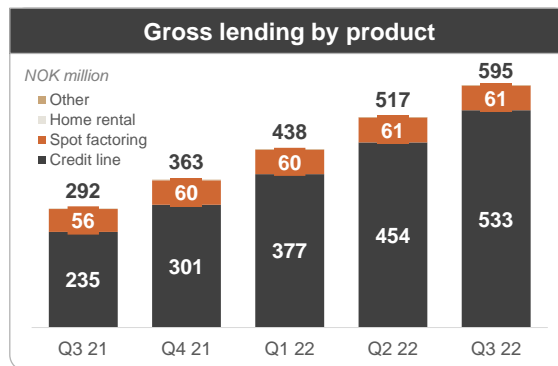
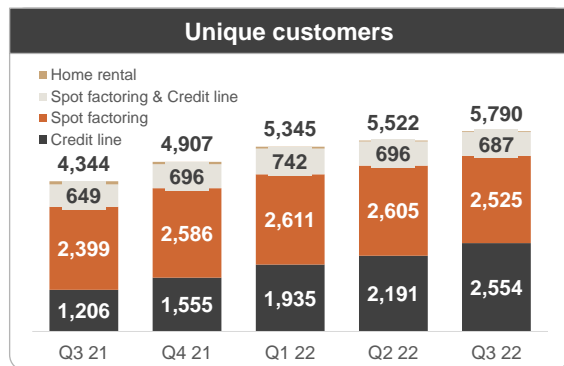
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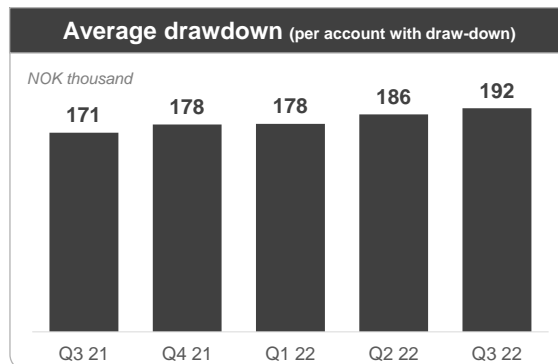
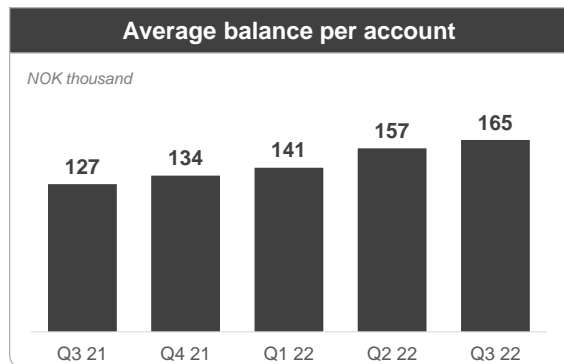
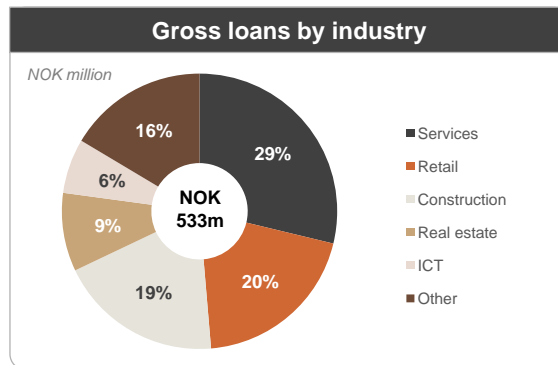
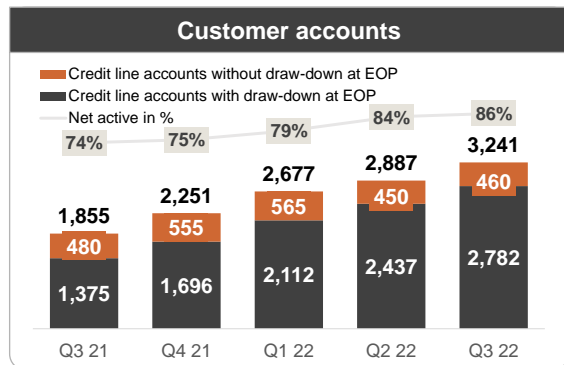


Total income has grown 87% since Q3 last year





Credit line volumes are steadily increasing

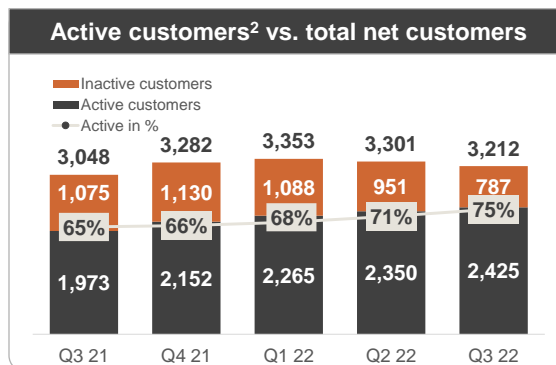
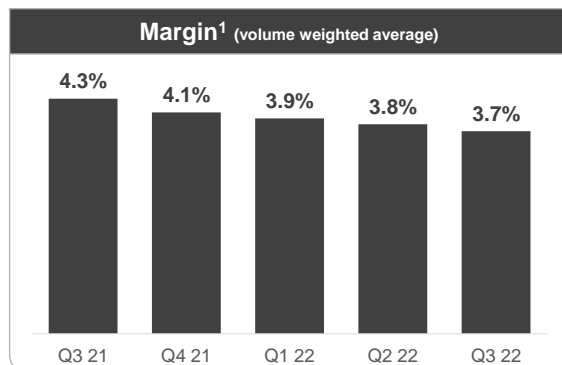
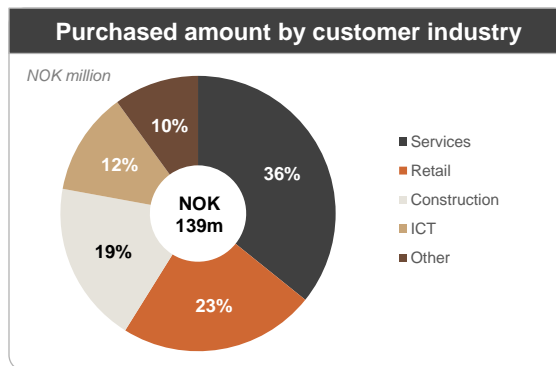
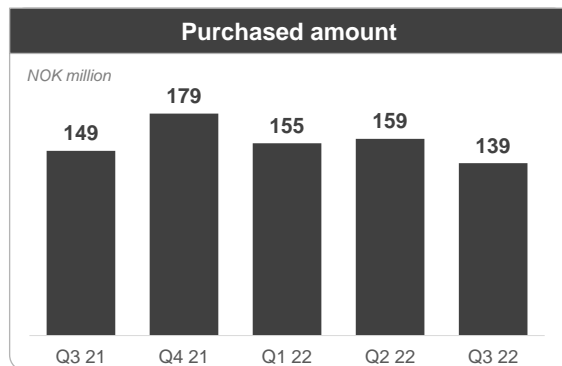


Key comments

- Net 354 new accounts (+12%) added in the quarter
 - Onboarded: 489
 - Offboarded: 135
- 3,241 credit line accounts at the end of the period
- 86% of customer accounts with draw-down at EOP
- NOK 165k outstanding per account at the end of the period
- On average NOK 192k drawn by customers with draw-down



Weaker spot factoring volumes due to paused Visma-onboarding

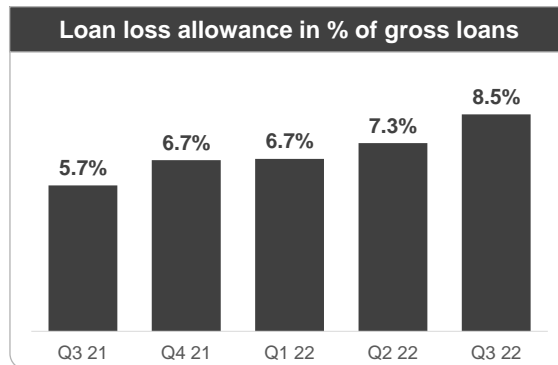
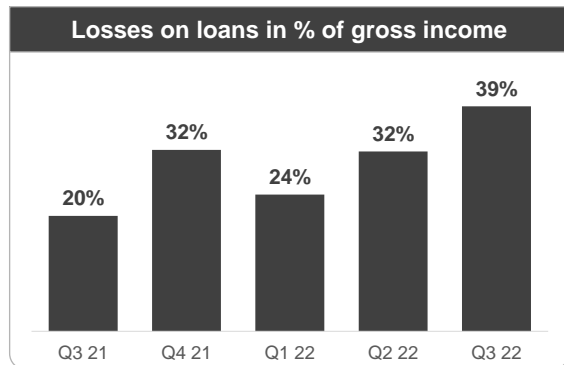
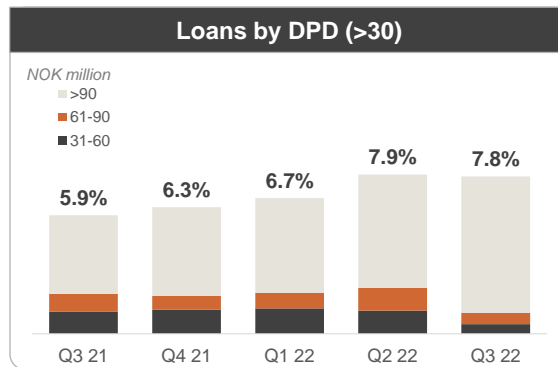
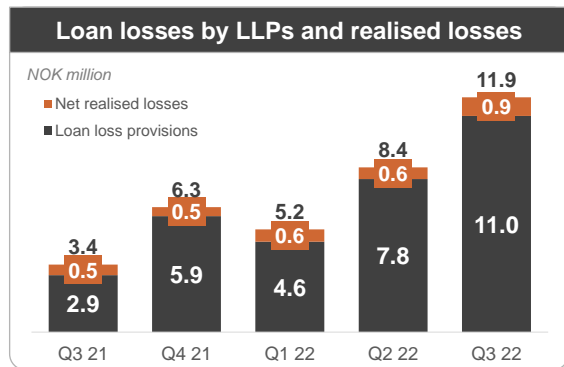


Key comments

- NOK 139m purchased
- Spot factoring accounted for 18% of gross income from lending in Q3 22 (vs. 38% in Q3 21)
- VWA margin: 3.7%
- Customers in services, retail and construction industries accounted for 78% of purchased amount in Q3 22 (74% in Q3 21)
- 2,425 of 3,212 open customer accounts (75%) had sold invoices at the end of the period
- 750 customers sold invoices in Q3



Loan loss provisions elevated by a PD model improvement



Key comments

- Total loan losses of NOK 11.9m in Q3 of which:
 - NOK 11.0m (92%) in LLPs and
 - NOK 0.9m (8%) in net realised losses
- NOK ~3m in unexpected LLPs in Q3, related to a PD model improvement
- DPD >30: 7.8% of gross loans
 - Solid improvement in DPD 31 – 90, mainly due to better operational processes
- Loan loss allowance in % of gross loans: 8.5%
- Aprila's long term ambition is to keep losses at around 25% of gross income

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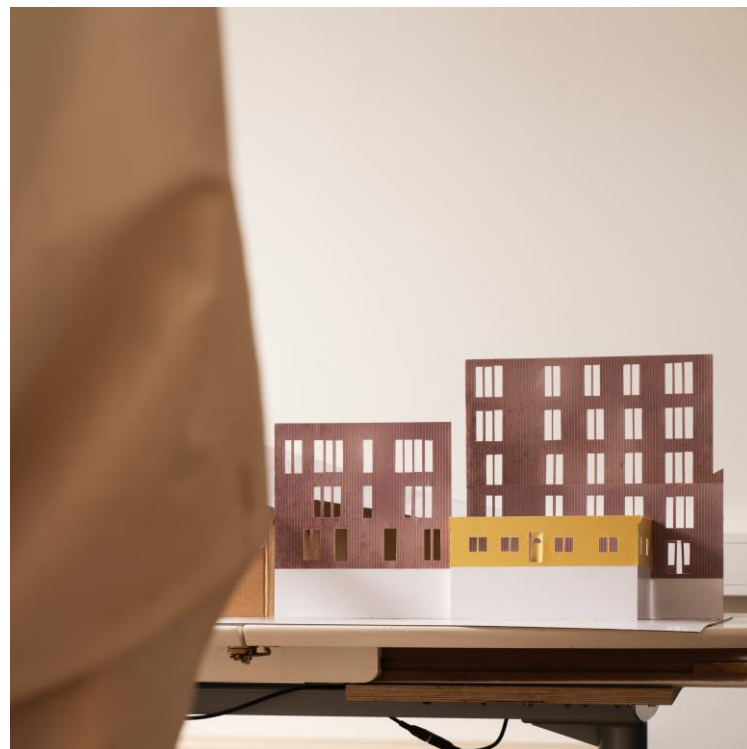
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Increased focus on growth

Q4 2022

Accelerate growth

- Increase marketing spend to significantly increase application volumes
- Accelerate growth of larger credit line customers
- Continue to optimise approval rates, limit offers and pricing

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



Targeting a gross income run-rate > NOK 150 million at year-end

| | YE 21 | Q3 22 | YE 22E | Key drivers |
|--|-------|-------|---------|---|
| Gross income Annual run-rate ¹ (NOK million) | 77 | 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 | 75% | 81% | ~ 80% | <ul style="list-style-type: none"> Lower commission expenses relative to gross income due to higher share of income sourced through own channels Higher funding costs |
| Credit line accounts (End of period) | 2,251 | 3,241 | > 3,500 | <ul style="list-style-type: none"> Increased marketing investments |



01

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02

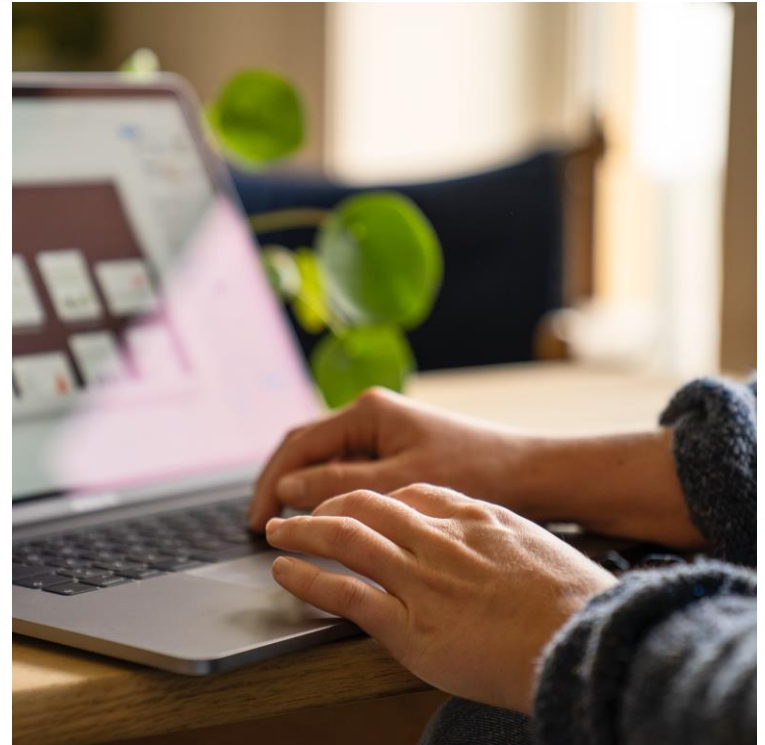
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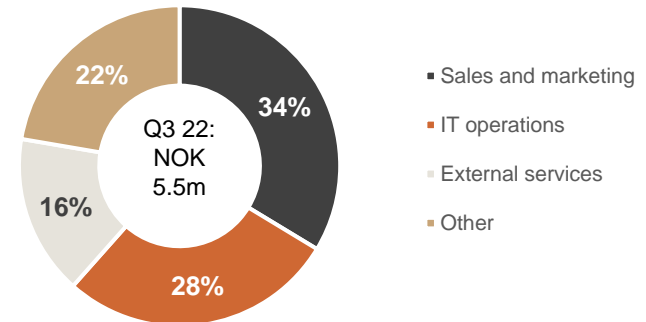
Income statement & general administrative expenses

Income Statement

| <i>Amounts in NOK thousand</i> | Q3 2022 | Q3 2021 | YTD 2022 | YTD 2021 | 2021 |
|--|---------------|---------------|---------------|----------------|----------------|
| Interest income | 25,575 | 13,752 | 66,128 | 33,775 | 50,816 |
| Interest expense | 2,223 | 672 | 4,648 | 2,392 | 3,649 |
| Net interest income | 23,352 | 13,080 | 61,480 | 31,383 | 47,167 |
| Income commissions and fees | 2,390 | 616 | 5,369 | 1,390 | 2,420 |
| Expenses commissions and fees | 148 | 181 | 462 | 524 | 730 |
| Net commissions and fees | 2,242 | 436 | 4,907 | 866 | 1,691 |
| Net gains / losses (-) on certificates, bonds and currency | -413 | -39 | -416 | 613 | 414 |
| Other income | 0 | 0 | 0 | 0 | 0 |
| Total income | 25,180 | 13,477 | 65,972 | 32,861 | 49,272 |
| Salary and other personnel expenses | 9,378 | 8,148 | 23,474 | 24,719 | 32,376 |
| General administrative expenses | 5,463 | 5,414 | 18,259 | 15,417 | 22,107 |
| Total salary and administrative expenses | 14,841 | 13,563 | 41,733 | 40,136 | 54,483 |
| Ordinary depreciation | 2,002 | 1,914 | 5,974 | 6,200 | 8,412 |
| Total operating expenses excl. losses on loans | 16,844 | 15,476 | 47,707 | 46,336 | 62,895 |
| Losses on loans | 11,896 | 3,426 | 25,454 | 14,537 | 20,872 |
| Pre-tax operating profit | -3,560 | -5,425 | -7,189 | -28,012 | -34,495 |
| Tax | 0 | 0 | 0 | 0 | 0 |
| Profit after tax | -3,560 | -5,425 | -7,189 | -28,012 | -34,495 |
| Earnings per share (NOK) | -0.06 | -0.12 | -0.13 | -0.63 | -0.77 |
| Diluted earnings per share (NOK) | -0.06 | -0.12 | -0.13 | -0.63 | -0.77 |

General administrative expenses

| <i>Amounts in NOK thousand</i> | Q3 2022 | Q3 2021 | YTD 2022 | YTD 2021 | 2021 |
|--|--------------|--------------|---------------|---------------|---------------|
| Sales and marketing | 1,839 | 1,217 | 6,618 | 4,212 | 5,767 |
| IT operations | 1,524 | 1,303 | 4,479 | 4,138 | 5,607 |
| External services | 882 | 1,776 | 2,383 | 3,631 | 5,625 |
| External audit and related services | 229 | 339 | 1,669 | 783 | 1,583 |
| Credit information | 321 | 287 | 969 | 860 | 1,154 |
| Other operating expenses | 669 | 492 | 2,141 | 1,792 | 2,372 |
| Total general administrative expenses | 5,463 | 5,414 | 18,259 | 15,417 | 22,107 |



Balance sheet & regulatory capital



| Balance Sheet | | | |
|---|----------------|----------------|----------------|
| <i>Amounts in NOK thousand</i> | 30.09.2022 | 31.12.2021 | 30.09.2021 |
| Loans and deposits with credit institutions | 38,155 | 67,157 | 44,837 |
| Net loans to customers | 544,735 | 338,651 | 275,497 |
| Certificates and bonds | 55,649 | 36,059 | 36,250 |
| Other intangible assets | 10,618 | 14,036 | 15,529 |
| Deferred tax assets | 0 | 0 | 0 |
| Fixed assets | 4,201 | 5,432 | 2,433 |
| Other receivables | 4,043 | 4,143 | 3,416 |
| Total assets | 657,399 | 465,478 | 377,964 |
| Deposits from and debt to customers | 474,653 | 338,002 | 277,091 |
| Other debt | 20,358 | 18,864 | 16,681 |
| Total liabilities | 495,011 | 356,866 | 293,773 |
| Share capital | 61,625 | 44,631 | 44,631 |
| Share premium | 264,828 | 190,545 | 190,545 |
| Unregistered Share capital | 0 | 30,783 | 0 |
| Other paid-in equity | 3,140 | 2,668 | 2,546 |
| Retained earnings | -167,205 | -160,015 | -153,532 |
| Total equity | 162,388 | 108,612 | 84,191 |
| Total equity and liabilities | 657,399 | 465,478 | 377,964 |

| Regulatory capital ¹ | | | |
|---|----------------|----------------|----------------|
| <i>Amounts in NOK thousand</i> | 30.09.2022 | 31.12.2021 | 30.09.2021 |
| Share capital | 61,625 | 44,631 | 44,631 |
| Share premium | 264,828 | 190,545 | 190,545 |
| Other equity | -164,064 | -126,564 | -150,985 |
| Total equity | 162,388 | 108,612 | 84,191 |
| Other intangible assets | -10,618 | -14,036 | -15,529 |
| AVA adjustment | -56 | -36 | -36 |
| Deferred tax assets | 0 | 0 | 0 |
| Common equity tier 1 (CET 1) | 151,715 | 94,540 | 68,625 |
| Tier 1 capital | 151,715 | 94,540 | 68,625 |
| Total capital | 151,715 | 94,540 | 68,625 |
| Risk-weighted assets | | | |
| Loans and deposits with credit institutions | 7,631 | 13,431 | 8,967 |
| Loans to customers | 321,112 | 194,987 | 156,211 |
| Certificates and bonds | 0 | 0 | 0 |
| Other assets | 7,364 | 9,575 | 5,850 |
| Credit risk | 336,107 | 217,994 | 171,028 |
| Operational risk | 45,691 | 45,691 | 16,728 |
| Credit valuation adjustment | 137 | 0 | 0 |
| Risk-weighted assets | 381,935 | 263,685 | 187,755 |
| Common equity tier 1 ratio (%) | 39.7% | 35.9% | 36.6% |
| Tier 1 ratio (%) | 39.7% | 35.9% | 36.6% |
| Total capital ratio (%) | 39.7% | 35.9% | 36.6% |
| Leverage ratio (%) | 23.4% | 20.2% | 18.1% |
| LCR | 352.0% | 284.0% | 312.0% |
| NSFR | 191.5% | 208.7% | 209.4% |

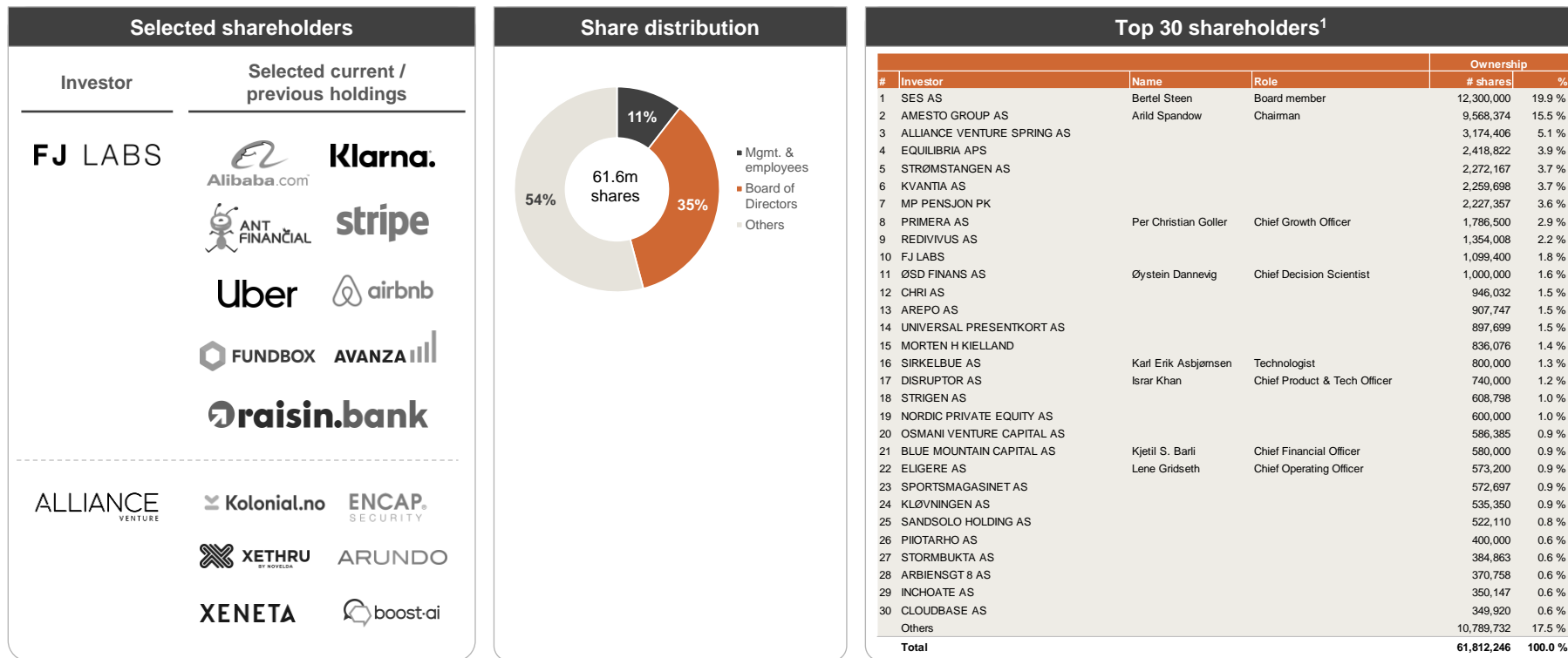
Note 1: The Company implemented retail classification on eligible exposures as of 30 Sep 2021. Historical figures have been changed accordingly for comparability.

Gross income and key figures



| Gross income and key figures | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| NOK million | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22 |
| Gross income and margin | | | | | | | | | |
| Interest income credit line | 2.4 | 3.8 | 5.5 | 7.5 | 10.3 | 12.0 | 15.1 | 18.8 | 22.7 |
| Income commissions and fees credit line | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.5 | 0.7 | 1.3 | 2.0 |
| Gross income credit line | 2.4 | 3.8 | 5.5 | 7.5 | 10.4 | 12.5 | 15.8 | 20.1 | 24.8 |
| Interest income spot factoring | 3.3 | 6.0 | 5.6 | 5.8 | 5.9 | 6.8 | 5.3 | 5.8 | 5.0 |
| Income commissions and fees spot factoring | 0.2 | 0.3 | 0.3 | 0.5 | 0.5 | 0.6 | 0.5 | 0.5 | 0.3 |
| Gross income spot factoring | 3.5 | 6.3 | 6.0 | 6.3 | 6.4 | 7.3 | 5.8 | 6.3 | 5.4 |
| Gross income other | 0.2 | 0.2 | 0.8 | 0.2 | 0.1 | 0.2 | 0.0 | 0.3 | -0.1 |
| Gross income total | 6.0 | 10.3 | 12.3 | 13.9 | 16.9 | 20.1 | 21.7 | 26.7 | 30.0 |
| Direct variable expenses | 2.4 | 3.6 | 4.1 | 3.7 | 3.8 | 4.0 | 4.3 | 4.3 | 5.5 |
| Gross profit bf. loan losses | 3.7 | 6.6 | 8.2 | 10.2 | 13.1 | 16.0 | 17.3 | 22.3 | 24.5 |
| Total income | 4.0 | 7.3 | 8.6 | 10.8 | 13.5 | 16.4 | 17.9 | 22.9 | 25.2 |
| Gross income from lending | 5.9 | 10.1 | 11.6 | 13.9 | 16.9 | 19.9 | 21.7 | 26.5 | 30.2 |
| Total operating expenses | 14.7 | 19.0 | 16.8 | 14.0 | 15.5 | 16.6 | 18.0 | 12.9 | 16.8 |
| Losses on loans | 1.0 | 4.5 | 7.0 | 4.1 | 3.4 | 6.3 | 5.2 | 8.4 | 11.9 |
| Key figures | | | | | | | | | |
| Gross margin | 61% | 65% | 67% | 73% | 77% | 80% | 80% | 84% | 82% |
| Total income / gross income | 66% | 71% | 70% | 77% | 80% | 82% | 83% | 86% | 84% |
| Net interest margin after losses ¹ | 12.0% | 7.1% | 2.0% | 12.2% | 15.6% | 13.3% | 13.8% | 13.1% | 10.6% |
| Cost / income | 367% | 260% | 195% | 130% | 115% | 101% | 101% | 56% | 67% |
| Losses on loans / gross income from lending | 16% | 45% | 61% | 29% | 20% | 32% | 24% | 32% | 39% |

Aligned interests among key stakeholders



Note 1: As registered in VPS 11 November 2022.

Aprila