

Aprila

Aprila Bank ASA | Q1 2024 | 15 May 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

(31 Mar 2024)¹

6,815

Total income run-rate

(NOK million, annual run-rate, Q1 24)

195

Cost / income

(LTM)²

55%

Job creation

(Total # jobs Aprila has contributed to preserving or creating since inception)³

4,598



Small businesses are in recession

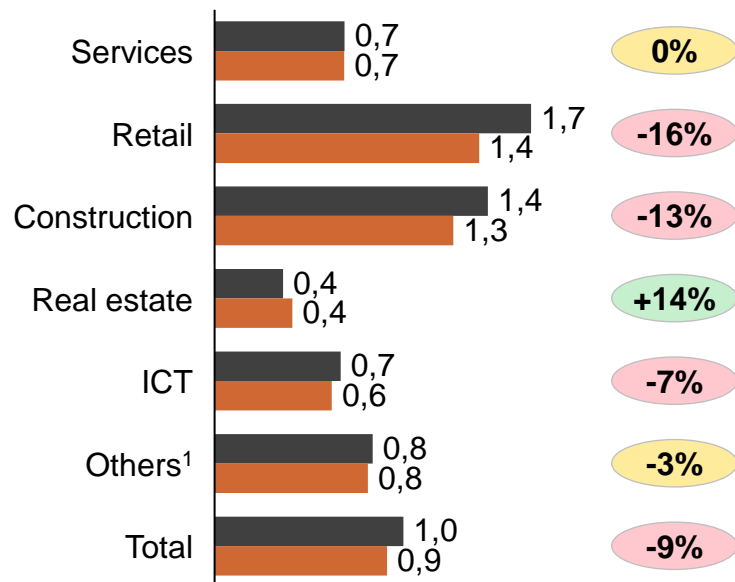
Aprila customers shrank 9% last 12 months...

...but improved profitability...

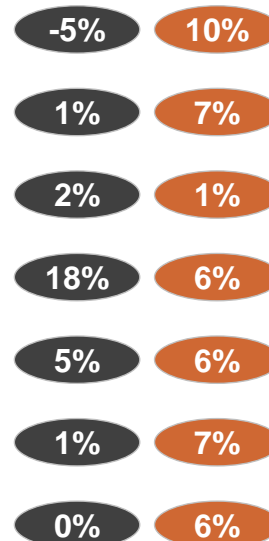
...and strengthened capitalization

Average customer quarterly revenue

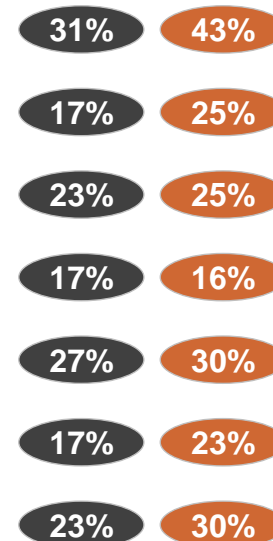
NOK million



Average EBIT margin



Equity / Assets





Q1 24

NOKm	Q1 24	Q1 23
Gross loans	966	749
Gross income from lending	58	41
Total income	49	34
Pre-tax operating profit bf. loan losses	22	8
Pre-tax operating profit	5	-2
Yield on avg. net loans ¹	28%	25%

LTM

NOKm	LTM ² ending	
	Q1 24	Q1 23
Gross loans	966	749
Gross income from lending	209	133
Total income	175	112
Pre-tax operating profit bf. loan losses	80	34
Pre-tax operating profit	30	-5
Yield on avg. net loans ¹	27%	24%

Continued customer growth, softer balance and income growth

- The bank onboarded 491 credit line customers in Q1
- Gross lending grew 29% YoY and 6% QoQ to NOK 966 million
- Total income grew 44% YoY and 3% QoQ to NOK 49 million

Pre-tax profit as expected despite elevated loan losses

- Loan losses of NOK 16.4 million of which NOK 14.9 in loan loss provisions (LLPs)
- The majority of the LLPs (76%) were caused by defaults
- Pre-tax profit of NOK 5.2 million, slightly ahead of our own forecast

Solid capital position

- Private placement of NOK 43 million successfully completed in February
- NFSA's final SREP assessment received 30 April: P2R 5.4% and P2G 1.5%. The final P2R is 0.6% lower than the draft P2R
- April's CET1-ratio was 34.8% 31 Mar 2024 vs. new overall capital requirement (OCR) from 31 May of 22.9%³

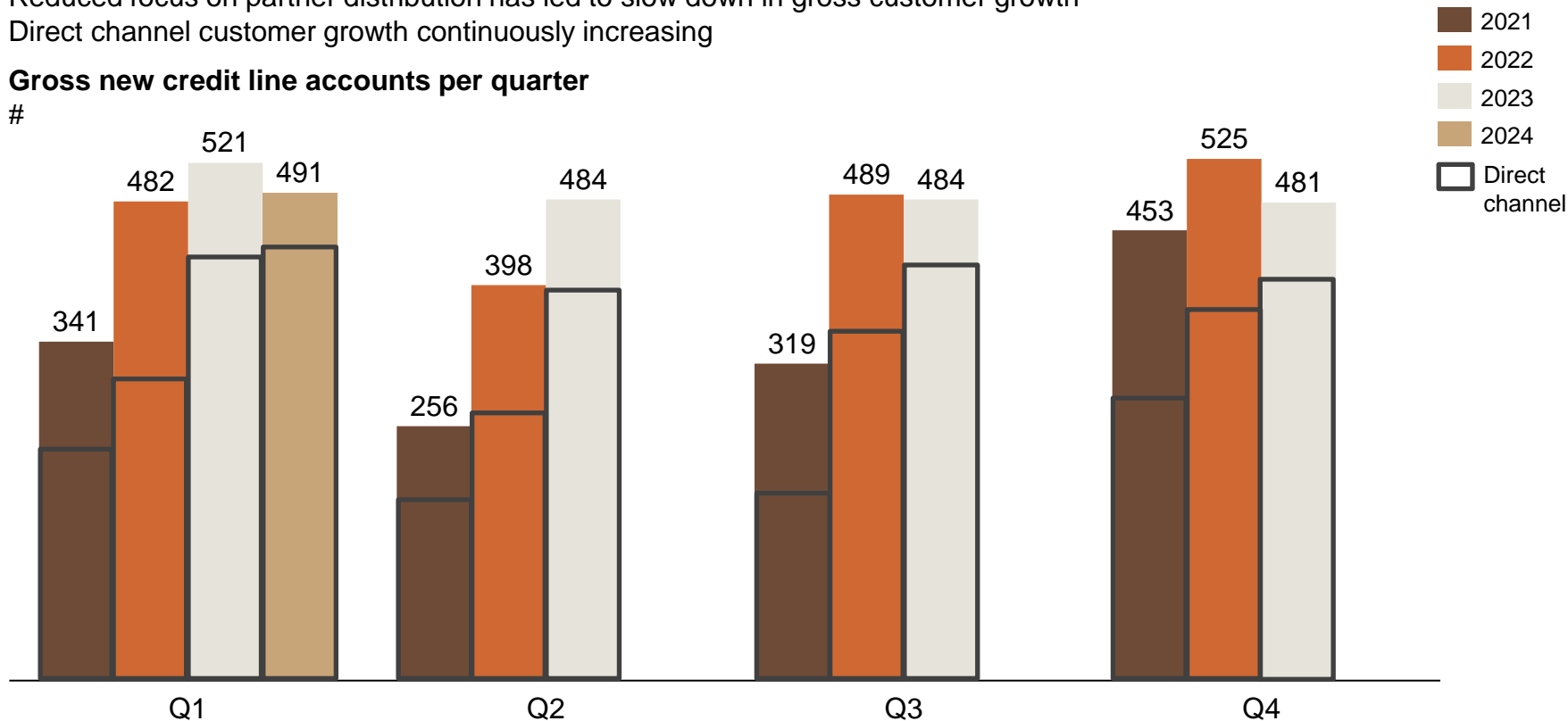


491 credit line accounts onboarded in Q1

Reduced focus on partner distribution has led to slow down in gross customer growth
 Direct channel customer growth continuously increasing

Gross new credit line accounts per quarter

#

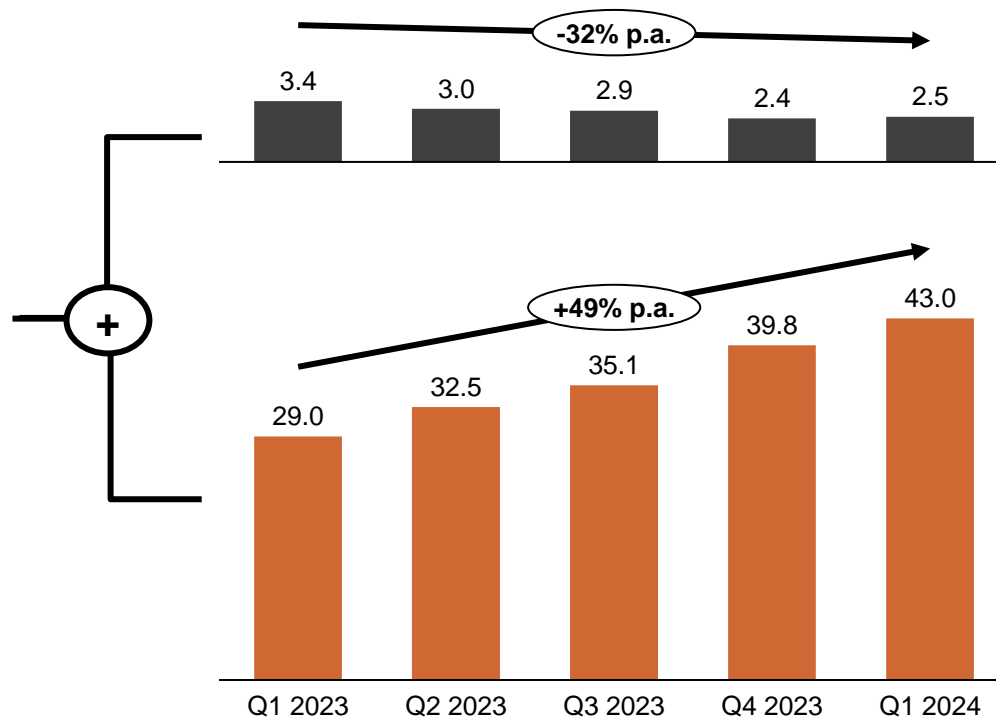
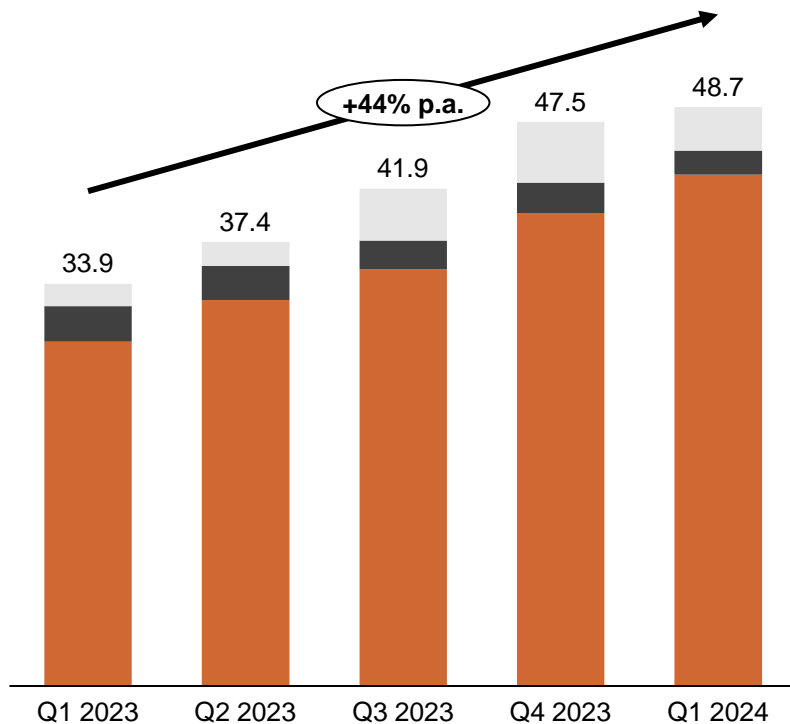




Total income grew 44% last 4 quarters, driven by credit line

Total income
NOK Millions

Other¹ Spot factoring / eCommerce Credit line

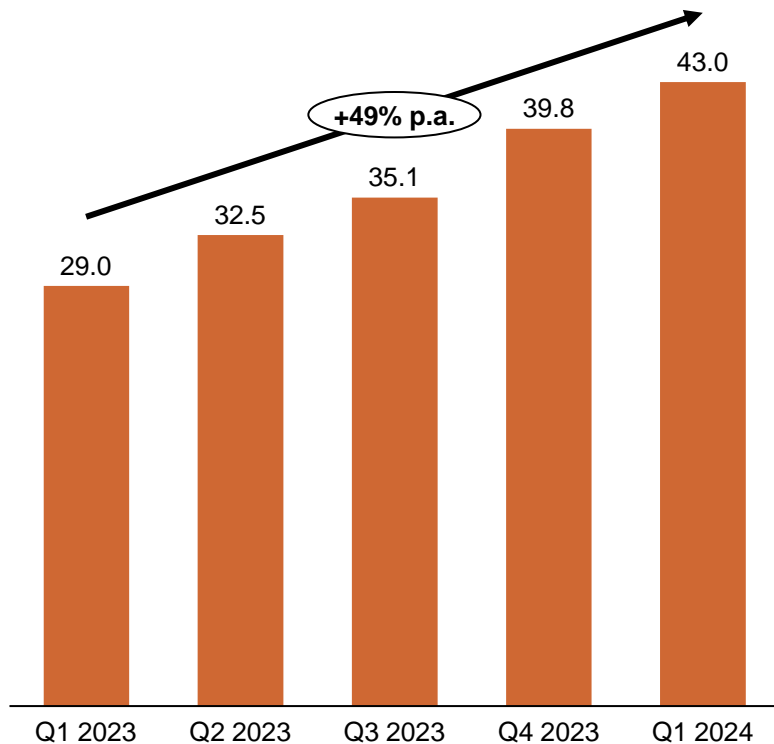


Note 1: Other income consist primarily of interest rates and money market returns on liquidity portfolio (≈ core equity). Has risen due to high interest rates, and will continue to be high as long as interest rates are high

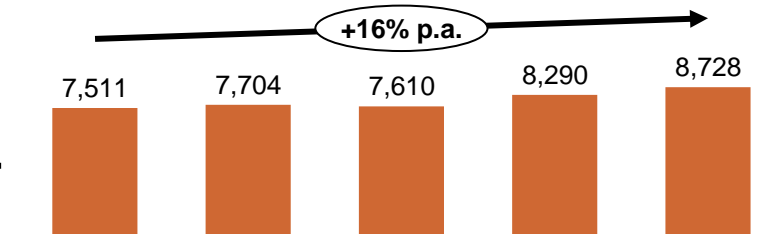


Customer growth is the biggest driver of credit line income

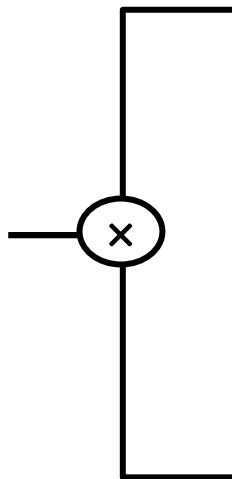
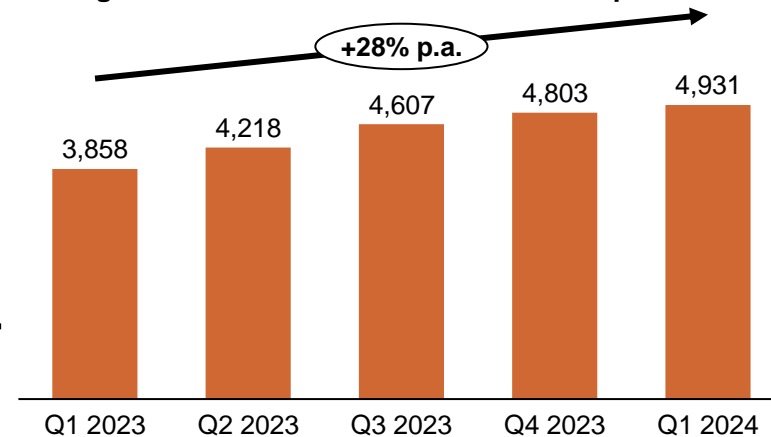
Total income from credit line
NOK Millions



Total income per credit line customer per quarter
NOK



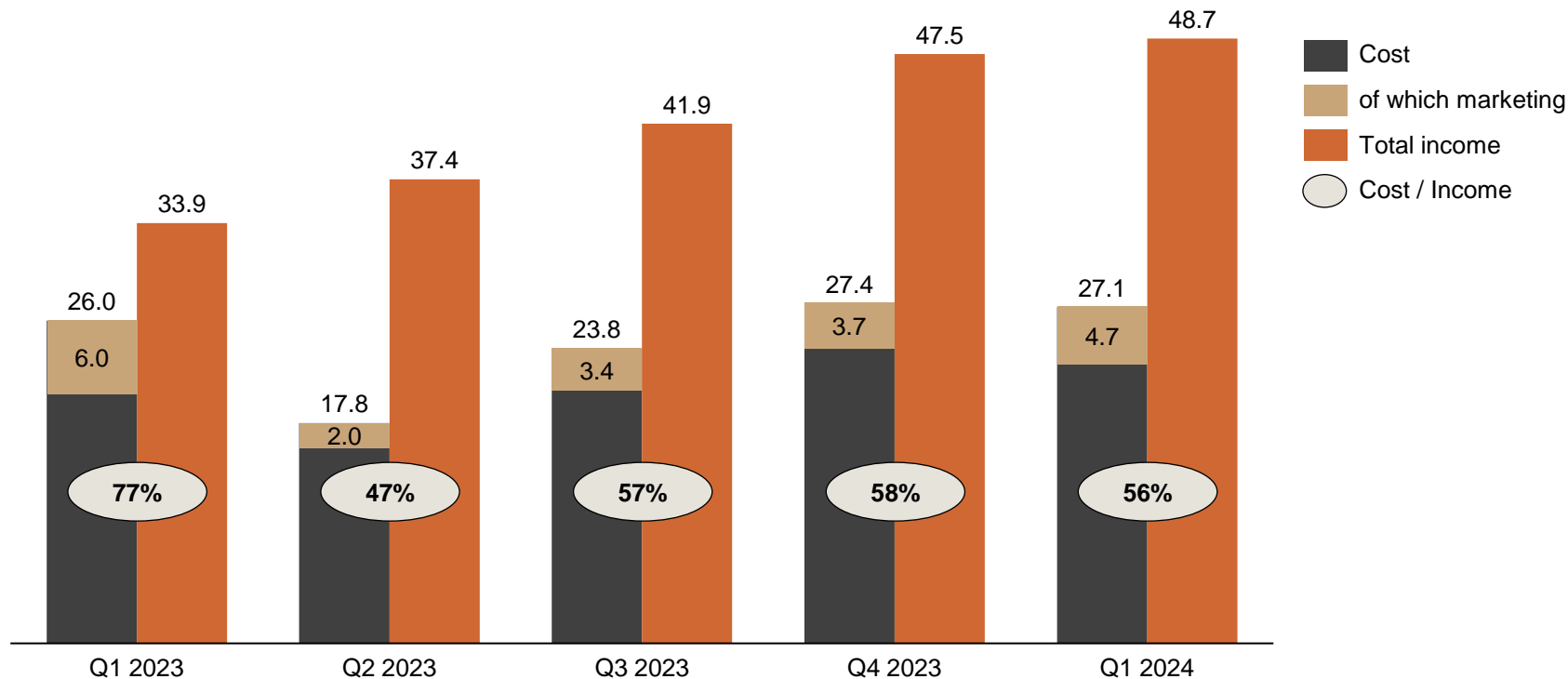
Average number of credit line customers in quarter





56% C/I in Q1, driven by total income growth and stable costs

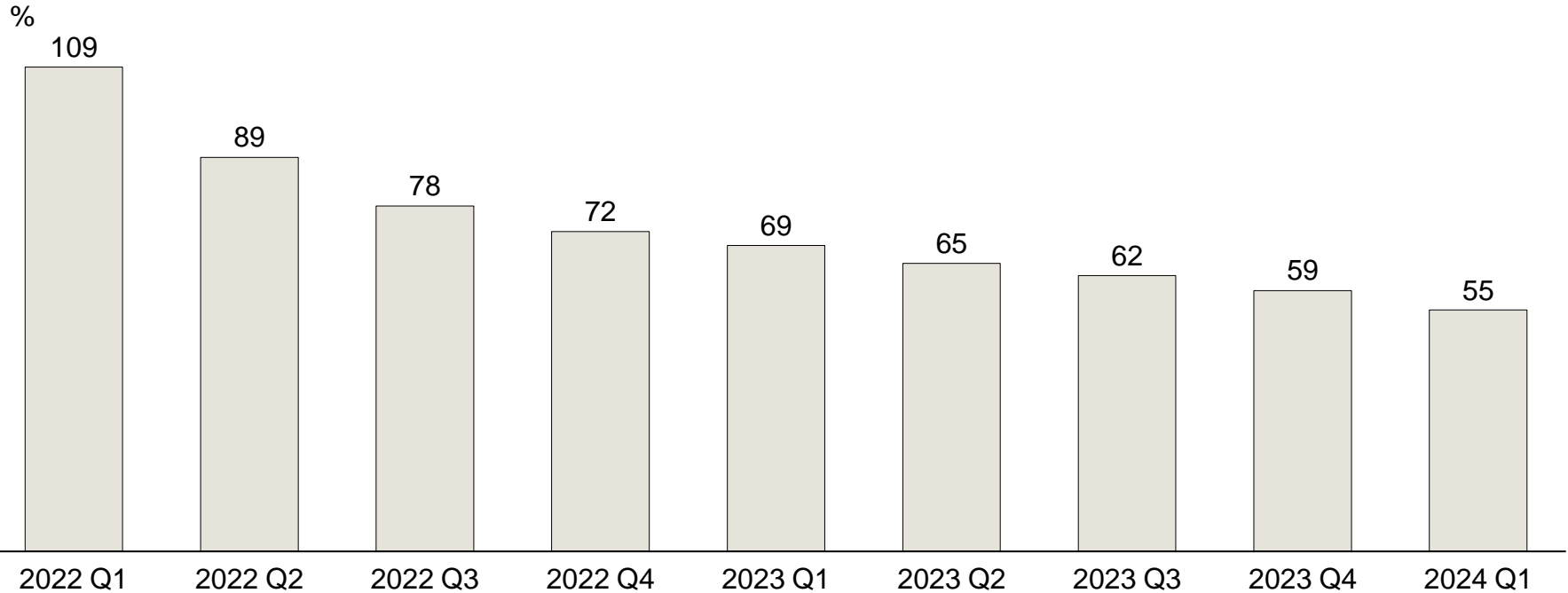
Cost¹ vs Total income
NOK millions





Trailing 1 year cost / income is steadily declining

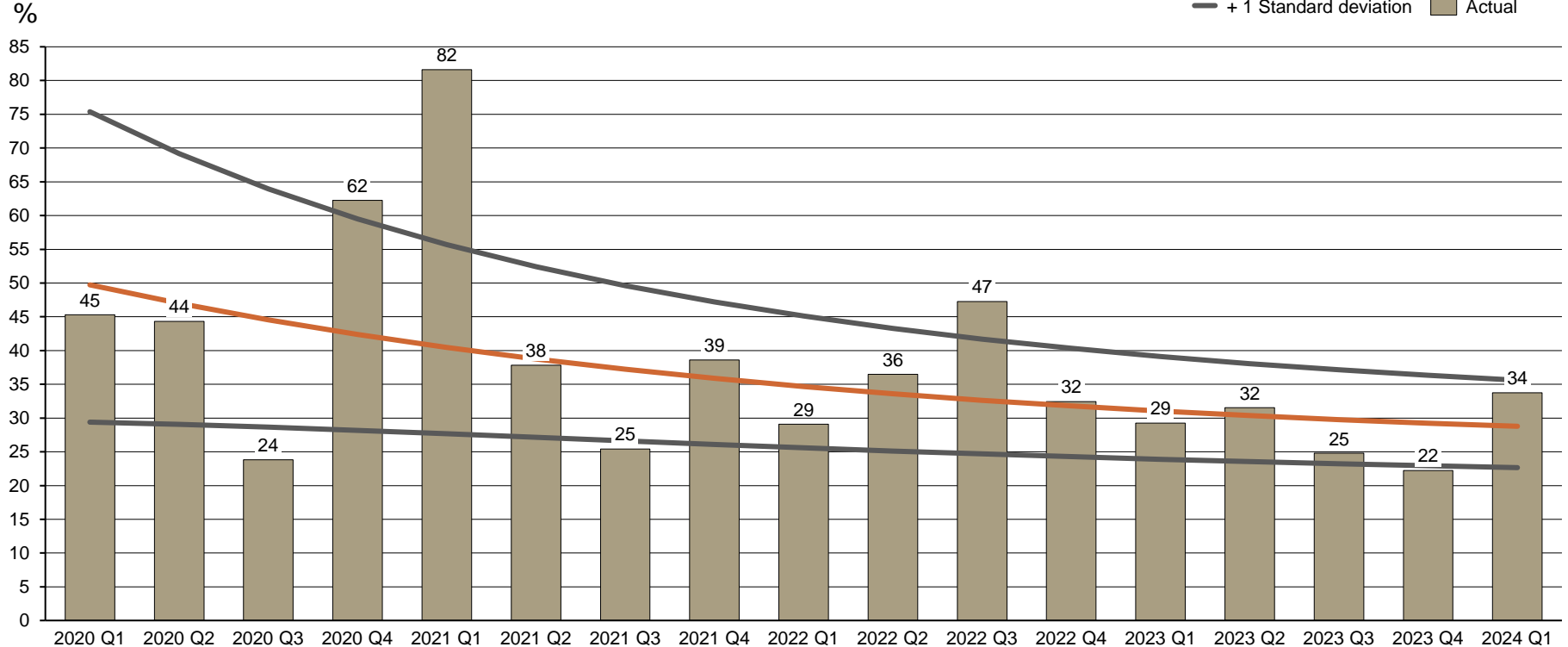
Cost last 12 months / Total Income last 12 months





Loss ratio and volatility is declining

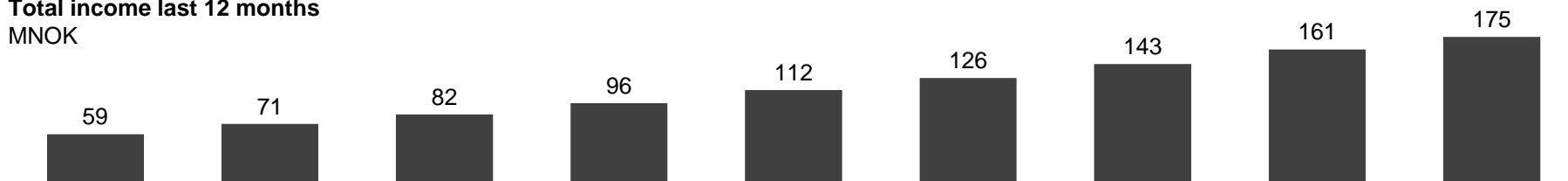
Loss ratio: Losses / Total Income



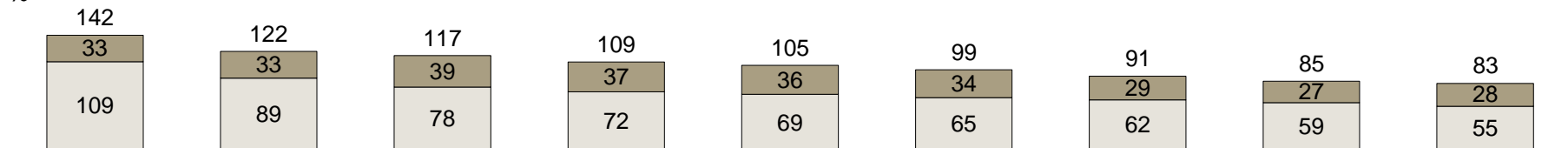


Growth + declining cost and loss ratio = increasing profits

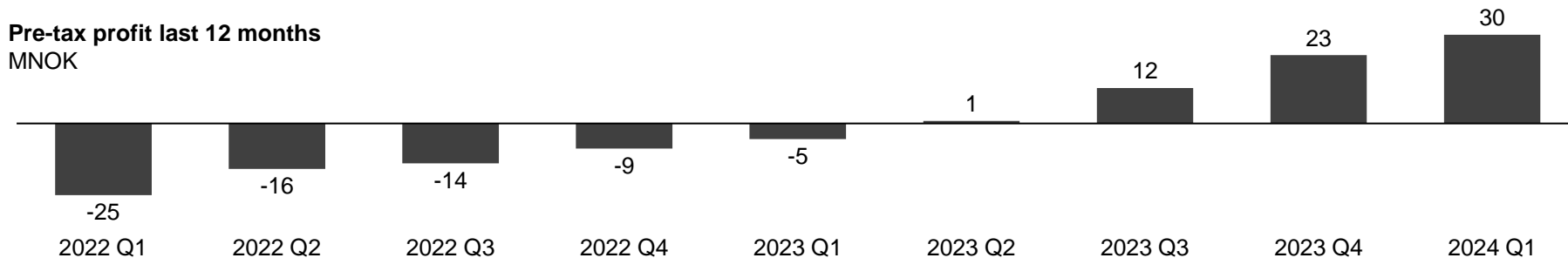
Total income last 12 months
MNOK



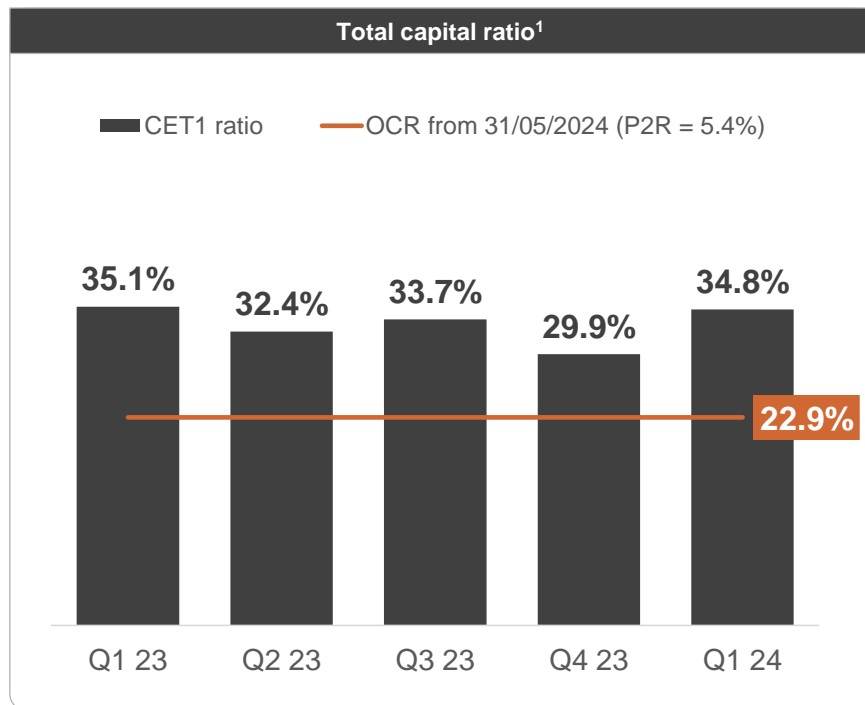
Cost / Income + Losses / Income last 12 months
%



Pre-tax profit last 12 months
MNOK



Solid capital position



Key comments

- CET1-ratio of 34.8% 31 Mar 2024
- NFSA's final SREP assessment received 30 April:
 - Pillar 2 requirement (P2R): 5.4% (vs. old P2R of 4.0%)
 - Pillar 2 guidance (P2G): 1.5%
- Aprila's new OCR is **22.9%** and the FSA expects Aprila to maintain a total capital ratio above **24.4%** (22.9% + 1.5%)
- The final P2R is 0.6 pp lower than the draft P2R received in February
- In the final report from NFSA's on-site inspection of Aprila Bank in 2022, NFSA stated that the bank, in NFSA's opinion, does not have sufficient historical data to use retail classification
 - The bank has applied retail classification on eligible exposures as of 31 Mar 2024
 - Without retail classification, the CET1-ratio would have been 28.8% as of 31 Mar 2024

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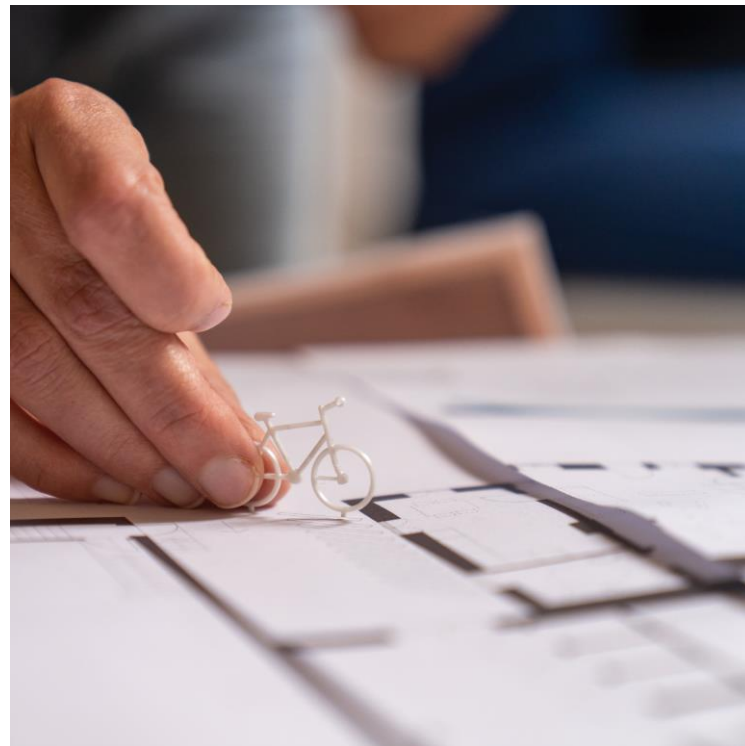
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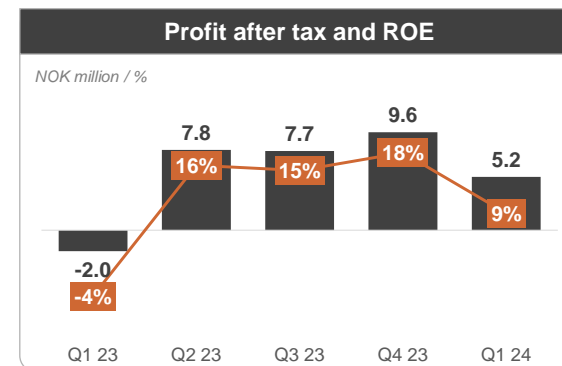
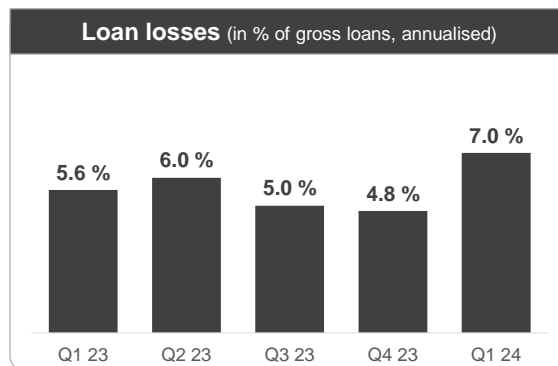
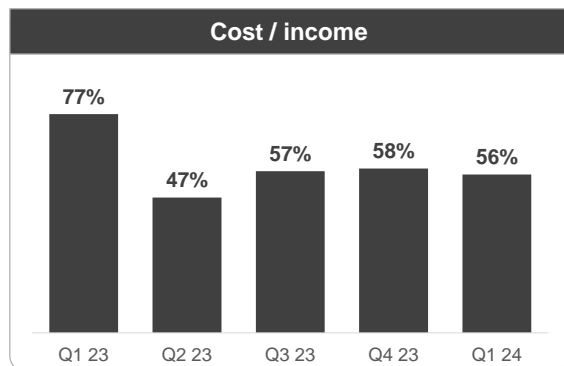
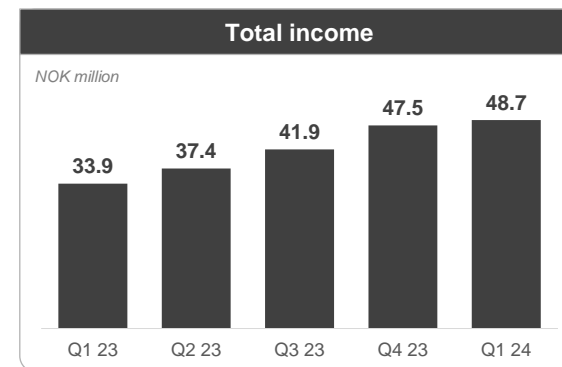
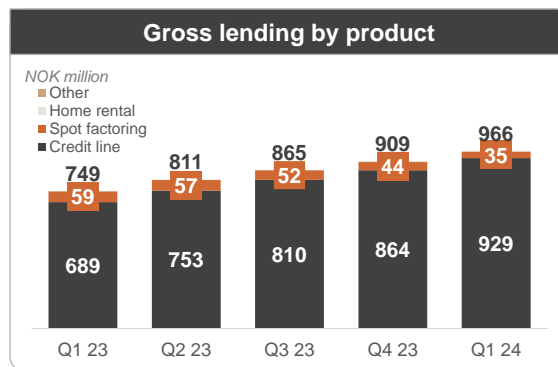
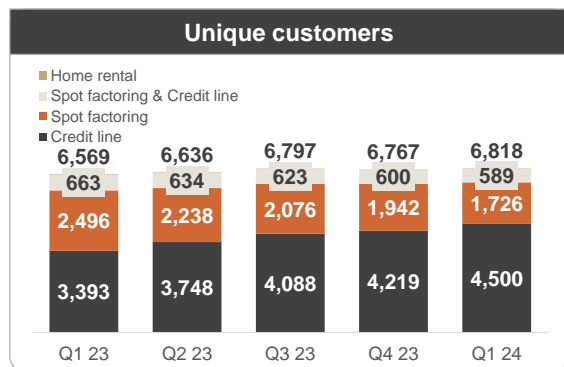
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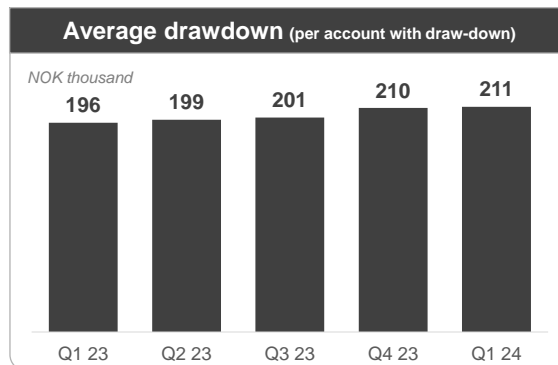
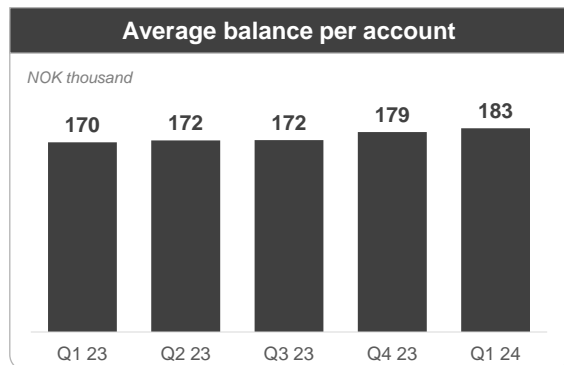
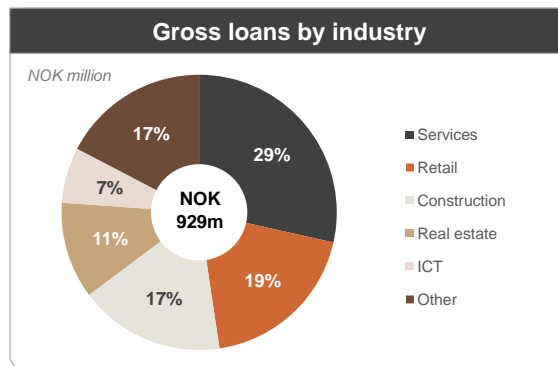
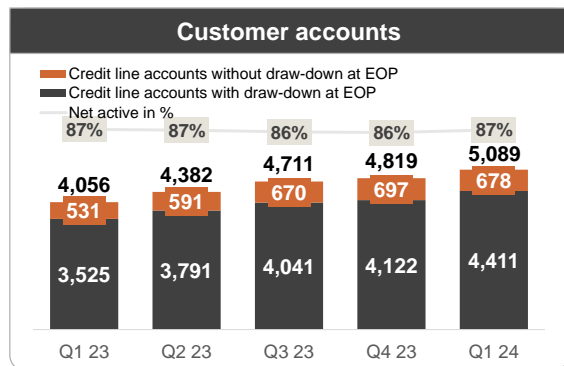


Total income +44% since Q1 last year and ROE of 9% in the quarter





Credit line volumes steadily increasing

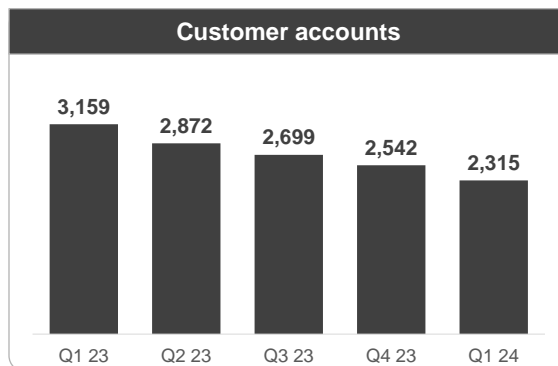
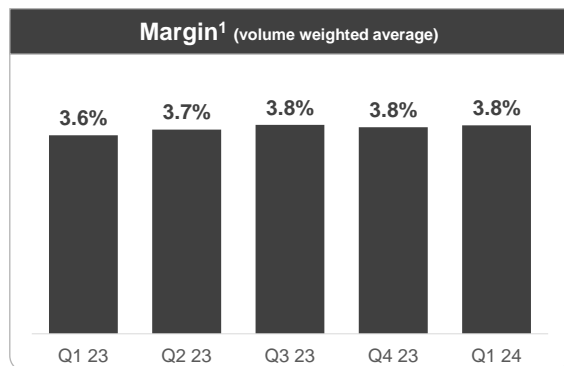
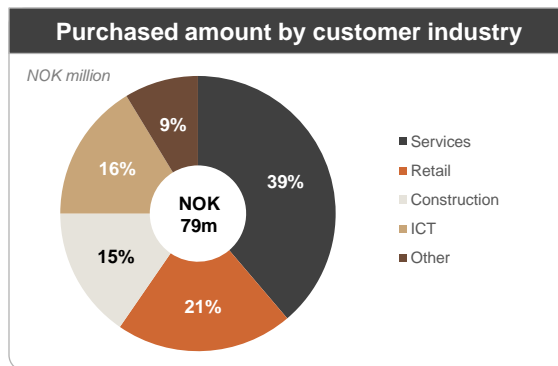
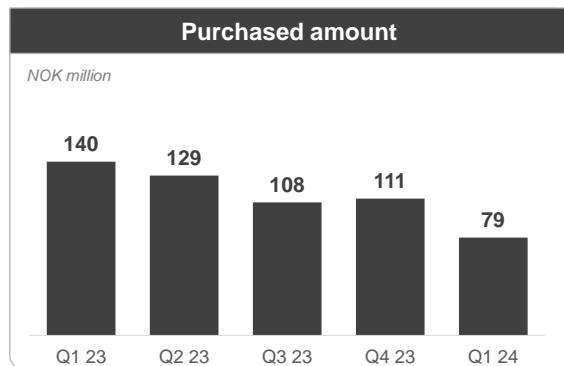


Key comments

- Net 270 new accounts (+6%) added in the quarter
 - Onboarded: 491
 - Offboarded: 221
- 5,089 credit line accounts at the end of the period
- 87% of customer accounts with draw-down at EOP
- NOK 183k outstanding per account at the end of the period
- On average NOK 211k drawn by customers with draw-down



Spot factoring volumes declining in line with ramp-down strategy

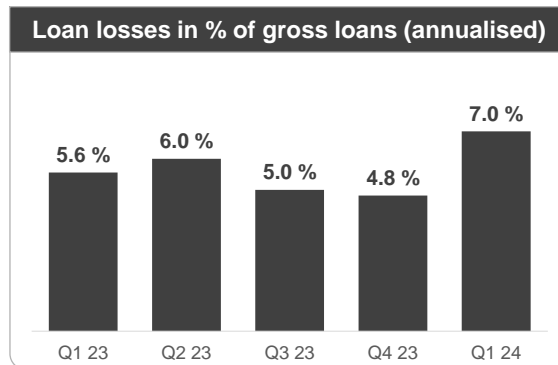
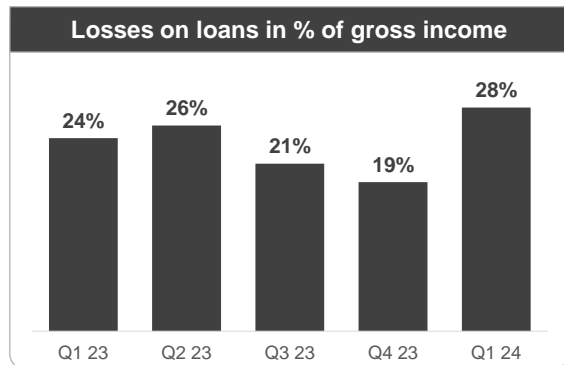
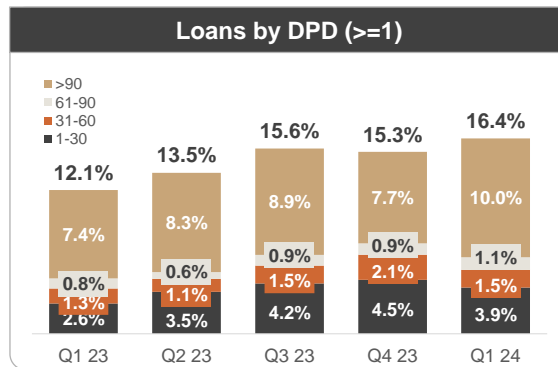
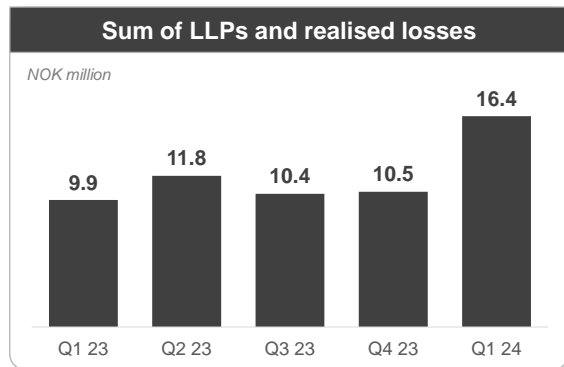


Key comments

- NOK 79m purchased
- Spot factoring accounted for 5% of gross income from lending in Q1 24 (vs. 12% in Q1 23)
- VWA margin: 3.8%
- Customers in services, retail and construction industries accounted for 75% of purchased amount in Q1 24 (78% in Q1 23)
- 2,315 open accounts at the end of the period
- Accelerated ramp-down of spot factoring planned in 2024



High LLPs primarily caused by defaults



Key comments

- Total loan losses of NOK 16.4m in Q1 of which:
 - NOK 14.9m in LLPs and
 - NOK 1.6m in net realised losses
- NOK 11.3 (76%) of LLPs caused by stage 3 migrations (defaults)
- DPD >= 1: 16.4% of gross loans
 - Positive development in DPD-groups 1-30 and 31-60
 - At the end of April, the ratio of overdue loans to total loans was 14.6% (vs. 16.4% at the end of Q1)

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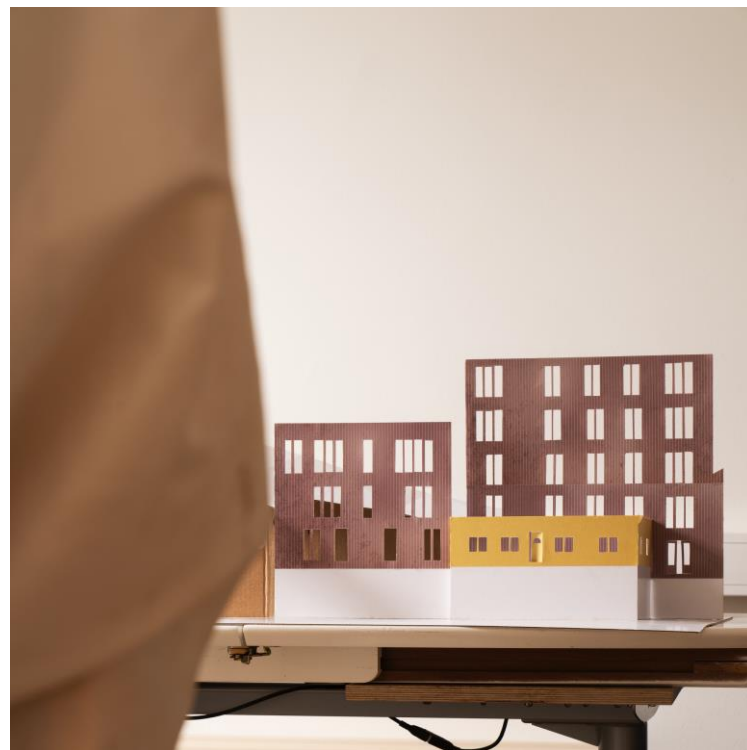
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No. 1 priority in 2024 is to lay foundation for accelerated growth

2024

Build foundation for accelerated growth

- Build up sales engine
- Improve offering for larger customers
- 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	Q1 24A	YE 24E	Key drivers
Total income Annual run-rate ¹ (NOK million)	188	195	~ 225	<ul style="list-style-type: none"> Increased number of credit line customers and increased income per customer Ramp-down of spot factoring
Cost / income (LTM) ²	59%	55%	~ 57%	<ul style="list-style-type: none"> Assuming 7 new FTEs in 2024 Wage and cost inflation
Credit line accounts (End of period)	4,819	5,089	> 5,700	<ul style="list-style-type: none"> Continued marketing investments

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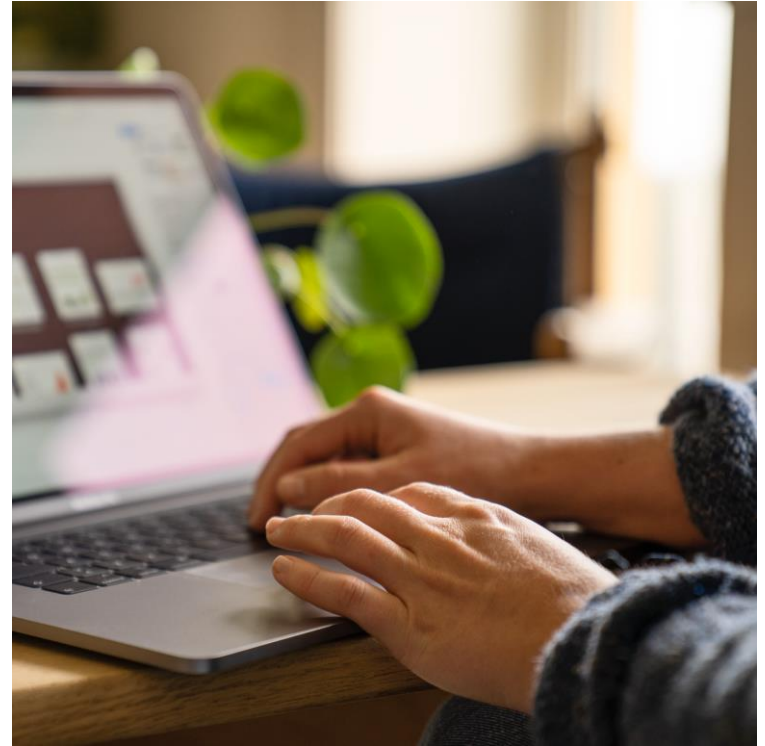
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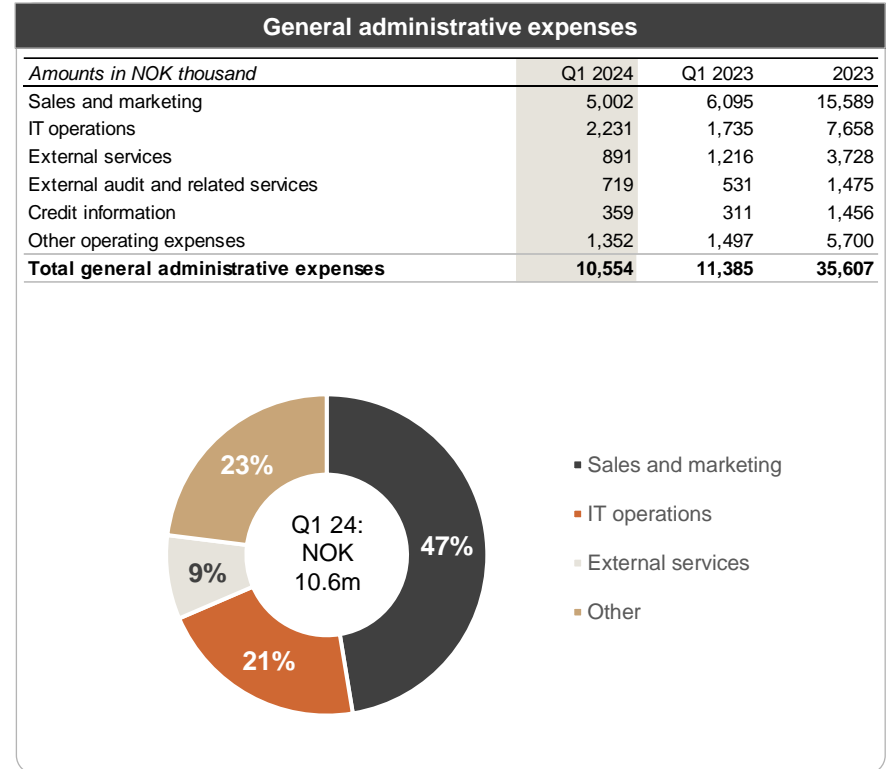
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Income statement & general administrative expenses

Income Statement				
<i>Amounts in NOK thousand</i>	Note	Q1 2024	Q1 2023	2023
Interest income		53,259	35,634	171,672
Interest expense		9,457	4,833	29,957
Net interest income		43,801	30,801	141,715
Income commissions and fees		3,961	2,971	13,398
Expenses commissions and fees		214	160	817
Net commissions and fees		3,748	2,811	12,581
Net gains / losses (-) on certificates, bonds and currency		1,189	251	6,308
Other income		0	0	0
Total income		48,738	33,863	160,604
Salary and other personnel expenses		14,919	12,573	52,067
General administrative expenses	8	10,554	11,385	35,607
Total salary and administrative expenses		25,473	23,958	87,674
Depreciation and impairment of fixed and intangible assets		1,620	2,043	7,213
Total operating expenses excl. losses on loans		27,094	26,001	94,886
Losses on loans	2, 3	16,440	9,902	42,632
Pre-tax operating profit		5,205	-2,041	23,086
Tax	9	0	0	0
Profit after tax		5,205	-2,041	23,086
Earnings per share (NOK)		0.08	-0.03	0.35
Diluted earnings per share (NOK)		0.08	-0.03	0.35



Balance sheet & regulatory capital



Balance Sheet

<i>Amounts in NOK thousand</i>	Note	31.03.2024	31.12.2023	31.03.2023
Loans and deposits with credit institutions	5, 6	92,721	73,803	74,359
Net loans to customers	2, 3, 6	857,316	819,774	679,053
Certificates and bonds	6	134,154	152,963	66,918
Other intangible assets		6,423	6,853	8,520
Deferred tax assets	9	0	0	0
Fixed assets		1,505	2,036	3,223
Other receivables	7	7,888	6,170	6,110
Total assets		1,100,006	1,061,600	838,183
Deposits from and debt to customers	6	810,637	821,235	626,636
Other debt	7	24,698	23,689	21,368
Total liabilities		835,335	844,924	648,004
Share capital	4	72,651	65,819	65,819
Share premium	4	328,901	291,636	291,636
Unregistered Share capital	4	0	1,315	0
Other paid-in equity	4	3,410	3,402	3,346
Retained earnings	4	-140,290	-145,495	-170,621
Total equity		264,671	216,676	190,179
Total equity and liabilities		1,100,006	1,061,600	838,183

Regulatory capital

<i>Amounts in NOK thousand</i>	31.03.2024	31.12.2023	31.03.2023
Share capital	72,651	65,819	65,819
Share premium	328,901	291,636	291,636
Other equity	-136,880	-140,778	-167,275
Total equity	264,671	216,676	190,179
Part of interim or year-end profit not eligible	-5,205	0	0
Additional value adjustments (AVA)	-134	-153	-67
Other intangible assets	-6,423	-6,853	-8,520
Deferred tax assets	0	0	0
Insufficient coverage for non-performing exposures	-24	-28	0
Common equity tier 1 (CET 1)	252,886	209,641	181,592
Tier 1 capital	252,886	209,641	181,592
Total capital	252,886	209,641	181,592
Risk-weighted exposure amount			
Regional governments or local authorities	192	356	344
Public sector entities	113	146	192
Institutions	18,546	14,764	14,878
Corporates	10,542	18,447	12,766
Retail	455,871	431,560	353,550
Exposures in default	36,273	30,653	23,119
Collective investments undertakings (CIU)	5,917	6,934	3,579
Other items	8,142	7,575	7,774
Credit risk	535,597	510,434	416,202
Position, foreign exchange and commodities risks	0	0	0
Operational risk	190,954	190,954	100,733
Credit valuation adjustment	361	380	430
Total risk exposure amount	726,912	701,768	517,364
Common equity tier 1 ratio (%)	34.8%	29.9%	35.1%
Tier 1 ratio (%)	34.8%	29.9%	35.1%
Total capital ratio (%)	34.8%	29.9%	35.1%
Leverage ratio (%)	22.6%	19.5%	22.4%
LCR	641%	701%	351%
NSFR	206%	206%	200%

Gross income and key figures



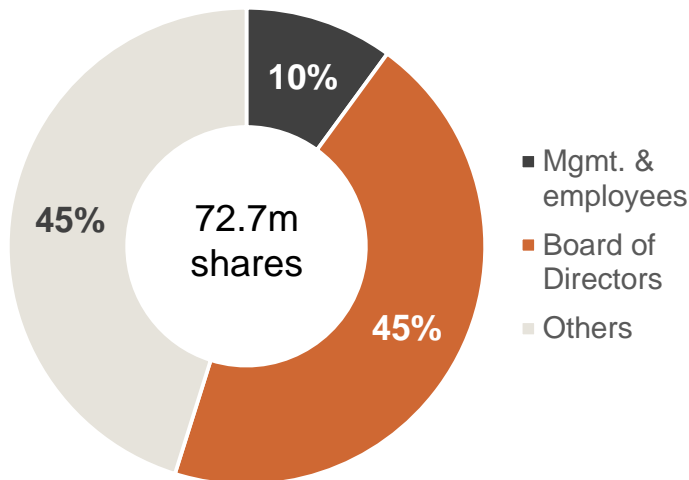
Gross income and key figures										
NOK million	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Gross income and margin										
Interest income credit line	12.0	15.1	18.8	22.7	27.0	33.1	37.7	41.8	48.3	51.5
Income commissions and fees credit line	0.5	0.7	1.3	2.0	2.4	2.6	2.9	3.2	3.4	3.7
Gross income credit line	12.5	15.8	20.1	24.8	29.5	35.7	40.5	44.9	51.8	55.2
Interest income spot factoring	6.8	5.3	5.8	5.0	5.3	4.6	4.6	4.0	4.1	2.9
Income commissions and fees spot factoring	0.6	0.5	0.5	0.3	0.4	0.4	0.3	0.3	0.3	0.2
Gross income spot factoring	7.3	5.8	6.3	5.4	5.7	5.0	5.0	4.3	4.4	3.2
Gross income other	0.2	0.0	0.3	-0.1	1.5	0.8	1.3	4.5	3.6	2.0
Gross income total	20.1	21.7	26.7	30.0	36.7	41.5	46.8	53.8	59.8	60.4
Direct variable expenses	4.0	4.3	4.3	5.5	7.7	8.5	10.4	12.9	13.8	12.5
Gross profit bf. loan losses	16.0	17.3	22.3	24.5	29.0	33.1	36.4	40.9	45.9	47.9
Total income	16.4	17.9	22.9	25.2	29.7	33.9	37.4	41.9	47.5	48.7
Gross income from lending	19.9	21.7	26.5	30.2	35.2	40.7	45.5	49.2	56.2	58.4
Total operating expenses	16.6	18.0	12.9	16.8	21.4	26.0	17.8	23.8	27.1	27.1
Losses on loans	6.3	5.2	8.4	11.9	9.6	9.9	11.8	10.4	10.5	16.4
Key figures										
Gross margin	80%	80%	84%	82%	79%	80%	78%	76%	77%	79%
Total income / gross income	82%	83%	86%	84%	81%	82%	80%	78%	79%	81%
Net interest margin after losses ¹	13.3%	13.8%	13.1%	10.6%	13.1%	14.9%	14.4%	14.9%	17.2%	14.9%
Cost / income	101%	101%	56%	67%	72%	77%	47%	57%	57%	56%
Losses on loans / gross income from lending	32%	24%	32%	39%	27%	24%	26%	21%	19%	28%

Note 1: (Net interest income + Net commission income – Loans losses) / average net loans, annualised.

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	STRØMSTANGEN AS			2,272,167	3.1 %
8	MP PENSJON PK			2,227,357	3.1 %
9	PRIMERA AS	Per Christian Goller	Chief Growth Officer	1,806,500	2.5 %
10	REDIVIVUS AS			1,354,008	1.9 %
11	ØSD INVEST AS	Øystein Sindre Dannevig	Chief Decision Scientist	1,240,000	1.7 %
12	FJ LABS			1,099,400	1.5 %
13	CHRI AS			946,032	1.3 %
14	AREPO AS			907,747	1.2 %
15	SIRKELBUE AS	Karl Erik Asbjørnsen	Technologist	800,000	1.1 %
16	DISRUPTOR AS	Israr Khan	Chief Product & Tech Officer	740,000	1.0 %
17	OSMANI VENTURE CAPITAL AS			636,385	0.9 %
18	STRIGEN AS			608,798	0.8 %
19	UNIVERSAL PRESENTKORT AS			597,699	0.8 %
20	BLUE MOUNTAIN CAPITAL AS	Kjetil Sorlien Barli	Chief Financial Officer	586,220	0.8 %
21	ELIGERE AS	Lene Gridseth	Chief Operating Officer	573,200	0.8 %
22	KLØVNINGEN AS			535,350	0.7 %
23	Jomaho AS			535,136	0.7 %
24	SPORTSMAGASINET AS			512,697	0.7 %
25	PIIOTARHO AS			500,000	0.7 %
26	SANDSOLO HOLDING AS			462,110	0.6 %
27	JAH AS			415,127	0.6 %
28	ARBIENSGT 8 AS			370,758	0.5 %
29	CLOUDBASE AS			349,920	0.5 %
30	Hafa Invest AS	Hans Marius Falkanger	Board member	346,394	0.5 %
	Others			11,040,896	15.2 %
	Total			72,650,539	100.0 %

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