



Q3

Interim report
July – September 2019

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KEY FIGURES

PURCHASED AMOUNT¹⁾

90

MNOK

NET NEW CUSTOMERS

73

AVERAGE MARGIN²⁾

2.53%

AVERAGE GRANTED DAYS³⁾

22.2

TOTAL INCOME

1.9

MNOK

PROFIT AFTER TAX

-8.6

MNOK

¹⁾ Nominal value of invoices purchased in the period.

²⁾ Gross interest and fee income in % of purchased amount, not accounting for accruals.

³⁾ Volume weighted average number of due days granted to end customers on invoices purchased in the reporting 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 Invoice Sales, we have set a new standard in liquidity financing for Norwegian businesses. Aprila Invoice Sales represents the first fully digital solution for spot sale of invoices in the Norwegian market. Customer onboarding is done digitally, directly in partner channels, and only takes a few minutes to complete. Aprila Invoice Sales is seamlessly incorporated into customers' existing workflows and funds are paid the following business day at the latest.

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 fifth operating quarter

Q3 2019 is the sixth operating quarter for Aprila Bank, and the fifth quarter the bank is fully operational, following the launch in Tripletex on 26 June 2018. Highlights from the quarter are outlined below.

Highlights Q3 2019

- Accumulated purchased amount LTD reached NOK ~398 million
- At EOP, 692⁴⁾ customers had onboarded of which 268 sold invoices in Q3
- Loan losses declined significantly; from NOK 0.7m in Q2 to NOK 0.3m in Q3
- Our consumer deposit product was successfully launched in August

Financial figures

All figures are prepared and presented in accordance with IFRS. Comparable figures from Q2 2019 are presented in brackets.

Purchased volume in Q3 amounted to NOK 89.9 million (NOK 89.5 million). Average margin was 2.53% (2.58%), and net interest income was NOK 2.5 million (NOK 2.3 million). Interest income from invoice purchase (adjusted for accruals) amounted to NOK 2.2 million (NOK 2.2 million).

Total operating expenses amounted to NOK 10.2 million (NOK 7.4 million) of which NOK 7.5 million (73%) in salary and personnel expenses, NOK 2.2 million (21%) in general administrative expenses and NOK 0.6 million (6%) in ordinary depreciation. Losses on loans amounted to NOK 0.3 million (NOK 0.7 million).

Total assets at the end of the quarter amounted to NOK 143 million (NOK 118 million) of which NOK 31 million were net loans to customers. Total equity amounted to NOK 103 million (NOK 112 million) and CET1-ratio was 183.2% (213.6%). Total liquid assets amounted to NOK 100 million (NOK 76 million) of which NOK 70 million in bank deposits and NOK 30 million in the LCR-fund DNB Global Treasury.

Outlook

The implementation projects with Xledger and Uni Micro are completed, and both channels are now being tested with pilot customers. We expect both channels to be fully operational during the fourth quarter.

The implementation project with Visma eAccounting has started, and we expect the channel to be operational at the end of the fourth quarter. Once completed, Aprila Bank will be exposed to ~90,000 SMEs through four ERP channels (Tripletex, Xledger, Uni Micro and eAccounting), equivalent to around 50% of the addressable market.

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

⁴⁾ Net of closed accounts

Improving customer acquisition

- **Relationship-based sales through new partners:** In cooperation with our current partners, Aprila intends to introduce relationship-based sales through external partners. A new set of partnership agreements have been drafted and the bank expects to sign a handful of distribution agreements during the fourth quarter.
- **New product:** Utilising valuable insight from the first operational year, Aprila has put significant effort into the development of a new product. Once launched, we expect that the new product will have a significant impact on new customer acquisition. The new product is expected to be introduced during the fourth quarter.

Strengthening distribution

In September, Aprila signed a letter of intent with a new partner representing a new distribution channel. The bank expects the final agreement to be signed during the fourth quarter, and that the new channel will be operational from Q1 2020.

Building competitive advantage

During the third quarter, Aprila launched a new API-based solution for calculation and booking of partner commission. The new solution provides the bank with full flexibility with regards to different partnership structures and commission models.

Moreover, Aprila is continuously working on improving our existing invoice sales product, including enhancing the user experience, activating customers, and optimising price and risk.

Other information

Since Aprila Bank commenced its banking operations in Q2 2018, historical accounting figures prior to Q2 2018 are not comparable and have not been prepared.

The accounting deficit for Q3 has in its entirety been booked against retained earnings. This interim report has not been audited by the company's external auditor.

Oslo, 31 October 2019

Board of Directors
Aprila Bank ASA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Interest income	2	2,494	634	6,969	998	3,668
Interest expense		33	53	71	106	158
Net interest income		2,461	581	6,898	892	3,510
Income commissions and fees		97	25	267	26	133
Expenses commissions and fees		751	137	2,108	147	982
Net commissions and fees		-654	-112	-1,841	-121	-848
Net gains / losses (-) on certificates, bonds and currency		77	95	200	99	112
Other income		0	0	0	6	6
Total income		1,884	565	5,257	876	2,779
Salary and other personnel expenses		7,451	5,259	17,726	12,367	17,604
General administrative expenses	7	2,193	2,189	9,236	6,845	9,338
Total salary and administrative expenses		9,645	7,448	26,962	19,212	26,942
Ordinary depreciation		580	397	1,534	748	1,085
Total operating expenses excl. losses on loans		10,225	7,845	28,497	19,960	28,027
Losses on loans	2	256	55	1,853	55	1,052
Pre-tax operating profit		-8,597	-7,334	-25,093	-19,139	-26,299
Tax expenses		0	0	0	0	0
Profit after tax		-8,597	-7,334	-25,093	-19,139	-26,299
Earnings per share (NOK)		-0.24	-0.20	-0.69	-0.53	-0.73
Diluted earnings per share (NOK)		-0.20	-0.17	-0.57	-0.45	-0.61

COMPREHENSIVE INCOME

Amounts in NOK thousand	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Comprehensive income for the period	-8,597	-7,334	-25,093	-19,139	-26,299

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	30.09.2019	31.12.2018	30.09.2018
Loans and deposits with credit institutions	4, 5	69,992	54,639	75,978
Net loans to customers	2	31,173	39,619	23,368
Certificates and bonds	5	30,313	30,112	30,099
Other intangible assets		6,823	5,838	6,521
Deferred tax assets		0	0	0
Fixed assets		2,504	1,064	1,086
Other receivables	6	2,482	2,226	1,538
Total assets		143,287	133,500	138,591
Deposits from and debt to customers		32,234	0	0
Other debt	6	7,900	5,999	4,174
Total liabilities		40,134	5,999	4,174
Share capital	3	36,220	36,220	36,183
Share premium	3	127,036	127,036	127,036
Other paid-in equity	3	1,191	446	239
Retained earnings	3	-61,293	-36,201	-29,041
Total equity		103,153	127,501	134,416
Total equity and liabilities		143,287	133,500	138,591

CONDENSED STATEMENT OF THE CASH FLOW POSITION

Amounts in NOK thousand	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Pre-tax operating profit		-8,597	-7,334	-25,093	-19,139	-26,299
Taxes		0	0	0	0	0
Ordinary depreciation		580	397	1,534	748	1,085
Change in loans	2	291	-22,383	8,446	-23,368	-39,619
Change in deposits from customers		32,233	0	32,234	0	0
Change in securities	5	-78	-96	-201	-30,099	-30,112
Change in accruals		1,238	1,715	1,646	1,788	3,342
Net cash flow from operating activities		25,667	-27,700	18,566	-70,071	-91,603
Net investments in fixed assets		99	-29	-1,742	-1,159	-1,225
Net investments in intangible assets		-1,567	-347	-2,217	-3,859	-3,844
Net cash flow from investing activities		-1,468	-376	-3,958	-5,018	-5,069
Paid-in equity	3	82	197	745	144,812	145,057
Other new financing		0	0	0	0	0
Net cash flow from financing activities		82	197	745	144,812	145,057
Net cash flow for the period		24,281	-27,880	15,353	69,723	48,384
Cash and cash equivalents at the start of the period	4	45,711	103,858	54,639	6,255	6,255
Cash and cash equivalents at the end of the period	4	69,992	75,978	69,992	75,978	54,639

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Share capital	Share premium	Other paid-in equity	Retained earnings	Total equity
Equity as of 31 December 2018	36,220	127,036	446	-36,201	127,501
Share capital increase	0	0			0
Changes in equity due to stock options program			745		745
Net profit for the period				-25,093	-25,093
Equity as of 30 September 2019	36,220	127,036	1,191	-61,293	103,153
Equity as of 31 December 2017	8,910	9,735	0	-9,901	8,744
Share capital increase	27,273	117,301			144,573
Changes in equity due to stock options program			239		239
Net profit for the period				-19,139	-19,139
Equity as of 30 September 2018	36,183	127,036	239	-29,041	134,417

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 2018.

The bank was granted a commercial banking license from the Financial Supervisory Authority of Norway (NO: Finanstilsynet) in March 2018.

Following the implementation of IFRS 16, Aprila has recognised a "right to use" asset and a lease obligation of NOK 2 million as of 1 January 2019.

The interim report was authorised for issue by the bank's board of directors on 31 October 2019.

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 Loans to customers

LOANS TO CUSTOMERS

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Non-recourse factoring	31,934	40,671	23,424
Gross lending	31,934	40,671	23,424
Impairment of loans	761	1,052	55
Net loans to customers	31,173	39,619	23,368

DEFAULTS AND LOSSES

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Gross defaulted loans	900	858	0
Write-downs stage 1	82	122	52
Write-downs stage 2	103	162	3
Write-downs stage 3	576	768	0
Net defaulted loans	139	-194	-55

LOAN LOSS PROVISIONS IN THE PERIOD

Amounts in NOK thousand	Q3 2019	2018	Q3 2018
Write-downs stage 1	23	122	51
Write-downs stage 2	35	162	3
Write-downs stage 3	-175	768	0
Total write-downs on loans in the period	-117	1,052	55
Realised losses in the period	373	0	0
Losses on loans in the period	256	1,052	55

AGEING OF LOANS

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Loans not past due	21,719	23,317	20,826
Past due 1 - 30 days	7,461	11,845	2,281
Past due 31 - 60 days	1,109	4,701	295
Past due 61 - 90 days	872	643	22
Past due 91+ days	772	166	0
Total	31,934	40,671	23,424

AGEING OF LOANS

Per cent	30.09.2019	31.12.2018	30.09.2018
Loans not past due	68%	57%	89%
Past due 1 - 30 days	23%	29%	10%
Past due 31 - 60 days	3%	12%	1%
Past due 61 - 90 days	3%	2%	0%
Past due 91+ days	2%	0%	0%
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 30 June 2019	29,465	1,678	1,198	32,341
Transfers from Stage 1 to Stage 2	-987	968	0	-18
Transfers from Stage 1 to Stage 3	-202	0	192	-11
Transfers from Stage 2 to Stage 3	0	-540	262	-277
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	28,590	1,474	128	30,193
Financial assets derecognised in the period	-28,274	-1,139	-880	-30,294
Gross loans to customers as of 30 September 2019	28,592	2,442	900	31,934

LOAN LOSS ALLOWANCES

Amounts in NOK thousand	Stage 1	Stage 2	Stage 3	Total
Loan loss allowance as of 30 June 2019	59	68	751	878
Transfers from Stage 1 to Stage 2	-2	50	0	48
Transfers from Stage 1 to Stage 3	-1	0	100	99
Transfers from Stage 2 to Stage 3	0	-37	152	115
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	82	53	127	262
Financial assets derecognised in the period	-56	-31	-554	-641
Loan loss allowance as of 30 June 2019	82	103	576	761

Note 3 Regulatory capital

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Share capital	36,220	36,220	36,183
Share premium	127,036	127,036	127,036
Other equity	-60,103	-35,755	-28,801
Total equity	103,153	127,501	134,417
Other intangible assets	-6,823	-5,838	-6,521
AVA adjustment	-30	0	0
Deferred tax assets	0	0	0
Common equity tier 1 (CET 1)	96,300	121,663	127,896
Tier 1 capital	96,300	121,663	127,896
Total capital	96,300	121,663	127,896
RISK-WEIGHTED ASSETS (CALCULATION BASIS)			
Loans and deposits with credit institutions	13,998	10,928	15,196
Loans to customers	28,453	37,500	23,368
Certificates and bonds	0	0	0
Other assets	4,986	3,291	2,624
Credit risk	47,438	51,719	41,189
Operational risk	5,119	16,067	16,067
Risk-weighted assets	52,557	67,786	57,255
Capital ratios			
Common equity tier 1 ratio (%)	183.2%	179.5%	223.4%
Tier 1 ratio (%)	183.2%	179.5%	223.4%
Total capital ratio (%)	183.2%	179.5%	223.4%
LIQUIDITY COVERAGE RATIO (%)			
Per cent	30.09.2019	31.12.2018	30.09.2018
LCR	347%	217%	198%

Note 4 Loans and deposits with credit institutions

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Loans and deposits with credit institutions	69,992	54,639	75,978
Total	69,992	54,639	75,978

Note 5 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	30.09.2019	31.12.2018	30.09.2018
Initial recognition	30,000	30,000	30,000
Change in fair value	313	112	99
Total financial assets at fair value	30,313	30,112	30,099

Financial instruments at amortised cost

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Loans and deposits with credit institutions	69,992	54,639	75,978
Net loans to customers	31,173	39,619	23,368
Total financial assets at amortised cost	101,165	94,258	99,347

Note 6 Receivables and other liabilities

RECEIVABLES

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Skattefunn tax deduction claim	2,007	2,007	1,317
Other receivables	476	220	222
Total receivables	2,482	2,226	1,538

OTHER LIABILITIES

Amounts in NOK thousand	30.09.2019	31.12.2018	30.09.2018
Payables to suppliers	698	1,346	574
Payables to factoring customers and partners	2,261	531	1,432
Social security tax	566	859	467
Other liabilities	4,375	3,263	1,701
Total other liabilities	7,900	5,999	4,174

Note 7 General administrative expenses

Amounts in NOK thousand	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
External services	301	974	3,573	2,794	3,632
IT operations	971	619	2,796	1,911	2,635
Rental of premises	245	240	799	721	961
Sales and marketing	160	110	324	653	769
Credit information	137	98	304	178	333
External audit and related services	0	0	188	28	28
Credit insurance	68	37	199	38	111
Other operating expenses	312	111	1,054	524	869
Total general administrative expenses	2,193	2,189	9,236	6,845	9,338

Note 8 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 9 Shareholders

20 LARGEST SHAREHOLDERS AS REGISTERED IN VPS 18 OCTOBER 2019

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 MERRILL LYNCH, PIERCE, FENNER & SM	1,099,400	3.0%
7 NORUS AS	1,010,000	2.8%
8 REDIVIVUS AS	950,000	2.6%
9 SIX SIS AG	877,470	2.4%
10 TOLUMA INVEST AS	877,470	2.4%
11 COSIMO AS	801,000	2.2%
12 SIRKELBUE AS	800,000	2.2%
13 ØSD FINANS AS	800,000	2.2%
14 UNIVERSAL PRESENTKORT AS	797,699	2.2%
15 SES AS	797,699	2.2%
16 DISRUPTOR AS	700,000	1.9%
17 AREPO AS	658,102	1.8%
18 SVINDAL AKSEL LUND	650,000	1.8%
19 INCHOATE AS	610,000	1.7%
20 ENIMAE AS	600,000	1.7%
Others	12,956,260	35.8%
Total	36,220,084	100%

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