

2021



Folkefinans

Interim Report July - Sept 2021

Report for third quarter 2021

Folkefinans provides everyday financial services in Norway and Sweden. Folkefinans' services primarily consist of provision of revolving credits (Monetti Flexilån) up to 20.000 and small unsecured loans with short term to maturity for temporary needs including more flexible larger consumer loans presently up to NOK 40.000 with maturity up to 5 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 September 2021, the company consisted of the parent company, Folkefinans AS, and its branches in Sweden, Finland and Estonia.

Lending in Q3 has as during the 1. half of 2021 been restricted by the need to level lending of the revolving credit product towards the existing credit limit of 120 MSEK with Arvato and stabilizing lending for the loan products so that the cash buffer remained intact. The cash buffer was increased with proceeds of 12.6 MNOK received when the Visa A-shares were sold at the end of August. The Interest income in Q3 2021 were slightly higher than Q2 and amounted to 23 686 KNOK being approx. 4.2 MNOK lower than similar period in 2020.

The company's provisions for losses on loans amounted to 9 879 KNOK in Q3 2021 being at the same levels as Q3 2020 however higher than Q2 as all Forward Flow agreements for the Swedish products were renegotiated in Q2 with revised lower pricing having full effects in Q3. New score card for K365 were implemented in July, and the organization is currently in the phase of finalizing the project for collecting bank transaction data when assessing customers for Monetti Flexi.

The general administrative costs were high in Q3 due to the advisory and legal costs from the structural process impacting the total comprehensive income being negative with -5 946 KNOK in Q3 2021 compared to -2 276 in Q3 2020. The total capital ratio improved in Q3 amounting to 22.6% mainly due to reduction in the loan portfolio and market risk being close to 0 as hedge adjustments were implemented in September, being well above the requirement set by Finanstilsynet.

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	NOTE	Folkefinans AS				
		2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 YE
Interest income		23,686	27,910	70,968	81,818	107,361
Interest expenses		-3,042	-3,087	-9,008	-8,971	-11,961
Net interest income		20,644	24,823	61,960	72,847	95,400
Fee and comission expenses		-3,658	-5,055	-10,133	-16,323	-20,080
Net change in value on securities and currency		-341	1,350	-700	2,921	1,934
Gross margin		16,645	21,119	51,127	59,445	77,253
Personnel expenses		-5,412	-9,190	-17,312	-21,900	-28,455
General administrative expenses		-4,394	-3,569	-10,075	-11,920	-14,927
Depreciation and amortisation		-490	-585	-1,576	-1,843	-2,414
Other operating expenses		-2,257	-1,835	-6,501	-6,004	-8,007
Net operating income		4,093	5,941	15,663	17,776	23,451
Losses on loans	1	-9,879	-9,747	-25,856	-28,927	-53,043
Impairment losses		0	0	0	0	0
Profit before tax		-5,786	-3,806	-10,193	-11,150	-29,592
Tax on result on ordinary operations		0	1,539	0	4,003	0
Profit after tax		-5,786	-2,267	-10,193	-7,147	-29,592
Other Comprehensive Income						
Exchange differences on translating foreign operations		-160	-9	-141	1,884	3,068
Sum other comprehensive income		-160	-9	-141	1,884	3,068
Total comprehensive income		-5,946	-2,276	-10,334	-5,263	-26,524

	NOTE	Folkefinans AS		
		2021 Q3	2020 Q3	2020 YE
Assets				
Loans and deposits with credit institutions		38,883	13,672	27,081
Repayment loans		196,288	230,591	212,192
Specified loss reserves	2	-34,736	-19,870	-33,282
Loans to customers		161,552	210,721	178,910
Investment securities		10,947	20,885	20,305
Derivatives		1,063	0	689
Goodwill		0	21,118	0
Deferred tax assets		0	31,268	0
Other intangible assets		3,363	2,835	2,850
Tangible assets		3,083	1,284	4,577
Other assets		14,823	16,568	14,145
Prepaid and deposits		14,652	14,786	12,333
Total assets		248,365	333,136	260,891
EQUITY AND LIABILITIES				
Liabilities				
Debt to credit institutions		115,207	118,793	113,723
Derivatives		0	1,978	0
Other liabilities		7,762	4,305	9,724
Accrued expenses		5,471	7,664	6,841
Subordinated loan		34,277	34,764	34,717
Total liabilities		162,716	167,504	165,005
Equity				
Share capital		96,123	96,123	96,123
Share premium		79,262	79,262	79,262
Other paid in equity		5,151	5,151	5,151
Retained earnings		-94,888	-14,905	-84,651
Total equity		85,649	165,632	95,886
Total liabilities and equity		248,365	333,136	260,891

Folkefinans AS notes

	2021 Q3	2020 Q3	2020 YE
1. Credit losses			
Actual specified credit losses	7,707	8,501	10,835
Write-back of specified credit losses	-2	-2	1
Provisions during the period	2,174	1,247	13,281
Sum (NOK)	9,879	9,747	24,117
2. Credit losses / Defaulted			
Defaulted loans*	6,647	8,692	6,582
Accumulated provision for credit losses	34,736	19,870	33,282
Net (NOK)	-28,090	-11,177	-26,700
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)	26,609	31,106	30,184
Sum (NOK)	26,609	31,106	30,184
4. Capital adequacy			
Capital requirement	29,140	39,972	32,025
Capital base	82,274	115,666	96,513
Capital ratio	22.6 %	23.1 %	24.1%