

Aprila

Q4 Interim report

October - December 2023

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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 spot factoring.

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 (19.8%), Amesto Group AS (14.8%), and Alliance Venture Spring AS (4.8%)¹.

Fourth quarter 2023

Highlights from the quarter are outlined below.

- Aprila delivered a pre-tax profit of NOK 9.6 million in the quarter.
- Total income amounted to NOK 47.5 million, an increase of 60% YoY and 13% QoQ.
- Gross loans at the end of the quarter amounted to NOK 909 million, an increase of 35% YoY and 5% QoQ.
- Gross lending to credit line accounts amounted to NOK 864 million at the end of the quarter, an increase of 42% YoY and 7% QoQ.
- At the end of the quarter, Aprila had 6,761 unique business customers, an increase of 10% YoY and 0% QoQ.
- At the end of the quarter, Aprila had 7,367 open customer accounts distributed on Aprila's three lending platforms: credit line (4,819 accounts), spot factoring (2,542 accounts), and home rental² (6 accounts).

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q4 2022 are presented in brackets.

Interest income in the quarter amounted to NOK 50.9 million (NOK 30.0 million), net interest income to NOK 41.3 million (NOK 26.0 million) and total income was NOK 47.5 million (NOK 29.7 million).

Total operating expenses amounted to NOK 27.1 million (NOK 21.4 million) of which NOK 15.5 million (57%) in salary and personnel expenses, NOK 10.1 million (37%) in general administrative expenses and NOK 1.6 million (6%) in depreciation and impairment of fixed and intangible assets.

Losses on loans amounted to NOK 10.5 million (NOK 9.6 million). Pre-tax operating profit amounted to NOK 9.9 million (NOK -1.4 million).

Total assets at the end of the quarter amounted to NOK 1,062 million (NOK 787 million) of which NOK 820 million (NOK 612 million) were net loans to customers. Total equity amounted to NOK 217 million (NOK 192 million) and the CET1-ratio was 29.9% (36.3%). Total liquid assets amounted to NOK 227 million (NOK 132 million) of which NOK 74 million in bank deposits and NOK 153 million in certificates and bonds.

¹⁾ As registered in VPS 23 January 2024.

²⁾ Onboarding of new home rental customers ceased in H1 2021.

Outlook

Macroeconomic outlook

Norges Bank raised the key policy rate 25 bps in the quarter, from 4.25% to 4.50%. Key factors behind the central bank's assessment in the December meeting were continued high cost and wage inflation and the depressed value of the Norwegian currency. The central bank announced that it expected the policy rate to stay at 4.50% until the second half of 2024. In the January 2024 meeting, Norges Bank kept the policy rate unchanged at 4.50% and stated that the economy is cooling down and that it "assesses that the policy rate is now sufficiently high to return inflation to target within a reasonable time horizon"³.

The 4.50 percentage point increase in the 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 3.5 percentage points⁴. In terms of interest income, 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.

In the current macro-economic environment, we consider the key uncertainties for Aprila to be the effect of high inflation and the prevailing geopolitical uncertainty on our customers' credit appetite and quality. Aprila's access to day-to-day accounting data for a large share of its customers provides a unique insight into the customers' financial position and the bank will continue to closely monitor the financial health of its customers and continuously align its risk appetite with the customers' financial performance.

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 new banking package (CRR3/CRD6 and BRRD3) is adopted in the EU. The new banking package is expected to apply from 1 January 2025⁵.

The bank is of the opinion that the exposures classified as retail exposures as of 31 December 2023, 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 2023.

Capital requirements

The systemic risk buffer (SyRB) increased from 3.0% to 4.5% on 31 December 2023, lifting Aprila's overall capital requirement (OCR) from 20.0% to 21.5%. Furthermore, the bank expects the Norwegian FSA to finalise the supervisory review (SREP) of Aprila in 2024 and issue a new Pillar 2 requirement and a Pillar 2 guidance for the bank.

Key priorities

During the first half of 2024 Aprila continues to focus on the following three key priorities:

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. During the first half of 2024, Aprila will continue to focus on implementing a set of carefully selected and prioritised initiatives that will increase the level of automation and quality, and thus strengthen Aprila's competitive advantage

Continue the strong growth

Aprila.no is the main source for attracting new customers. During the first half of 2024, Aprila will continue to enhance customer acquisition through own channels and select partner channels in order to maintain a high growth trajectory and continue to increase the ratio of customer lifetime value to customer acquisition cost.

Improve profitability

Aprila reached underlying overall profitability in the second quarter 2023; an important milestone for the bank. The accomplishment reflects the bank's operational efficiency and the scalability of its business model. Looking ahead, the bank remains committed

³ Source: <https://www.norges-bank.no/en/topics/Monetary-policy/Monetary-policy-meetings/2024/january-2024/>.

⁴ From 1.0 percent in September 2021 to 4.52 percent from 20 December 2023.

⁵ Source: https://finance.ec.europa.eu/news/commission-welcomes-political-agreement-eu-banking-package-2023-06-27_en.

to improving its underlying profitability and expects to deliver a robust net income in 2024.

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

On 8 February 2024, the bank received its first draft SREP decision from FSA: a Pillar 2 requirement (P2) of 6.0% and a Pillar 2 guidance (P2G) of 1.5%. The bank has been given until 4 March 2024 to respond. If the FSA decides to maintain the draft P2 and P2G levels in the final SREP decision, Aprila's OCR will increase from 21.5% to 23.5%, and the FSA will expect Aprila to maintain a buffer of 1.5% on top of this in its financial planning.

Other information

The accounting surplus for the fourth quarter 2023 has in its entirety been added to retained earnings. The retained earnings year-to-date as of 31 December 2023 is included in common equity tier 1.

Oslo, 12 February 2024

Board of Directors
Aprila Bank ASA

Condensed consolidated interim statement of comprehensive income

Amounts in NOK thousand	Note	Q4 2023	Q4 2022	2023	2022
Interest income		50,861	30,038	171,672	96,166
Interest expense		9,515	3,994	29,957	8,642
Net interest income		41,347	26,044	141,715	87,524
Income commissions and fees		3,769	2,784	13,398	8,154
Expenses commissions and fees		165	164	817	626
Net commissions and fees		3,604	2,621	12,581	7,528
Net gains / losses (-) on certificates, bonds and currency		2,533	1,013	6,308	597
Other income		0	0	0	0
Total income		47,484	29,677	160,604	95,649
Salary and other personnel expenses		15,455	10,058	52,067	33,531
General administrative expenses	8	10,080	9,107	35,607	27,366
Total salary and administrative expenses		25,536	19,165	87,674	60,898
Depreciation and impairment of fixed and intangible assets		1,841	2,260	7,213	8,234
Total operating expenses excl. losses on loans		27,376	21,425	94,886	69,132
Losses on loans	2, 3	10,547	9,628	42,632	35,083
Pre-tax operating profit		9,561	-1,376	23,086	-8,565
Tax	9	0	0	0	0
Profit after tax		9,561	-1,376	23,086	-8,565
Earnings per share (NOK)		0.15	-0.02	0.35	-0.15
Diluted earnings per share (NOK)		0.15	-0.02	0.35	-0.15

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q4 2023	Q4 2022	2023	2022
Comprehensive income for the period	9,561	-1,376	23,086	-8,565

Condensed statement of financial position

Amounts in NOK thousand	Note	31.12.2023	31.12.2022
Loans and deposits with credit institutions	5, 6	73,803	65,111
Net loans to customers	2, 3, 6	819,774	612,478
Certificates and bonds	6	152,963	66,664
Other intangible assets		6,853	9,263
Deferred tax assets	9	0	0
Fixed assets		2,036	3,676
Other receivables	7	6,170	29,482
Total assets		1,061,600	786,673
Deposits from and debt to customers	6	821,235	577,249
Other debt	7	23,689	17,313
Total liabilities		844,924	594,562
Share capital	4	65,819	61,812
Share premium	4	291,636	265,671
Unregistered Share capital	4	1,315	29,971
Other paid-in equity	4	3,402	3,237
Retained earnings	4	-145,495	-168,581
Total equity		216,676	192,111
Total equity and liabilities		1,061,600	786,673

Condensed statement of the cash flow position

Amounts in NOK thousand	Note	Q4 2023	Q4 2022	2023	2022
Pre-tax operating profit		9,561	-1,376	23,086	-8,565
Taxes	9	0	0	0	0
Depreciation and impairment of fixed and intangible assets		1,841	2,260	7,213	8,234
Change in loans	3	-50,025	-67,743	-207,296	-273,827
Change in deposits from customers		-39,828	102,597	243,985	239,247
Change in securities	6	57,468	-11,015	-86,300	-30,604
Change in accruals		3,852	-27,949	31,448	-24,971
Net cash flow from operating activities		-17,132	-3,227	12,135	-90,487
Net investments in fixed assets		-79	-141	-205	-471
Net investments in intangible assets		-1,055	-334	-2,753	-1,392
Net cash flow from investing activities		-1,134	-476	-2,959	-1,863
Paid-in equity	4	1,324	31,099	1,480	92,065
Repayment of leasing liabilities		-513	-440	-1,964	-1,761
Net cash flow from financing activities		810	30,659	-485	90,304
Net cash flow for the period		-17,456	26,956	8,692	-2,046
Cash and cash equivalents at the start of the period	5	91,259	38,155	65,111	67,157
Cash and cash equivalents at the end of the period	5	73,803	65,111	73,803	65,111

Condensed statement of changes in equity

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2021	44,631	190,545	30,783	2,668	-160,015	108,612
Share capital increase	17,181	75,126	-812			91,495
Changes in equity due to stock options program				569		569
Net profit for the period					-8,565	-8,565
Equity as of 31 December 2022	61,812	265,671	29,971	3,237	-168,581	192,111

Amounts in NOK thousand	Share, capital	Share, premium	Unregistered Share capita	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

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 2022.

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 12 February 2024.

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 2023, Aprila has used three scenarios to determine the probability-weighted expected credit losses:

Amounts in NOK thousand	Base	Recession	Boom	Weighted
Probability	50%	40%	10%	
ECL	83,941	100,653	74,164	89,648

Note 3 Loans to customers

New default definition in Q1 23

According to Article 178 in Regulation (EU) No 575/2013 (CRR), a default shall be considered to have occurred if either of the following have taken place: (a) the institution considers that the obligor is unlikely to pay its credit obligations to the institution; (b) the obligor is past due more than 90 days on any material credit obligation to the institution. Letter (a) is often referred to as the "Unlikelihood-to-pay" (UTP) criteria.

In March 2023, Aprila tightened its UTP-definition, by removing some subcategories of UTP from its definition of default. This contributed to a migration from Stage 3 to Stage 1 and 2 and consequently a reduction in the ratio of Stage 3 gross carrying amount (GCA) to total GCA of around 3 percentage points from 31 December 2022 to 31 March 2023. The change also resulted in a higher coverage ratio in Stage 3 due to a lower overall probability of default reversal, and a significantly higher share of Stage 3 exposures with a default reversal probability of zero⁶, and hence a higher LLA relative to GCA.

New PD model in Q3 23

According to paragraph 5.5.9 in IFRS 9, an entity shall, at each reporting date, assess whether the credit risk of a financial instrument has increased significantly since initial recognition. To make that assessment, an entity shall compare the probability of default at the reporting date with the probability of default at the date of initial recognition. If the credit risk of a financial instrument has increased significantly since initial recognition, the instrument should be placed in Stage 2, and the expected credit loss should be measured over the lifetime of the instrument, rather than over the next 12 months.

Prior to August 2023, Aprila used one PD-model for applications and one PD-model for customers. In August 2023, the bank employed a new statistical method to combine two models into one. The output from the new model, when measuring the PD at initial recognition, shows a lower degree of volatility than the output from the previous model. Thus, when using the new model to measure PD both at initial recognition and at the reporting date, fewer exposures migrate to Stage 2.

Aprila considers the new model to be superior to the old and has decided to use the new model to measure PD both at initial recognition and at the reporting date. This resulted in a decrease in the ratio of Stage 2 GCA to total GCA of around 7 percentage points; from 25.7% on 30 June 2023 to 18.3% on 30 September 2023.

LOANS TO CUSTOMERS

Amounts in NOK thousand	31.12.2023	31.12.2022
Credit line	863,629	610,040
Non-recourse factoring	44,219	61,912
Other	1,575	1,088
Gross loans to customers	909,422	673,040
Loan loss allowance	89,648	60,562
Net loans to customers	819,774	612,478

DEFAULTS AND LOSSES

Amounts in NOK thousand	31.12.2023	31.12.2022
Gross loans in stage 3	87,480	81,379
Loan loss allowance stage 3	54,793	38,782
Net loans in stage 3	32,687	42,597

⁶ Claims that are more than 90 days past due have a default reversal probability of zero (only UTP-defaults can be reversed).

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q4 2023	Q4 2022	2023	2022
Loan loss provisions stage 1	2,776	2,295	6,349	4,108
Loan loss provisions stage 2	-2,749	2,302	6,725	6,034
Loan loss provisions stage 3	-9,864	4,480	5,256	22,234
Total loan loss provisions in the period	-9,837	9,077	18,331	32,376
Realised losses in the period	20,384	551	24,301	2,706
Losses on loans in the period	10,547	9,628	42,632	35,083

AGEING OF LOANS, LOANS TO CUSTOMERS

Amounts in NOK thousand	31.12.2023	31.12.2022
Loans not past due	770,453	589,592
Past due 1 - 30 days	41,244	23,244
Past due 31 - 60 days	19,232	10,647
Past due 61 - 90 days	8,628	5,903
Past due 91+ days	69,865	43,654
Total	909,422	673,040

AGEING OF LOANS, CREDIT LINE

Amounts in NOK thousand	31.12.2023	31.12.2022
Loans not past due	747,706	557,953
Past due 1 - 30 days	30,345	10,581
Past due 31 - 60 days	17,717	7,855
Past due 61 - 90 days	7,175	4,012
Past due 91+ days	60,686	29,639
Total	863,629	610,040

AGEING OF LOANS, NON-RECOURSE FACTORING

Amounts in NOK thousand	31.12.2023	31.12.2022
Loans not past due	21,172	30,551
Past due 1 - 30 days	10,899	12,663
Past due 31 - 60 days	1,515	2,793
Past due 61 - 90 days	1,453	1,891
Past due 91+ days	9,179	14,016
Total	44,219	61,912

LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2023	616,759	158,568	89,265	864,592
Transfers from stage 1 to stage 2	-50,700	50,700	0	0
Transfers from stage 1 to stage 3	-2,825	0	2,825	0
Transfers from stage 2 to stage 1	49,449	-49,449	0	0
Transfers from stage 2 to stage 3	0	-21,584	21,584	0
Transfers from stage 3 to stage 1	362	0	-362	0
Transfers from stage 3 to stage 2	0	310	-310	0
New financial assets issued in the period	186,484	11,695	2,985	201,165
Financial assets derecognised in the period	-104,383	-23,443	-28,508	-156,334
Gross carrying amount as of 31 December 2023	695,145	126,797	87,480	909,422

LOAN LOSS ALLOWANCE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2023	14,978	19,850	60,014	94,842
Transfers from stage 1 to stage 2	-2,014	2,014	0	0
Transfers from stage 1 to stage 3	-194	0	194	0
Transfers from stage 2 to stage 1	2,037	-2,037	0	0
Transfers from stage 2 to stage 3	0	-3,748	3,748	0
Transfers from stage 3 to stage 1	20	0	-20	0
Transfers from stage 3 to stage 2	0	44	-44	0
New financial assets issued in the period	2,362	714	599	3,674
Increased expected credit loss	3,483	5,885	13,354	22,721
Decreased expected credit loss	-2,503	-5,066	-1,740	-9,309
Financial assets derecognised in the period	-414	-554	-21,312	-22,280
Loan loss allowance as of 31 December 2023	17,754	17,100	54,793	89,648

LOANS TO CUSTOMERS, CREDIT LINE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2023	581,764	153,841	74,776	810,380
Transfers from stage 1 to stage 2	-49,971	49,971	0	0
Transfers from stage 1 to stage 3	-2,581	0	2,581	0
Transfers from stage 2 to stage 1	49,449	-49,449	0	0
Transfers from stage 2 to stage 3	0	-19,873	19,873	0
Transfers from stage 3 to stage 1	362	0	-362	0
Transfers from stage 3 to stage 2	0	310	-310	0
New financial assets issued in the period	156,474	7,658	2,026	166,158
Financial assets derecognised in the period	-71,935	-20,427	-20,547	-112,910
Gross carrying amount as of 31 December 2023	663,561	122,031	78,037	863,629

LOAN LOSS ALLOWANCE, CREDIT LINE

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2023	14,727	19,165	53,391	87,283
Transfers from stage 1 to stage 2	-1,997	1,997	0	0
Transfers from stage 1 to stage 3	-188	0	188	0
Transfers from stage 2 to stage 1	2,037	-2,037	0	0
Transfers from stage 2 to stage 3	0	-3,382	3,382	0
Transfers from stage 3 to stage 1	20	0	-20	0
Transfers from stage 3 to stage 2	0	44	-44	0
New financial assets issued in the period	2,141	318	487	2,946
Increased expected credit loss	3,483	5,711	12,673	21,867
Decreased expected credit loss	-2,492	-5,063	-1,644	-9,200
Financial assets derecognised in the period	-207	-239	-18,074	-18,520
Loan loss allowance as of 31 December 2023	17,524	16,514	50,339	84,376

LOANS TO CUSTOMERS, NON-RECOURSE FACTORING

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as of 30 September 2023	33,306	4,727	14,489	52,522
Transfers from stage 1 to stage 2	-729	729	0	0
Transfers from stage 1 to stage 3	-244	0	244	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	-1,711	1,711	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	30,010	4,037	959	35,006
Financial assets derecognised in the period	-32,333	-3,016	-7,961	-43,310
Gross carrying amount as of 31 December 2023	30,010	4,765	9,444	44,219

LOAN LOSS ALLOWANCE, NON-RECOURSE FACTORING

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 September 2023	241	685	6,623	7,549
Transfers from stage 1 to stage 2	-17	17	0	0
Transfers from stage 1 to stage 3	-6	0	6	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	-367	367	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	221	396	112	728
Increased expected credit loss	0	173	681	854
Decreased expected credit loss	-10	-3	-96	-109
Financial assets derecognised in the period	-207	-315	-3,238	-3,761
Loan loss allowance as of 31 December 2023	221	586	4,454	5,262

Note 4 Regulatory capital

Amounts in NOK thousand	31.12.2023	31.12.2022
Share capital	65,819	61,812
Share premium	291,636	265,671
Other equity	-140,778	-135,373
Total equity	216,676	192,111
Part of interim or year-end profit not eligible	0	0
Additional value adjustments (AVA)	-153	-67
Other intangible assets	-6,853	-9,263
Deferred tax assets	0	0
Insufficient coverage for non-performing exposures	-28	0
Common equity tier 1 (CET 1)	209,641	182,781
Tier 1 capital	209,641	182,781
Total capital	209,641	182,781

RISK-WEIGHTED ASSETS

Regional governments or local authorities	356	408
Public sector entities	146	333
Institutions	14,764	13,037
Corporates	18,447	13,404
Retail	431,560	309,219
Exposures in default	30,653	31,860
Collective investments undertakings (CIU)	6,934	2,491
Other items	7,575	31,518
Credit risk	510,434	402,270
Position, foreign exchange and commodities risks	0	0
Operational risk	190,954	100,733
Credit valuation adjustment	380	171
Risk-weighted assets	701,768	503,173

Common equity tier 1 ratio (%)	29.9%	36.3%
Tier 1 ratio (%)	29.9%	36.3%
Total capital ratio (%)	29.9%	36.3%
Leverage ratio (%)	19.5%	23.5%
LCR	701%	424%
NSFR	206%	196%

Capital requirements

Aprila's CET1-requirement as of 31 December 2023 was 18.0%. The Tier 1 capital requirement was 19.5% and the overall capital requirement (OCR) was 21.5%. The CET1-requirement of 18.0% includes a Pillar 2 requirement of 4.0%, given in a letter from the Norwegian FSA in October 2017, in connection with the issuance of Aprila's banking license. The regulatory minimum leverage ratio requirement is 5.0%, the minimum LCR is 100% and the minimum NSFR is 100%.

On 8 February 2024, the bank received its first draft SREP decision from FSA: a Pillar 2 requirement (P2) of 6.0% and a Pillar 2 guidance (P2G) of 1.5%. The bank has been given until 4 March 2024 to respond. If the FSA decides to maintain the draft P2 and P2G levels in the final SREP decision, Aprila's OCR will increase from 21.5% to 23.5%, and the FSA will expect Aprila to maintain a buffer of 1.5% on top of this in its financial planning.

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 new banking package (CRR3/CRD6 and BRRD3) is adopted in the EU. The new banking package is expected to apply from 1 January 2025⁷.

The bank is of the opinion that the exposures classified as retail exposures as of 31 December 2023, 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 2023.

Note 5 Loans and deposits with credit institutions

Amounts in NOK thousand	31.12.2023	31.12.2022
Loans and deposits with credit institutions	73,803	65,111
Total	73,803	65,111

⁷ Source: https://finance.ec.europa.eu/news/commission-welcomes-political-agreement-eu-banking-package-2023-06-27_en.

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.

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

Amounts in NOK thousand	31.12.2023	31.12.2022
Initial recognition	145,784	65,796
Change in fair value	7,180	868
Total financial assets at fair value	152,963	66,664

Financial instruments at amortised cost

Amounts in NOK thousand	31.12.2023	31.12.2022
Loans and deposits with credit institutions	73,803	65,111
Net loans to customers	819,774	612,478
Other receivables	6,170	29,482
Total financial assets at amortised cost	899,747	707,071
Deposits from and debt to customers	821,235	577,249
Other debt	23,689	17,313
Total financial liabilities at amortised cost	844,924	594,562

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	31.12.2023	31.12.2022
Skattefunn tax deduction claim	2,242	2,634
Other receivables	3,927	26,848
Total receivables	6,170	29,482

OTHER LIABILITIES

Amounts in NOK thousand	31.12.2023	31.12.2022
Payables to suppliers	4,151	2,966
Payables to factoring customers and partners	3,215	2,562
Social security tax	2,415	1,634
Lease liabilities	2,078	3,734
Other liabilities	11,830	6,416
Total other liabilities	23,689	17,313

Note 8 General administrative expenses

Amounts in NOK thousand	Q4 2023	Q4 2022	2023	2022
Sales and marketing	3,875	4,753	15,589	11,372
IT operations	2,162	1,713	7,658	6,192
External services	1,121	1,105	3,728	3,487
External audit and related services	755	438	1,475	2,106
Credit information	356	315	1,456	1,283
Other operating expenses	1,811	784	5,700	2,925
Total general administrative expenses	10,080	9,107	35,607	27,366

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 2023 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 2022 for more details.

Note 10 Subsequent events

On 8 February 2024, the bank received its first draft SREP decision from FSA: a Pillar 2 requirement (P2) of 6.0% and a Pillar 2 guidance (P2G) of 1.5%. The bank has been given until 4 March 2024 to respond. If the FSA decides to maintain the draft P2 and P2G levels in the final SREP decision, Aprila's OCR will increase from 21.5% to 23.5%, and the FSA will expect Aprila to maintain a buffer of 1.5% on top of this in its financial planning.

Note 11 Shareholders

20 LARGEST SHAREHOLDERS AS REGISTERED IN VPS 25 JANUARY 2024

Shareholder	Ownership	
	Shares	Per cent
1 SES AS	13,090,000	19.81%
2 AMESTO GROUP AS	9,768,374	14.79%
3 ALLIANCE VENTURE SPRING AS	3,174,406	4.80%
4 VISMA NORGE HOLDING AS	3,000,000	4.54%
5 EQUILIBRIA APS	2,808,822	4.25%
6 KVANTIA AS	2,417,198	3.66%
7 STRØMSTANGEN AS	2,272,167	3.44%
8 MP PENSJON PK	2,227,357	3.37%
9 PRIMERA AS	1,806,500	2.73%
10 REDIVIVUS AS	1,354,008	2.05%
11 ØSD INVEST AS	1,100,000	1.66%
12 FJ LABS	1,099,400	1.66%
13 CHRI AS	946,032	1.43%
14 AREPO AS	907,747	1.37%
15 UNIVERSAL PRESENTKORT AS	897,699	1.36%
16 SIRKELBUE AS	800,000	1.21%
17 DISRUPTOR AS	740,000	1.12%
18 OSMANI VENTURE CAPITAL AS	686,385	1.04%
19 STRIGEN AS	608,798	0.92%
20 BLUE MOUNTAIN CAPITAL AS	586,220	0.89%
Others	15,777,561	23.88%
Total	66,068,674	100%

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