



Q1

Interim report
January – March 2020

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KEY FIGURES

PURCHASED AMOUNT¹⁾

97

MNOK

UNIQUE CUSTOMERS

1,207

EOP

GROSS LOANS

58.2

MNOK, EOP

GROSS INCOME FROM LENDING

3.9

MNOK

GROSS LOANS PER CUSTOMER

48.2

NOK THOUSAND, EOP

GROSS INCOME PER CUSTOMER²⁾

15.4

NOK THOUSAND, ANNUALISED

¹⁾ Nominal value of invoices purchased in the period.

²⁾ Annualised gross income in the period divided by average number of customers in the period.

INTERIM REPORT

About Aprila Bank ASA

Aprila Bank offers automated financing solutions to small and medium-sized businesses through partner channels. The bank commenced operations in April 2018; providing financing through the cloud-based ERP solution Tripletex.

With the launch of the bank's first product, Aprila Spot Factoring, we set a new standard in liquidity financing for Norwegian businesses. Aprila Spot Factoring represents the first fully digital solution for spot factoring of invoices in the Norwegian market. Customer onboarding is done digitally, directly in partner channels, and only takes a few minutes to complete. Aprila Spot Factoring is seamlessly incorporated into customers' existing workflows and funds are paid the following business day at the latest.

In December 2019, Aprila launched its second product; credit line for small and medium-sized businesses. The product is available in partner channels and on kassekreditt.no and has no fixed fees; customers are only charged for the funds that are drawn.

Aprila Bank has made early strides towards improving the availability of financing, and working capital in particular, for small and medium-sized businesses. The team continues to work to fulfil this ambition, with an emphasis on new product development and broadening distribution.

The bank is owned by private and institutional investors in Norway and abroad. No individual shareholder has an ownership stake exceeding 10% in Aprila.

Our seventh operating quarter

Q1 2020 is the seventh quarter Aprila is fully operational, following the launch in Tripletex on 26 June 2018.

Highlights from the quarter are outlined below.

Highlights Q1 2020

- Visma eAccounting (40,000 users) launched spot factoring from Aprila medio February

- Net 405 new customers added in the quarter, an increase of 50% since year-end 2019
- Nine new distribution agreements were signed: two new agreements for distribution of spot factoring (Moment Team and Recman), and seven new agreements for distribution of credit line (Storebrand, Visma eAccounting, Xledger, Intunor, Nimbus, ECIT and Tet)
- Due to Covid-19, Aprila implemented measures to reduce the credit risk in the beginning of March, resulting in lower approval rates for spot factoring, and hence, lower volumes

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q4 2019 are presented in brackets.

Purchased amount in Q1 amounted to NOK 97.5 million (NOK 112.2 million). Average margin was 3.16% (2.96%), and net interest income was NOK 3.5 million (NOK 3.0 million). Interest income from lending (adjusted for accruals) amounted to NOK 3.7 million (NOK 3.2 million).

Total operating expenses amounted to NOK 14.2 million (NOK 12.9 million) of which NOK 7.3 million (51.6%) in salary and personnel expenses, NOK 5.8 million (40.6%) in general administrative expenses and NOK 1.1 million (7.8%) in ordinary depreciation. Losses on loans amounted to NOK 1.2 million (NOK 0.9 million).

Total assets at the end of the quarter amounted to NOK 170 million (NOK 170 million) of which NOK 57 million were net loans to customers. Total equity amounted to NOK 80 million (NOK 92 million) and CET1-ratio was 83.1% (120.6%). Total liquid assets amounted to NOK 84 million (NOK 106 million) of which NOK 38 million in bank deposits and NOK 46 million in the LCR-funds DNB Global Treasury and DNB OMF.

Outlook

Going forward Aprila will continue to focus on three key priorities: improving customer acquisition, strengthening distribution and building competitive advantage.

Improving customer acquisition

New product

Utilising valuable insight from the first operational year, Aprila has put significant effort into the development of the recently launched credit line. The product has been well received in the market and we expect the positive impact on new customer acquisition to continue in the second quarter.

Relationship-based sales through new partners

Aprila has introduced relationship-based sales through its new agreements with the BPO vendors and accounting offices Intunor, Nimbus, ECIT and Tet and we expect to enter into additional agreements during the second quarter of 2020.

In-house marketing and sales

Through its distribution partners, Aprila is exposed to the majority of the relevant market in Norway. Combined with the launch of kassekreditt.no, we are now positioned to proactively build our brand and intensify our marketing and sales efforts. As a result, we have strengthened our marketing and sales capabilities and, from March 2020, we have increased our efforts and spending on these activities.

Strengthening distribution

Online accounting systems

We expect the ongoing implementation project with Fiken to be completed during the second quarter of 2020. Once completed, Aprila Bank will be exposed to ~130,000 SMEs through five ERP channels³.

Own channel

Following the launch of kassekreditt.no in December 2019, Aprila now has its first direct-to-customer product and we have recently started to intensify the marketing effort related to this channel.

Building competitive advantage

During 2019, Aprila developed a new, comprehensive pricing model for our spot factoring product. The model is a combined machine-learning and rule-based optimisation model trained on invoice data, behaviour data and accounting data. The model was implemented late January 2020, and we expect the model to increase the profitability of the product.

Other information

The accounting deficit for Q1 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 14 May 2020

Board of Directors
Aprila Bank ASA

³⁾ Tripletex (~40,000), Visma eAccounting (~40,000), Fiken (~35,000), Xledger (~10,000) and Uni Economy (~5,000).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	Q1 2020	Q1 2019	2019
Interest income	3	3,858	2,129	10,465
Interest expense		356	18	562
Net interest income		3,501	2,111	9,902
Income commissions and fees		135	81	378
Expenses commissions and fees		1,082	636	3,019
Net commissions and fees		-947	-555	-2,642
Net gains / losses (-) on certificates, bonds and currency		-1	26	323
Other income		0	0	0
Total income		2,553	1,582	7,583
Salary and other personnel expenses		7,313	6,292	24,322
General administrative expenses	8	5,749	4,066	14,828
Total salary and administrative expenses		13,062	10,357	39,150
Ordinary depreciation		1,105	469	2,227
Total operating expenses excl. losses on loans		14,166	10,827	41,377
Losses on loans	2, 3	1,152	889	2,777
Pre-tax operating profit		-12,765	-10,134	-36,570
Tax		0	0	0
Profit after tax		-12,765	-10,134	-36,570
Earnings per share (NOK)		-0.35	-0.28	-1.01
Diluted earnings per share (NOK)		-0.29	-0.24	-0.83

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q1 2020	Q1 2019	2019
Comprehensive income for the period	-12,765	-10,134	-36,570

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	31.03.2020	31.12.2019	31.03.2019
Loans and deposits with credit institutions	5, 6	38,029	60,593	55,807
Net loans to customers	2, 3	56,785	40,885	30,848
Certificates and bonds	6	45,531	45,470	30,137
Other intangible assets		17,444	12,700	5,491
Deferred tax assets		0	0	0
Fixed assets		5,668	5,868	2,933
Other receivables	7	6,990	4,522	2,238
Total assets		170,447	170,038	127,454
Deposits from and debt to customers		75,564	62,194	0
Other debt	7	15,358	15,642	9,781
Total liabilities		90,922	77,836	9,781
Share capital	4	36,257	36,220	36,220
Share premium	4	127,036	127,036	127,036
Unregistered Share capital	4	0	37	0
Other paid-in equity	4	1,769	1,680	752
Retained earnings	4	-85,536	-72,771	-46,334
Total equity		79,525	92,202	117,673
Total equity and liabilities		170,447	170,038	127,454

CONDENSED STATEMENT OF THE CASH FLOW POSITION

Amounts in NOK thousand	Note	Q1 2020	Q1 2019	2019
Pre-tax operating profit		-12,765	-10,134	-36,570
Taxes		0	0	0
Ordinary depreciation		1,105	469	2,227
Change in loans	3	-15,900	8,771	-1,266
Change in deposits from customers		13,370	0	62,194
Change in securities	6	-61	-25	-15,358
Change in accruals		-1,963	3,985	3,839
Net cash flow from operating activities		-16,215	3,067	15,067
Net investments in fixed assets		-354	-1,961	-750
Net investments in intangible assets		-5,689	-30	-8,672
Net cash flow from investing activities		-6,043	-1,991	-9,422
Paid-in equity	4	89	306	1,271
Repayment of leasing liabilities		-394	-215	-963
Net cash flow from financing activities		-306	91	308
Net cash flow for the period		-22,564	1,167	5,954
Cash and cash equivalents at the start of the period	5	60,593	54,639	54,639
Cash and cash equivalents at the end of the period	5	38,029	55,807	60,593

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 2018	36,220	127,036	0	446	-36,201	127,501
Share capital increase	0	0	0			0
Changes in equity due to stock options program				306		306
Net profit for the period					-10,134	-10,134
Equity as of 31 March 2019	36,220	127,036	0	752	-46,334	117,673

Amounts in NOK thousand	Share capital	Share premium	Unregistered Share capital	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2019	36,220	127,036	37	1,680	-72,771	92,202
Share capital increase	37	0	-37			0
Changes in equity due to stock options program				89		89
Net profit for the period					-12,765	-12,765
Equity as of 31 March 2020	36,257	127,036	0	1,769	-85,536	79,525

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 2019.

The bank 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 14 May 2020.

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 the expected credit loss (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.

The impact of Covid-19 on potential defaults and loan losses is not yet evident in the input to the bank's model for calculating ECL. To meet the uncertainty related to increased probability of default not reflected in the historical datapoints, the bank has decided to double the probability of the worst case scenario in the ECL model.

Note 3 Loans to customers

LOANS TO CUSTOMERS

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Non-recourse factoring	31,680	35,442	32,779
Credit line	26,530	6,701	0
Gross loans to customers	58,210	42,143	32,779
Impairment of loans	1,425	1,258	1,932
Net loans to customers	56,785	40,885	30,848

DEFAULTS AND LOSSES

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Gross defaulted loans	930	1,532	2,484
Write-downs stage 1	344	101	51
Write-downs stage 2	370	69	20
Write-downs stage 3	711	1,087	1,861
Net defaulted loans	-495	274	552

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q1 2020	Q1 2019
Write-downs stage 1	243	-71
Write-downs stage 2	301	-142
Write-downs stage 3	-377	1,093
Total write-downs on loans in the period	167	880
Realised losses in the period	985	9
Losses on loans in the period	1,152	889

AGEING OF LOANS

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Loans not past due	45,975	29,678	21,880
Past due 1 - 30 days	9,135	9,864	6,856
Past due 31 - 60 days	969	647	1,521
Past due 61 - 90 days	1,376	518	318
Past due 91+ days	755	1,436	2,205
Total	58,210	42,143	32,779

AGEING OF LOANS

Per cent	31.03.2020	31.12.2019	31.03.2019
Loans not past due	79%	70%	67%
Past due 1 - 30 days	16%	23%	21%
Past due 31 - 60 days	2%	2%	5%
Past due 61 - 90 days	2%	1%	1%
Past due 91+ days	1%	3%	7%
Total	100%	100%	100%

GROSS LOANS TO CUSTOMERS

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Gross loans to customers as of 31 December 2019	39,222	1,389	1,533	42,143
Transfers from Stage 1 to Stage 2	-444	592	0	148
Transfers from Stage 1 to Stage 3	-296	0	294	-2
Transfers from Stage 2 to Stage 3	0	-195	74	-121
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	41,429	1,731	60	43,219
Financial assets derecognised in the period	-24,954	-1,194	-1,030	-27,178
Gross loans to customers as of 31 March 2020	54,956	2,323	930	58,210

LOAN LOSS ALLOWANCES

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 31 December 2019	101	69	1,087	1,258
Transfers from Stage 1 to Stage 2	-3	57	0	54
Transfers from Stage 1 to Stage 3	-1	0	179	178
Transfers from Stage 2 to Stage 3	0	-1	29	29
Transfers from Stage 3 to Stage 2	0	0	0	0
Transfers from Stage 3 to Stage 1	0	0	0	0
Transfers from Stage 2 to Stage 1	0	0	0	0
New financial assets issued or purchased	267	313	38	619
Financial assets derecognised in the period	-21	-69	-623	-712
Loan loss allowance as of 31 March 2020	344	370	711	1,425

Note 4 Regulatory capital

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Share capital	36,257	36,220	36,220
Share premium	127,036	127,036	127,036
Other equity	-83,767	-71,054	-45,582
Total equity	79,525	92,202	117,673
Other intangible assets	-17,444	-12,700	-5,491
AVA adjustment	-46	-45	0
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	62,036	79,456	112,183
Tier 1 capital	62,036	79,456	112,183
Total capital	62,036	79,456	112,183
Risk-weighted assets			
Loans and deposits with credit institutions	7,606	12,119	11,161
Loans to customers	43,202	32,220	28,835
Certificates and bonds	1,499	1,502	0
Other assets	12,658	10,390	5,172
Credit risk	64,965	56,231	45,168
Operational risk	9,669	9,669	16,067
Risk-weighted assets	74,634	65,900	61,235
Common equity tier 1 ratio (%)	83.1%	120.6%	183.2%
Tier 1 ratio (%)	83.1%	120.6%	183.2%
Total capital ratio (%)	83.1%	120.6%	183.2%
Leverage ratio (%)	39.8%	50.0%	92.0%
LCR	1581%	2162%	223%

Note 5 Loans and deposits with credit institutions

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Loans and deposits with credit institutions	38,029	60,593	55,807
Total	38,029	60,593	55,807

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

FINANCIAL INSTRUMENTS AT FAIR VALUE

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Initial recognition	45,000	45,000	30,000
Change in fair value	531	470	137
Total financial assets at fair value	45,531	45,470	30,137

Financial instruments at amortised cost

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Loans and deposits with credit institutions	38,029	60,593	55,807
Net loans to customers	56,785	40,885	30,848
Total financial assets at amortised cost	94,814	101,478	86,654

Note 7 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Skattefunn tax deduction claim	5,332	3,434	2,007
Other receivables	1,658	1,088	232
Total receivables	6,990	4,522	2,238

OTHER LIABILITIES

Amounts in NOK thousand	31.03.2020	31.12.2019	31.03.2019
Payables to suppliers	4,011	4,916	1,431
Payables to factoring customers and partners	1,382	395	2,260
Social security tax	967	1,227	663
Other liabilities	8,998	9,104	5,427
Total other liabilities	15,358	15,642	9,781

Note 8 General administrative expenses

Amounts in NOK thousand	Q1 2020	Q1 2019	2019
External services	2,518	2,073	6,488
IT operations	920	1,026	3,959
Rental of premises	454	245	1,277
Sales and marketing	987	88	702
Credit information	117	67	411
External audit and related services	219	188	188
Credit insurance	52	39	288
Other operating expenses	483	339	1,515
Total general administrative expenses	5,749	4,066	14,828

Note 9 Subsequent events

There is no awareness of other events after the date of the balance sheet that may be of material significance to the accounts.

Note 10 Shareholders

20 LARGEST SHAREHOLDERS AS REGISTERED IN VPS 30 APRIL 2020

Shareholder	Shares	Per cent
1 AMESTO GROUP AS	3,618,182	10.0%
2 ALLIANCE VENTURE SPRING AS	2,824,406	7.8%
3 PRIMERA AS	1,600,000	4.4%
4 MP PENSJON PK	1,596,996	4.4%
5 STRØMSTANGEN AS	1,595,400	4.4%
6 NORUS AS	1,173,549	3.2%
7 FJ LABS	1,099,400	3.0%
8 REDIVIVUS AS	950,000	2.6%
9 SIX SIS AG	877,470	2.4%
10 SIRKELBUE AS	800,000	2.2%
11 COSIMO AS	800,000	2.2%
12 ØSD FINANS AS	800,000	2.2%
13 UNIVERSAL PRESENTKORT AS	797,699	2.2%
14 SES AS	797,699	2.2%
15 AREPO AS	738,102	2.0%
16 DISRUPTOR AS	700,000	1.9%
17 SVINDAL AKSEL LUND	650,000	1.8%
18 INCHOATE AS	610,000	1.7%
19 ENIMAE AS	600,000	1.7%
20 SPORTSMAGASINET AS	584,997	1.6%
Others	13,043,240	36.0%
Total	36,257,140	100%

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