



## Report for first quarter 2014

Folkia provides everyday financial services in the Nordic and Baltic regions. Folkia's services primarily consist of the provision of microloans – small unsecured loans with a short term to maturity for temporary needs including more flexible larger loans (up to NOK 20.000) with longer maturity (up to 12 months).

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.

The income in Q1 2014 increased markedly compared to Q1 2013 mainly due to the launch of loans with longer maturity up to 12 months in October 2013 in Sweden and February 2014 in Norway. The result for Q1 ended at -3 871 KNOK compared to -1 002 KNOK for the same period in 2013. During 2013 Folkia strengthened the organisation to prepare for launch of Visa in 2014 and handling of future growth which led to increased costs and thus weaker result in Q1. Folkia expects further improvement in both income and result in the coming months. Folkia's capital ratio was reduced during Q1 to 16% mainly as a result of increase in loan volumes which result in an increased capital requirement.

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## Income statement

Folkia AS				NOTE	Folkia AS Group		
2014 Q1	2013 Q1	2013 YE			2014 Q1	2013 Q1	2013 YE
281	7	46	Interest and similar income from credit institutions		281	7	46
27 861	22 723	87 804	Interest and similiar income from customers		27 861	22 723	87 804
<b>28 142</b>	<b>22 730</b>	<b>87 850</b>	<b>Total interest and similar income</b>		<b>28 142</b>	<b>22 730</b>	<b>87 850</b>
-958	-254	-1 428	Interest and other expenses on debt to credit institutions		-960	-255	-1 429
<b>-958</b>	<b>-254</b>	<b>-1 428</b>	<b>Total interest expenses and similar expenses</b>		<b>-960</b>	<b>-255</b>	<b>-1 429</b>
<b>27 184</b>	<b>22 475</b>	<b>86 422</b>	<b>Net interest and credit comission income</b>		<b>27 182</b>	<b>22 475</b>	<b>86 421</b>
-330	-54	-792	Commission and similar expenses from credit institutions		-330	-54	-792
<b>-330</b>	<b>-54</b>	<b>-792</b>	<b>Total interest expenses and similar expenses</b>		<b>-330</b>	<b>-54</b>	<b>-792</b>
-642	936	4 271	Net gain/loss on foreign exchange etc		-642	936	4 271
<b>-642</b>	<b>936</b>	<b>4 271</b>	<b>Total net change in value and gain/loss on currencies etc</b>		<b>-642</b>	<b>936</b>	<b>4 271</b>
-7 865	-5 876	-23 380	Salary etc		-7 865	-5 876	-23 380
-5 849	-4 335	-16 913	-Salary		-5 849	-4 335	-16 913
-436	-284	-1 311	- Pension		-436	-284	-1 311
-1 580	-1 257	-5 156	- Social fees		-1 580	-1 257	-5 156
-9 868	-6 718	-33 584	Administrative expenses		-9 868	-6 718	-33 584
<b>-17 733</b>	<b>-12 595</b>	<b>-56 964</b>	<b>Total salaries and general administrative expenses</b>		<b>-17 733</b>	<b>-12 595</b>	<b>-56 964</b>
-1 310	-2 482	-9 373	Ordinary depreciation		-439	-1 208	-4 278
<b>-1 310</b>	<b>-2 482</b>	<b>-9 373</b>	<b>Total depreciation, etc, of tangible fixed assets and intangible assets</b>		<b>-439</b>	<b>-1 208</b>	<b>-4 278</b>
0	0	0	Impairment on tangible and intangible assets		0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total Impairment on tangible and intangible assets</b>		<b>0</b>	<b>0</b>	<b>0</b>
-3 179	-3 351	-12 469	Other operating expenses		-3 179	-3 351	-12 469
<b>-3 179</b>	<b>-3 351</b>	<b>-12 469</b>	<b>Total other operating expenses</b>		<b>-3 179</b>	<b>-3 351</b>	<b>-12 469</b>
<b>3 990</b>	<b>4 930</b>	<b>11 095</b>	<b>Result before losses on loans</b>		<b>4 859</b>	<b>6 203</b>	<b>16 189</b>
-7 861	-5 932	-26 332	Losses on loans	1	-7 861	-5 932	-26 332
<b>-7 861</b>	<b>-5 932</b>	<b>-26 332</b>	<b>Total losses on loans, guarantees, etc</b>		<b>-7 861</b>	<b>-5 932</b>	<b>-26 332</b>
0	0	-8 351	Write down of intangible assets		0	0	-8 351
<b>0</b>	<b>0</b>	<b>-8 351</b>	<b>Total write down of assets</b>		<b>0</b>	<b>0</b>	<b>-8 351</b>
<b>-3 871</b>	<b>-1 002</b>	<b>-23 588</b>	<b>Result on ordinary operations before tax</b>		<b>-3 002</b>	<b>271</b>	<b>-18 494</b>
0	260	5 982	Tax on result on ordinary operations		-244	-97	4 555
<b>-3 871</b>	<b>-742</b>	<b>-17 606</b>	<b>RESULT FOR THE YEAR</b>		<b>-3 246</b>	<b>174</b>	<b>-13 939</b>

## Balance sheet

Folkia AS			NOTE	Folkia AS Group		
2014 Q1	2013 Q1	2013 YE		2014 Q1	2013 Q1	2013 YE
			<b>Assets</b>			
15 592	24 116	16 468	Loans to and receivables from credit institutions	15 737	24 302	16 616
<b>15 592</b>	<b>24 116</b>	<b>16 468</b>	<b>Total net loans to and receivables from credit</b>	<b>15 737</b>	<b>24 302</b>	<b>16 616</b>
160 765	78 084	131 867	Repayment loans	160 765	78 084	135 258
-40 740	-18 282	-33 504	Specified loss reserves	2	-40 740	-33 504
<b>120 025</b>	<b>59 802</b>	<b>98 363</b>	<b>Total net loans to and receivables from customers</b>	<b>120 025</b>	<b>59 802</b>	<b>101 754</b>
135	135	135	Shares in group companies	0	0	0
<b>135</b>	<b>135</b>	<b>135</b>	<b>Total ownership interests in group companies</b>	<b>0</b>	<b>0</b>	<b>0</b>
12 060	24 159	12 811	Goodwill	30 078	45 890	30 078
28 409	23 501	28 409	Deferred tax assets	22 681	18 017	22 987
16 370	14 822	15 749	Intangible assets	19 898	17 406	19 157
<b>56 839</b>	<b>62 483</b>	<b>56 969</b>	<b>Total intangible assets</b>	<b>72 657</b>	<b>81 313</b>	<b>72 222</b>
480	613	407	Tangible assets	480	613	407
<b>480</b>	<b>613</b>	<b>407</b>	<b>Total Tangible assets</b>	<b>480</b>	<b>613</b>	<b>407</b>
1 512	13 152	3 393	Other assets	1 512	13 152	15 765
16 932	18 692	19 408	Prepays and deposits	16 932	18 692	3 645
<b>18 444</b>	<b>31 845</b>	<b>22 801</b>	<b>Total prepaid</b>	<b>18 444</b>	<b>31 845</b>	<b>19 410</b>
<b>211 515</b>	<b>178 995</b>	<b>195 143</b>	<b>TOTAL ASSETS</b>	<b>227 343</b>	<b>197 875</b>	<b>210 409</b>
			<b>EQUITY AND LIABILITIES</b>			
			<b>Liabilities</b>			
75 277	11 384	52 733	Liabilities to credit institutions	75 277	11 384	52 733
2 109	17 457	5 191	Other liabilities	2 109	17 859	6 660
9 590	7 971	7 890	Accrued expenses and deferred income	9 590	7 971	6 421
<b>86 976</b>	<b>36 812</b>	<b>65 814</b>	<b>Total liabilities</b>	<b>86 976</b>	<b>37 213</b>	<b>65 814</b>
			<b>Equity</b>			
87 035	87 035	87 035	Share capital	87 035	87 035	87 035
-815	-815	-815	Own shares	-815	-815	-815
74 614	74 615	74 615	Share premium account	74 000	74 000	74 000
<b>160 834</b>	<b>160 835</b>	<b>160 835</b>	<b>Total equity contributed</b>	<b>160 220</b>	<b>160 220</b>	<b>160 220</b>
-36 295	-18 652	-31 506	Other equity	-19 853	442	-16 217
<b>-36 295</b>	<b>-18 652</b>	<b>-31 506</b>	<b>Total retained earnings</b>	<b>-19 853</b>	<b>442</b>	<b>-16 217</b>
<b>124 539</b>	<b>142 183</b>	<b>129 329</b>	<b>Sum equity</b>	<b>140 367</b>	<b>160 662</b>	<b>144 003</b>
<b>211 515</b>	<b>178 995</b>	<b>195 143</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>227 343</b>	<b>197 875</b>	<b>209 817</b>

Folkia AS notes

	2014-03-31	2013-03-31	2013-12-31
<b>1. Credit losses</b>			
Actual specified credit losses	0	0	0
Write-back of specified credit losses	0	0	-2 855
Provisions during the period	7 861	5 932	29 187
<b>Sum (NOK)</b>	<b>7 861</b>	<b>5 932</b>	<b>26 332</b>
<b>2. Credit losses / Defaulted</b>			
Defaulted loans *	29 076	12 361	24 416
Accumulated provision for credit losses	40 740	18 282	33 504
<b>Net (NOK)</b>	<b>-11 664</b>	<b>-5 921</b>	<b>-9 088</b>
*) loans are classified as defaulted 90 days past due			
<b>3. Off balance sheet items</b>			
Undisposed credit (SEK facility)	0	13 583	0
Undisposed credit (EUR facility)	0	9 867	0
<b>Sum (NOK)</b>	<b>0</b>	<b>23 450</b>	<b>0</b>
<b>4. Capital adequacy</b>			
Capital requirement	34 589	29 441	33 374
Capital base	67 702	79 701	72 361
<b>Capital ratio*</b>	<b>16%</b>	<b>22%</b>	<b>17%</b>

\*) 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.