

FOLKIA

Report for second quarter 2012

Folkia is a leading finance group that provides everyday financial services in the Nordic and Baltic regions. Folkia's services primarily consisted of the provision of Microloans – small unsecured loans with a short term to maturity for temporary needs. In addition, the company provides small consumer loans with a term to maturity of up to three years.

The company's financial statements are prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP) and the regulations concerning annual financial statements, etc., for banks and financing institutions of 16 December 1998. The directors' report also covers the group's operations, see section 3-3a of the Accounting Act. Folkia also prepares its consolidated financial statements in accordance with IFRS, see section 3-9 of the Norwegian Accounting Act.

Folkia AS consists of the Norwegian legal entity and its branches in Sweden, Finland and Estonia. Denmark is operated via the Swedish branch.

The group's operations consisted of the parent company, Folkia AS, its branches in Sweden, Finland, Estonia. Denmark is operated via the Swedish branch. Non-operating subsidiary Folkia AB in Sweden has filed for voluntary liquidation, until liquidation is completed the subsidiary will be consolidated in the group accounts.

To improve and stabilize Folkias liquidity situation even further and to reduce collection related costs the group will implement a process of selling due receivables on an ongoing basis. No other changes has been made to the credit risk profile.

Tax on ordinary result is calculated annually. No other material changes has been made to the accounting principles during the current period.

Folkia AS result before tax for second quarter 2012 increased to 4.698 KNOK compared to -2.180 KNOK for the same period in 2011.

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Income statement

Folkia AS					NOTE	Folkia AS Group				
2012 Q2	2011 Q2	2012 YTD	2011 Q1-2	2011 YE		2012 Q2	2011 Q2	2012 YTD	2011 Q1-2	2011 YE
35 468	26 276	63 892	50 980	102 830	Interest and similar income	35 468	26 276	63 892	50 980	104 998
-559	-644	-1 055	-968	-2 095	Interest expenses and similar expenses	-559	-644	-1 055	-968	-2 184
34 910	25 632	62 837	50 012	100 736	Net interest and credit comission income	34 910	25 632	62 837	50 012	102 814
15	-1 703	-605	-1 464	213	Net change in value and gain/loss on shares and	15	-1 703	-605	-1 464	172
15	-1 703	-605	-1 464	213	Total net change in value and gain/loss on shares and currencies	15	-1 703	-605	-1 464	172
483	0	489	0	0	Other operating income	483	0	489	0	143
483	0	489	0	0	Total other operating income	483	0	489	0	143
35 409	23 930	62 722	48 548	100 949	Net income	35 409	23 930	62 722	48 548	103 129
-6 178	-5 642	-11 083	-18 792	-29 120	Salaries, etc	-6 178	-5 642	-11 083	-18 792	-29 120
-6 178	-5 642	-11 083	-18 792	-29 120	Total salaries and staff related expenses	-6 178	-5 642	-11 083	-18 792	-29 120
-2 830	-3 181	-6 032	-6 352	-12 745	Ordinary depreciation	-1 556	-1 907	-3 484	-3 804	-7 649
0	0	0	0	0	Write down of assets	0	0	0	0	-2 512
-2 830	-3 181	-6 032	-6 352	-12 745	Total depreciation and write down of assets	-1 556	-1 907	-3 484	-3 804	-10 161
-9 935	-11 632	-21 431	-24 663	-40 150	Other operating expenses	-9 935	-11 632	-21 431	-25 101	-40 157
-9 935	-11 632	-21 431	-24 663	-40 150	Total other operating expenses	-9 935	-11 632	-21 431	-25 101	-40 157
-18 943	-20 456	-38 545	-49 807	-82 014	Total depreciation and other operating expenses	-17 669	-19 182	-35 997	-47 697	-79 438
-11 768	-5 654	-15 953	-9 864	-17 834	Losses on loans	-11 768	-5 654	-15 953	-9 864	-17 834
-11 768	-5 654	-15 953	-9 864	-17 834	Total losses on loans, guarantees, etc	-11 768	-5 654	-15 953	-9 864	-17 834
0	0	0	0	-2 676	Shareholder contribution	0	0	0	0	0
0	0	0	0	-2 676	Group contribution	0	0	0	0	0
0	0	0	0	-2 676	Total shareholder contribution	0	0	0	0	0
4 698	-2 180	8 224	-11 123	-1 576	Result on ordinary operations before tax	5 972	-906	10 772	-9 013	5 857
0	0	0	0	-5 148	Tax on result on ordinary operations	0	0	0	0	-622
4 698	-2 180	8 224	-11 123	-6 724	RESULT FOR THE PERIOD	5 972	-906	10 772	-9 013	5 235

Balance sheet

Folkia AS			ASSETS	NOTE	Folkia AS Group		
2012 Q2	2011 Q2	2011 YE			2012 Q2	2011 Q2	2011 YE
22 266	17 610	24 466	Loans to and receivables from credit institutions		22 266	17 809	24 466
22 266	17 610	24 466	institutions		22 266	17 809	24 466
82 674	88 997	100 657	Repayment loans		82 674	88 997	100 657
-16 750	-19 530	-20 107	Specified loss reserves	2	-16 750	-19 530	-20 107
65 924	69 467	80 549	Total net loans to and receivables from customers		65 924	69 467	80 549
8 327	5 776	9 096	Receivables		1 495	4 159	1 732
8 327	5 776	9 096	Total other assets		1 495	4 159	1 732
2 948	2 948	2 948	Shares in group companies		0	0	0
2 948	2 948	2 948	Total ownership interests in group companies		0	0	0
27 601	32 190	29 895	Goodwill		45 890	45 890	45 890
22 336	22 927	22 336	Deferred tax assets		21 566	22 157	21 566
16 050	22 045	19 363	Intangible assets		18 255	23 742	21 314
65 987	77 162	71 594	Total intangible assets		85 710	91 790	88 769
1 004	1 511	1 070	Tangible assets		1 004	1 511	1 070
1 004	1 511	1 070	Total Tangible assets		1 004	1 511	1 070
8 775	8 314	9 314	Prepays and deposits		8 775	8 314	9 791
8 775	8 314	9 314	Total prepaid		8 775	8 314	9 791
175 230	182 788	199 038	TOTAL ASSETS		185 173	193 050	206 378
			EQUITY AND LIABILITIES				
			Liabilities				
2 299	24 751	29 540	Liabilities to credit institutions		2 299	24 751	29 540
2 299	24 751	29 540	Total liabilities to credit institutions		2 299	24 751	29 540
18 415	13 210	18 783	Other liabilities		10 639	11 202	12 941
18 415	13 210	18 783	Total other liabilities		10 639	11 202	12 941
1 536	3 583	5 257	Provisions for accrued expenses and liabilities		1 536	3 583	5 035
1 536	3 583	5 257	Total provisions for accrued expenses and liabilities		1 536	3 583	5 035
22 251	41 544	53 579	Sum liabilities		14 474	39 536	47 516
			Equity				
87 035	87 035	87 035	Share capital		87 035	87 035	87 035
-815	-815	-815	Own shares		-815	-815	-815
74 615	74 615	74 615	Share premium account		74 000	74 000	74 000
160 835	160 835	160 835	Total equity contributed		160 220	160 220	160 220
-7 855	-19 590	-15 376	Other equity		10 480	-6 706	-1 358
-7 855	-19 590	-15 376	Total retained earnings		10 480	-6 706	-1 358
152 979	141 244	145 459	Sum equity		170 699	153 514	158 862
175 230	182 788	199 038	TOTAL EQUITY AND LIABILITIES		185 173	193 050	206 378

Folkia AS notes

	2012-06-30	2011-06-30	2011-12-31
1. Credit losses			
Actual specified credit losses	842	2 828	3 999
Write-back of specified credit losses	0	0	20
Provisions during the period	15 111	7 036	13 815
Sum (NOK)	15 953	9 864	17 834
2. Credit losses / Defaulted			
Defaulted loans *	19 357	24 558	26 866
Accumulated provision for credit losses	16 750	19 530	20 107
Net (NOK)	2 606	5 027	6 758
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)	34 348 000	20 177 547	17 010 355
Undisposed credit (EUR facility)	9 000 677	20 878 679	20 302 995
Sum (NOK)	43 348 677	41 056 226	37 313 351
4. Capital adequacy			
Capital requirement	26 755	20 381	22 334
Capital base	75 837	63 868	73 866
Capital ratio*	22,68%	25,07%	26,46%

*) Current years result has been excluded in the calculation of capital ratio since it has not been audited. This is in line with the guidelines from Norwegian Finanstilsynet.