

Folkefinans

Interim report January-September 2015

Report for third quarter 2015

Folkia AS changed the company's name to Folkefinans AS in May 2015. Folkefinans provides everyday financial services in the Nordic and Baltic regions. Folkefinans' services primarily consist of provision of small unsecured loans with short term to maturity for temporary needs including more flexible larger loans (up to NOK 25.000) with longer maturity (up to 36 months). The Visa card was launched in Estonia during Q1 2015.

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. Folkefinans also prepares its consolidated financial statements in accordance with IFRS, see section 3-9 of the Norwegian Accounting Act.

Folkefinans AS consists of the Norwegian legal entity and its branches in Sweden, Finland and Estonia. Denmark is operated via the Swedish branch. The non-operating subsidiary Folkia AB in Sweden was liquidated in July 2015.

The income in Q3 2015 amounted to 31 263 KNOK with a continued improvement compared to 2014 mainly due to the increased sales of loans with longer maturity in Sweden and Norway and revenues from in-house collection for the Swedish market. In July the product offering in Sweden and Norway for the loans were extended, increasing the maturity of the loans up to 24 months and the loan size to 25 KNOK and 20 KNOK respectively. During Q3 extensive marketing campaigns incl. TV commercials promoting the new brand Frogtail were run in the Swedish market with very positive sales impact. The campaigns will be continued during Q4 in both Sweden and Norway.

As a consequence of the introduction of new regulations incl. interest cap in the Estonian market as of July 1st, the loan offering was restructured so only loans with maturity from 12 to 36 months and loan size up to 2 000 EUR was sold as of July. This change has had a negative consequence for sales during Q3. In Q3 the Estonian FSA carried out an inspection of the Estonian branch. For Folkefinans to align with other creditors in Estonia and to make Folkefinans' statistics more comparable, it was recommended to write off all +1 year debt. The impairment amounted to 17 562 KNOK and gave a negative impact of 1 470 KNOK in the September result. Consequently the result before tax for Q3 ended at -3 646 KNOK compared to -2 377 KNOK for the same period in 2014. The capital ratio amounted to 17,1%, improving compared to Q3 2014 as Folkefinans entered into a subordinated loan of 3,5 MEUR in June 2015. The improvement in the capital base will enable Folkefinans to achieve its future strategy for continued profitable growth in all markets.

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Income statement

Folkefinans AS					NOTE	Folkefinans AS Group				
2015 Q3	2014 Q3	2015 YTD	2014 YTD	2014 YE		2015 Q3	2014 Q3	2015 YTD	2014 YTD	2014 YE
-47	37	16	60	82	Interest and similar income from credit institutions	-47	37	16	60	82
31 310	29 738	93 146	88 781	117 343	Interest and similar income from customers	31 310	29 738	93 146	88 781	117 343
31 263	29 775	93 162	88 841	117 425	Total interest and similar income	31 263	29 775	93 162	88 841	117 425
-2 271	-1 125	-5 444	-3 022	-4 430	Interest and other expenses on debt to credit institutions	-2 271	-1 125	-5 444	-3 022	-4 430
-2 271	-1 125	-5 444	-3 022	-4 430	Total interest expenses and similar expenses	-2 271	-1 125	-5 444	-3 022	-4 430
28 992	28 650	87 718	85 819	112 995	Net interest and credit comission income	28 992	28 650	87 718	85 819	112 995
-156	-270	-499	-918	-913	Commission and similar expenses from credit institutions	-156	-270	-499	-918	-913
-156	-270	-499	-918	-913	Total interest expenses and similar expenses	-156	-270	-499	-918	-913
1 890	-1 059	522	-1 280	3 858	Net gain/loss on foreign exchange etc	1 890	-1 059	522	-1 280	3 858
1 890	-1 059	522	-1 280	3 858	Total net change in value and gain/loss on currencies etc	1 890	-1 059	522	-1 280	3 858
-7 800	-7 904	-26 759	-23 872	-32 592	Salary etc	-7 800	-7 904	-26 759	-23 872	-32 592
-5 195	-5 830	-18 935	-17 729	-24 150	-Salary	-5 195	-5 830	-18 935	-17 729	-24 150
-508	-457	-1 665	-1 305	-2 119	- Pension	-508	-457	-1 665	-1 305	-2 119
-2 097	-1 617	-6 158	-4 838	-6 323	- Social fees	-2 097	-1 617	-6 158	-4 838	-6 323
-9 998	-8 059	-26 562	-26 747	-34 836	Administrative expenses	-9 998	-8 059	-26 562	-26 747	-34 836
-17 797	-15 963	-53 321	-50 619	-67 428	Total salaries and general administrative expenses	-17 797	-15 963	-53 321	-50 619	-67 428
-1 972	-1 486	-5 838	-4 120	-6 019	Ordinary depreciation	-1 202	-614	-3 461	-1 506	-2 534
-1 972	-1 486	-5 838	-4 120	-6 019	Total depreciation, etc, of tangible fixed assets and intangible assets	-1 202	-614	-3 461	-1 506	-2 534
-6 453	-4 170	-18 988	-13 237	-18 405	Other operating expenses	-6 453	-4 170	-18 988	-13 237	-18 405
-6 453	-4 170	-18 988	-13 237	-18 405	Total other operating expenses	-6 453	-4 170	-18 988	-13 237	-18 405
4 504	5 702	9 594	15 645	24 088	Result before losses on loans	5 274	6 574	11 972	18 259	27 573
-8 151	-8 079	-23 069	-25 179	-35 686	Losses on loans	-8 151	-8 079	-23 069	-25 179	-35 685
-8 151	-8 079	-23 069	-25 179	-35 686	Total losses on loans, guarantees, etc	-8 151	-8 079	-23 069	-25 179	-35 685
0	0	-4 010	0	-1 201	Write down of intangible assets	0	0	-4 010	0	-4 078
0	0	-4 010	0	-1 201	Total write down of assets	0	0	-4 010	0	-4 078
-3 646	-2 377	-17 484	-9 534	-12 799	Result on ordinary operations before tax	-2 877	-1 505	-15 108	-6 920	-12 190
999	644	4 733	2 571	1 708	Tax on result on ordinary operations	999	426	4 733	1 865	1 543
-2 647	-1 733	-12 751	-6 963	-11 091	RESULT	-1 878	-1 079	-10 375	-5 055	-10 647

Balance sheet

Folkefinans AS				NOTE	Folkefinans AS Group		
2015 Q3	2014 Q3	2014 YE			2015 Q3	2014 Q3	2014 YE
			Assets				
63 440	5 130	7 214	Loans to and receivables from credit institutions		63 600	5 270	7 416
63 440	5 130	7 214	institutions		63 600	5 270	7 416
209 627	165 791	187 382	Repayment loans		209 627	165 791	187 382
-74 395	-56 971	-72 851	Specified loss reserves	2	-74 395	-56 971	-72 851
135 232	108 820	114 531	Total net loans to and receivables from customers		135 232	108 820	114 531
0	135	135	Shares in group companies		0	0	0
0	135	135	Total ownership interests in group companies		0	0	0
7 548	10 556	9 804	Goodwill		30 078	30 078	30 078
33 990	31 302	30 246	Deferred tax assets		28 568	25 111	24 660
18 877	21 456	22 473	Intangible assets		19 344	25 222	22 889
60 415	63 314	62 523	Total intangible assets		77 990	80 411	77 627
1 538	726	714	Tangible assets		1 538	726	714
1 538	726	714	Total Tangible assets		1 538	726	714
314	1 569	1 446	Other assets		314	1 569	3 926
6 361	17 305	19 492	Prepays and deposits		6 361	17 306	16 960
6 675	18 874	20 938	Total prepaid		6 675	18 875	20 886
267 300	196 999	206 055	TOTAL ASSETS		285 035	214 102	221 174
			EQUITY AND LIABILITIES				
			Liabilities				
42 872	62 053	27 188	Liabilities to credit institutions		42 872	62 053	27 188
2 349	4 690	5 540	Other liabilities		2 349	4 690	7 621
58 233		28 040	Convertible loan		58 233		28 040
7 726	10 270	9 081	Accrued expenses and deferred income		7 726	10 270	7 000
111 180	77 013	69 849	Total liabilities		111 180	77 013	69 849
			Equity				
96 705	87 035	87 035	Share capital		96 705	87 035	87 035
-815	-815	-815	Own shares		-815	-815	-815
32 290		16 437	Subordinated loan		32 290		16 437
79 877	74 615	74 615	Share premium account		79 262	74 000	74 000
208 057	160 835	177 272	Total equity contributed		207 442	160 220	176 657
-51 937	-40 849	-41 066	Other equity		-33 587	-23 131	-25 332
-51 937	-40 849	-41 066	Total retained earnings		-33 587	-23 131	-25 332
156 120	119 986	136 206	Sum equity		173 855	137 089	151 325
267 300	196 999	206 055	TOTAL EQUITY AND LIABILITIES		285 035	214 102	221 174

Folkefinans AS notes

1. Credit losses	2015-09-30	2014-09-30	2014-12-31
Actual specified credit losses	17 562	0	0
Write-back of specified credit losses	0	0	-120
Provisions during the period	5 507	25 179	35 806
Sum (NOK)	23 069	25 179	35 686
2. Credit losses / Defaulted			
Defaulted loans*	79 525	52 723	82 506
Accumulated provision for credit losses	74 395	56 971	72 851
Net (NOK)	5 130	-4 248	9 655
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)	0	0	0
Undisposed credit (EUR facility)	0	0	0
Sum (NOK)	0	0	0
4. Capital adequacy			
Capital requirement	33 636	29 835	34 812
Capital base	71 816	56 674	57 400
Capital ratio	17,1%	15,0 %	13,2%