



Folkefinans

Interim report April - June 2017

Report for second quarter 2017

Folkefinans provides everyday financial services in Norway and Sweden. Folkefinans' services primarily consist of provision of small unsecured loans with short term to maturity for temporary needs including more flexible larger loans presently up to NOK 40.000 with longer maturity up to 3 years.

Folkefinans AS's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. As at 30 June 2017, the company consisted of the parent company, Folkefinans AS, and its branches in Sweden, Finland and Estonia. Denmark has been operating via the Swedish branch.

The process of selling the bad debt portfolios generating high profit has been continued during Q2. The enhanced focus on top-line growth and profitability has shown positive results during Q2 2017 with May being the best sales month in the company's history.

Total income in Q2 2017 amounted to 27 629 KNOK, increasing with 1 996 KNOK compared to Q1. Income was lower than similar period in 2016 mainly due to the decision to outsource collection in Sweden and temporary discontinue the sale of new loans and credit cards in Estonia and new loans in Denmark.

The company's losses on loans were low and amounted to 549 KNOK in Q2 as bad debt portfolios in all countries were sold giving positive P&L impact of approx. 5.5 MNOK. Additional restructuring costs of 1.5 MNOK from the Q1 restructuring process were included in the June result.

Result on ordinary operations before tax for Q2 2017 improved strongly compared to Q1 and amounted to 6 214 KNOK compared to -5 707 in Q2 2016. The result when excluding restructuring costs and portfolio sale profit was 2 231 KNOK.

The first half year pre-tax profit was 8.4 MNOK. This includes a total of 6.1 MNOK in restructuring costs and 14.9 MNOK in profits from sale of bad debt portfolios. The restructuring costs are mainly related to staff reductions..

The capital ratio amounted to 18,3%, compared to 19,6% in Q2 2016. The main focus during 2017 will be to increase the sales through continued development of Folkefinans' existing product offerings, improve profitability and strengthen the company's financing.

For further information, please contact:

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Income statement

	NOTE	Folkefinans AS				
		2017 Q2	2016 Q2	2017 YTD	2016 YTD	2016 YE
Interest and similar income from credit institutions		8	284	33	410	149
Interest and similar income from customers		27 621	32 789	53 229	65 672	123 787
Total interest and similar income		27 629	33 074	53 263	66 083	123 935
Interest and other expenses on debt to credit institutions		-1 213	-2 134	-3 101	-3 987	-8 900
Total interest expenses and similar expenses		-1 213	-2 134	-3 101	-3 987	-8 900
Net interest and credit comission income		26 416	30 940	50 162	62 095	115 035
Commission and similar expenses from credit institutions		-374	-84	-549	-231	-2 006
Total interest expenses and similar expenses		-374	-84	-549	-231	-2 006
Net gain/loss on foreign exchange etc		1 185	-1 448	1 441	-2 808	-2 997
Total net change in value and gain/loss on currencies etc		1 185	-1 448	1 441	-2 808	-2 997
Salary etc		-6 932	-9 681	-17 845	-19 731	-33 509
-Salary		-4 763	-7 198	-13 727	-14 541	-24 012
- Pension		-490	-524	-1 028	-1 112	-2 322
- Social fees		-1 678	-1 959	-3 090	-4 077	-7 175
Administrative expenses		-10 267	-9 838	-20 234	-19 654	-39 527
Total salaries and general administrative expenses		-17 199	-19 519	-38 079	-39 385	-73 036
Ordinary depreciation		-1 166	-1 215	-2 297	-2 525	-4 958
Total depreciation, etc, of tangible fixed assets and intangible assets		-1 166	-1 215	-2 297	-2 525	-4 958
Other operating expenses		-2 098	-6 927	-5 804	-13 690	-26 557
Total other operating expenses		-2 098	-6 927	-5 804	-13 690	-26 557
Result before losses on loans		6 763	1 746	4 873	3 456	5 481
Losses on loans	1	-549	-9 092	3 530	-16 731	392
Total losses on loans, guarantees, etc		-549	-9 092	3 530	-16 731	392
Write down of intangible assets		0	1 639	0	1 639	-9 818
Total write down of assets		0	0	0	1 639	-9 818
Result on ordinary operations before tax		6 214	-5 707	8 403	-11 637	-3 945
Tax on result on ordinary operations		-953	1 481	-1 504	3 291	-714
Result		5 261	-4 226	6 900	-8 346	-4 659
Other Comprehensive Income						
Exchange differences on translating foreign operations						-6 524
Other comprehensive income investments		12		24		1 661
Total result		5 273	-4 226	6 924	-8 346	-9 522

Balance sheet

	NOTE	Folkefinans AS		
		2017 Q2	2016 Q2	2016 YE
Assets				
Loans to and receivables from credit institutions		22 090	6 177	77 410
Total net loans to and receivables from credit institutions		22 090	6 177	77 410
Repayment loans		178 005	242 647	181 029
Specified loss reserves	2	-23 015	-97 106	-47 831
Total net loans to and receivables from customers		154 990	145 542	133 198
Available for sale investments		10 033	23 091	9 659
Total ownership interests in group companies		10 033	23 091	9 659
Goodwill		21 118	30 078	21 118
Deferred tax assets		29 918	32 383	31 365
Intangible assets		14 180	17 628	15 393
Total intangible assets		65 215	80 088	67 876
Tangible assets		570	1 403	638
Total Tangible assets		570	1 403	638
Other assets		688	4 151	403
Prepays and deposits		10 935	5 517	6 078
Total prepaid		11 623	9 668	6 481
TOTAL ASSETS		264 522	265 968	295 262
EQUITY AND LIABILITIES				
Liabilities				
Liabilities to credit institutions		178	11 956	29 674
Derivates		2 932	2 956	3 068
Other liabilities		14 280	7 991	12 683
Accrued expenses and deferred income		12 615	7 417	14 028
Self-amortizing loans		40 195	53 738	51 796
Convertible subordinated loan		31 172	28 528	29 368
Total liabilities		101 373	112 586	140 617
Equity				
Share capital		96 705	96 705	96 705
Own shares		-815	-815	-815
Other paid in Equity		5 151	5 151	5 151
Share premium account		79 262	79 262	79 262
Total equity contributed		180 304	180 304	180 304
Other equity		-17 155	-26 922	-25 659
Total retained earnings		-17 155	-26 922	-25 659
Sum equity		163 149	153 382	154 645
TOTAL EQUITY AND LIABILITIES		264 522	265 968	295 262

Folkefinans AS notes

1. Credit losses	30.06.2017	30.06.2016	2016-12-31
Actual specified credit losses	16 072	561	34 376
Write-back of specified credit losses	-13 647	-10	-65 291
Provisions during the period	-1 876	8 541	30 523
Sum (NOK)	549	9 092	-392
2. Credit losses / Defaulted			
Defaulted loans*	12 957	102 109	40 634
Accumulated provision for credit losses	23 015	97 106	47 831
Net (NOK)	-10 059	5 003	-7 197
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)			
Sum (NOK)	0	0	0
4. Capital adequacy			
Capital requirement	41 170	30 886	35 900
Capital base	94 109	75 743	91 991
Capital ratio	18,3 %	19,6 %	20,5%