



## Report for first quarter 2015

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 Visa card was launched in Finland and Estonia during Q4 2014 and Q1 2015 respectively.

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. 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 2015 increased compared to Q1 2014, mainly due to the increased sales of loans with longer maturity up to 12 months in Sweden and Norway and revenues from in-house collection for the Swedish market. In February Visa was successfully launched in the Estonian market. As a result of the increased sales of larger loans with longer maturity, the receivables and share of defaulted loans increased compared to Q1 2014. Folkia is continuously working to improve the scoring- and collection processes in order to reduce the overdue amounts. The result before tax for Q1 ended at -7 286 KNOK compared to -3 871 KNOK for the same period in 2014. During 2014 Folkia continued to strengthen the organisation to prepare for launch of the Visa card and handling of future growth, which has resulted in increased costs compared to Q1 2014. Further the strengthening of the Norwegian krone during Q1 resulted in increased net currency losses. Folkia's capital ratio was improved in Q1 2015 as one of the convertible loans entered into in October 2014 was converted to Equity. Folkia entered into a third convertible loan of 27 630 KNOK in March 2015. The improvement in Folkia's capital base will enable Folkia to achieve its future strategy for continued profitable growth in all markets.

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## Income statement

Folkia AS			NOTE	Folkia AS Group		
2015 Q1	2014 Q1	2014 YE		2015 Q1	2014 Q1	2014 YE
6	281	82	Interest and similar income from credit institutions	6	281	82
29 587	27 861	117 343	Interest and similiar income from customers	29 587	27 861	117 343
<b>29 593</b>	<b>28 142</b>	<b>117 425</b>	<b>Total interest and similar income</b>	<b>29 593</b>	<b>28 142</b>	<b>117 425</b>
-1 359	-958	-4 430	Interest and other expenses on debt to credit institutions	-1 359	-960	-4 430
<b>-1 359</b>	<b>-958</b>	<b>-4 430</b>	<b>Total interest expenses and similar expenses</b>	<b>-1 359</b>	<b>-960</b>	<b>-4 430</b>
<b>28 234</b>	<b>27 184</b>	<b>112 995</b>	<b>Net interest and credit comission income</b>	<b>28 234</b>	<b>27 182</b>	<b>112 995</b>
-200	-330	-913	Commission and similar expenses from credit institutions	-200	-330	-913
<b>-200</b>	<b>-330</b>	<b>-913</b>	<b>Total interest expenses and similar expenses</b>	<b>-200</b>	<b>-330</b>	<b>-913</b>
-1 950	-642	3 858	Net gain/loss on foreign exchange etc	-1 950	-642	3 858
<b>-1 950</b>	<b>-642</b>	<b>3 858</b>	<b>Total net change in value and gain/loss on currencies etc</b>	<b>-1 950</b>	<b>-642</b>	<b>3 858</b>
-9 160	-7 865	-32 592	Salary etc	-9 160	-7 865	-32 592
-6 564	-5 849	-24 150	-Salary	-6 564	-5 849	-24 150
-582	-436	-2 119	-Pension	-582	-436	-2 119
-2 014	-1 580	-6 323	-Social fees	-2 014	-1 580	-6 323
-7 463	-9 868	-34 836	Administrative expenses	-7 463	-9 868	-34 836
<b>-16 623</b>	<b>-17 733</b>	<b>-67 428</b>	<b>Total salaries and general administrative expenses</b>	<b>-16 623</b>	<b>-17 733</b>	<b>-67 428</b>
-1 891	-1 310	-6 019	Ordinary depreciation	-1 071	-439	-2 534
<b>-1 891</b>	<b>-1 310</b>	<b>-6 019</b>	<b>Total depreciation, etc, of tangible fixed assets and intangible assets</b>	<b>-1 071</b>	<b>-439</b>	<b>-2 534</b>
-6 231	-3 179	-18 405	Other operating expenses	-6 231	-3 179	-18 405
<b>-6 231</b>	<b>-3 179</b>	<b>-18 405</b>	<b>Total other operating expenses</b>	<b>-6 231</b>	<b>-3 179</b>	<b>-18 405</b>
<b>1 339</b>	<b>3 990</b>	<b>24 088</b>	<b>Result before losses on loans</b>	<b>2 159</b>	<b>4 859</b>	<b>27 573</b>
-8 625	-7 861	-35 686	Losses on loans	-8 625	-7 861	-35 685
<b>-8 625</b>	<b>-7 861</b>	<b>-35 686</b>	<b>Total losses on loans, guarantees, etc</b>	<b>-8 625</b>	<b>-7 861</b>	<b>-35 685</b>
0	0	-1 201	Write down of intangible assets	0	0	-4 078
<b>0</b>	<b>0</b>	<b>-1 201</b>	<b>Total write down of assets</b>	<b>0</b>	<b>0</b>	<b>-4 078</b>
<b>-7 286</b>	<b>-3 871</b>	<b>-12 799</b>	<b>Result on ordinary operations before tax</b>	<b>-6 466</b>	<b>-3 002</b>	<b>-12 190</b>
1 967		1 708	Tax on result on ordinary operations	1 967	-244	1 543
<b>-5 319</b>	<b>-3 871</b>	<b>-11 091</b>	<b>RESULT FOR THE YEAR</b>	<b>-4 499</b>	<b>-3 246</b>	<b>-10 647</b>

## Balance sheet

Folkia AS			NOTE	Folkia AS Group		
2015 Q1	2014 Q1	2014 YE		2015 Q1	2014 Q1	2014 YE
			<b>Assets</b>			
43 703	15 592	7 214	Loans to and receivables from credit institutions	43 851	15 737	7 416
<b>43 703</b>	<b>15 592</b>	<b>7 214</b>	<b>institutions</b>	<b>43 851</b>	<b>15 737</b>	<b>7 416</b>
194 974	160 765	187 382	Repayment loans	194 973	160 765	187 382
-79 658	-40 740	-72 851	Specified loss reserves	-79 658	-40 740	-72 851
<b>115 316</b>	<b>120 025</b>	<b>114 531</b>	<b>Total net loans to and receivables from customers</b>	<b>115 316</b>	<b>120 025</b>	<b>114 531</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>
9 052	12 060	9 804	Goodwill	30 078	30 078	30 078
31 100	28 409	30 246	Deferred tax assets	25 677	22 681	24 660
22 213	16 370	22 473	Intangible assets	26 775	19 898	22 889
<b>62 365</b>	<b>56 839</b>	<b>62 523</b>	<b>Total intangible assets</b>	<b>82 530</b>	<b>72 657</b>	<b>77 627</b>
1 571	480	714	Tangible assets	1 571	480	714
<b>1 571</b>	<b>480</b>	<b>714</b>	<b>Total Tangible assets</b>	<b>1 571</b>	<b>480</b>	<b>714</b>
322	1 512	1 446	Other assets	323	1 512	3 926
6 001	16 932	19 492	Prepays and deposits	6 001	16 932	16 960
<b>6 323</b>	<b>18 444</b>	<b>20 938</b>	<b>Total prepaid</b>	<b>6 324</b>	<b>18 444</b>	<b>20 886</b>
<b>229 413</b>	<b>211 515</b>	<b>206 055</b>	<b>TOTAL ASSETS</b>	<b>249 591</b>	<b>227 343</b>	<b>221 174</b>
			<b>EQUITY AND LIABILITIES</b>			
			<b>Liabilities</b>			
32 939	75 277	27 188	Liabilities to credit institutions	32 939	75 277	27 188
5 702	2 109	5 540	Other liabilities	5 701	2 109	7 621
56 231	0	28 040	Convertible loan	56 231	0	28 040
6 356	9 590	9 081	Accrued expenses and deferred income	6 356	9 590	7 000
<b>101 228</b>	<b>86 976</b>	<b>69 849</b>	<b>Total liabilities</b>	<b>101 228</b>	<b>86 976</b>	<b>69 849</b>
			<b>Equity</b>			
96 705	87 035	87 035	Share capital	96 705	87 035	87 035
-815	-815	-815	Own shares	-815	-815	-815
0		16 437	Subordinated loan	0	0	16 437
79 877	74 615	74 615	Share premium account	79 262	74 000	74 000
<b>175 767</b>	<b>160 835</b>	<b>177 272</b>	<b>Total equity contributed</b>	<b>175 152</b>	<b>160 220</b>	<b>176 657</b>
-47 582	-36 295	-41 066	Other equity	-26 788	-19 853	-25 332
<b>-47 582</b>	<b>-36 295</b>	<b>-41 066</b>	<b>Total retained earnings</b>	<b>-26 788</b>	<b>-19 853</b>	<b>-25 332</b>
<b>128 185</b>	<b>124 539</b>	<b>136 206</b>	<b>Sum equity</b>	<b>148 364</b>	<b>140 367</b>	<b>151 325</b>
<b>229 413</b>	<b>211 515</b>	<b>206 055</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249 591</b>	<b>227 343</b>	<b>221 174</b>

**Folkia AS notes**

	<b>2015-03-31</b>	<b>2014-03-31</b>	<b>31.12.2014</b>
<b>1. Credit losses</b>			
Actual specified credit losses	0	0	0
Write-back of specified credit losses	0	0	-120
Provisions during the period	8 625	7 861	35 806
<b>Sum (NOK)</b>	<b>8 625</b>	<b>7 861</b>	<b>35 686</b>
<b>2. Credit losses / Defaulted</b>			
Defaulted loans*	89 649	29 076	82 506
Accumulated provision for credit losses	79 658	40 740	72 851
<b>Net (NOK)</b>	<b>9 991</b>	<b>-11 664</b>	<b>9 655</b>
*) loans are classified as defaulted 90 days past due			
<b>3. Off balance sheet items</b>			
Undisposed credit (SEK facility)	0	0	0
Undisposed credit (EUR facility)	0	0	0
<b>Sum (NOK)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. Capital adequacy</b>			
Capital requirement	33 794	34 589	34 812
Capital base	65 822	67 702	57 400
<b>Capital ratio*</b>	<b>15,6%</b>	<b>15,7%</b>	<b>13,2%</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.