

A close-up, low-angle shot of a red, textured surface, likely a book cover or folder. The word "FOLKIA" is printed in large, white, bold, sans-serif capital letters, slanted diagonally across the frame from the bottom left towards the top right. The texture of the material is visible, and the lighting creates a slight shadow and highlights on the surface.

FOLKIA™

Report for third quarter 2012

Folkia is a leading finance group that provides everyday financial services in the Nordic and Baltic regions. Folkia's services primarily consisted of the provision of Microloans – small unsecured loans with a short term to maturity for temporary needs. In addition, the company provides small consumer loans with a term to maturity of up to three years.

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.

Folkias liquidity situation has improved during the period and the capital adequacy ratio has increased with approx. 1.3% to 24.0%. Folkia AS YTD result 2012 before tax has increased to 9.092 KNOK compared to -8.679 KNOK for the same period in 2011. Folkia AS result before tax for third quarter was 774 KNOK compared to 2.329 KNOK for the same period in 2011.

Tax on ordinary result is calculated annually. No other material changes has been made to the accounting principles during the current period. No changes have been made to the credit risk profile.

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Income statement

Folkia AS					NOTE	Folkia AS Group				
2012 Q3	2011 Q3	2012 YTD	2011 Q1-3	2011 YE		2012 Q3	2011 Q3	2012 YTD	2011 Q1-3	2011 YE
26 166	23 746	90 190	74 679	102 830	Interest and similar income	26 166	23 746	90 190	74 679	104 998
-285	-608	-1 343	-1 578	-2 095	Interest expenses and similar expenses	-285	-608	-1 343	-1 578	-2 184
25 881	23 138	88 847	73 101	100 736	Net interest and credit comission income	25 881	23 138	88 847	73 101	102 814
353	150	-262	-1 296	213	Net change in value and gain/loss on shares and currencies	353	150	-262	-1 296	172
353	150	-262	-1 296	213	Total net change in value and gain/loss on shares and currencies	353	150	-262	-1 296	172
0	3	494	3	0	Other operating income	0	3	494	3	143
0	3	494	3	0	Total other operating income	0	3	494	3	143
26 234	23 291	89 078	71 808	100 949	Net income	26 234	23 291	89 078	71 808	103 129
-5 481	-4 779	-16 573	-23 464	-29 120	Salaries, etc	-5 481	-4 779	-16 573	-23 464	-29 120
-5 481	-4 779	-16 573	-23 464	-29 120	Total salaries and staff related expenses	-5 481	-4 779	-16 573	-23 464	-29 120
-2 866	-3 151	-8 897	-9 501	-12 745	Ordinary depreciation	-1 592	-1 877	-5 075	-5 679	-7 649
0	0	0	0	0	Write down of assets	0	0	0	0	-2 512
-2 866	-3 151	-8 897	-9 501	-12 745	Total depreciation and write down of assets	-1 592	-1 877	-5 075	-5 679	-10 161
-9 953	-7 787	-31 412	-32 416	-40 150	Other operating expenses	-9 954	-7 561	-31 412	-32 619	-40 157
-9 953	-7 787	-31 412	-32 416	-40 150	Total other operating expenses	-9 954	-7 561	-31 412	-32 619	-40 157
-18 300	-15 717	-56 882	-65 381	-82 014	Total depreciation and other operating expenses	-17 027	-14 217	-53 060	-61 762	-79 438
-7 206	-5 245	-23 151	-15 106	-17 834	Losses on loans	-7 206	-5 245	-23 151	-15 106	-17 834
-7 206	-5 245	-23 151	-15 106	-17 834	Total losses on loans, guarantees, etc	-7 206	-5 245	-23 151	-15 106	-17 834
0	0	0	0	-2 676	Shareholder contribution	0	0	0	0	0
0	0	0	0	-2 676	Group contribution	0	0	0	0	0
0	0	0	0	-2 676	Total shareholder contribution	0	0	0	0	0
728	2 329	9 045	-8 679	-1 576	Result on ordinary operations before tax	2 001	3 829	12 867	-5 059	5 857
0	0	0	0	-5 148	Tax on result on ordinary operations	0	0	0	0	-622
728	2 329	9 045	-8 679	-6 724	RESULT FOR THE PERIOD	2 001	3 829	12 867	-5 059	5 235

Balance sheet

Folkia AS			ASSETS	NOTE	Folkia AS Group		
2012 Q3	2011 Q3	2011 YE			2012 Q3	2011 Q3	2011 YE
SUM Folkia AS	SUM Folkia AS	SUM Folkia AS			SUM Folkia AS Group	SUM Folkia AS Group	SUM Folkia AS Group
41 210	21 398	24 466	Loans to and receivables from credit institutions		41 210	21 398	24 466
41 210	21 398	24 466	institutions		41 210	21 398	24 466
87 167	94 701	100 657	Repayment loans		87 167	94 701	100 657
-19 790	-23 152	-20 107	Specified loss reserves	2	-19 790	-23 152	-20 107
67 376	71 548	80 549	Total net loans to and receivables from customers		67 376	71 548	80 549
9 196	5 870	9 096	Receivables		2 299	4 247	1 732
9 196	5 870	9 096	Total other assets		2 299	4 247	1 732
2 948	2 948	2 948	Shares in group companies		0	0	0
2 948	2 948	2 948	Total ownership interests in group companies		0	0	0
26 454	31 043	29 895	Goodwill		45 890	45 890	45 890
22 336	22 927	22 336	Deferred tax assets		21 566	22 157	21 566
14 551	20 559	19 363	Intangible assets		16 882	22 383	21 314
63 340	74 529	71 594	Total intangible assets		84 338	90 430	88 769
947	1 266	1 070	Tangible assets		947	1 266	1 070
947	1 266	1 070	Total Tangible assets		947	1 266	1 070
7 931	7 938	9 314	Prepays and deposits		7 931	7 938	9 791
7 931	7 938	9 314	Total prepaid		7 931	7 938	9 791
192 948	185 498	199 038	TOTAL ASSETS		204 100	196 828	206 378
			EQUITY AND LIABILITIES				
			Liabilities				
18 918	27 507	29 540	Liabilities to credit institutions		18 918	27 507	29 540
18 918	27 507	29 540	Total liabilities to credit institutions		18 918	27 507	29 540
18 832	11 233	18 783	Other liabilities		10 975	8 792	12 941
18 832	11 233	18 783	Total other liabilities		10 975	8 792	12 941
1 715	2 998	5 257	Provisions for accrued expenses and liabilities		1 715	2 998	5 035
1 715	2 998	5 257	Total provisions for accrued expenses and liabilities		1 715	2 998	5 035
39 464	41 737	53 579	Sum liabilities		31 608	39 296	47 516
			Equity				
87 035	87 035	87 035	Share capital		87 035	87 035	87 035
-815	-1 061	-815	Own shares		-815	-1 061	-815
74 615	74 615	74 615	Share premium account		74 000	74 000	74 000
160 835	160 588	160 835	Total equity contributed		160 220	159 974	160 220
-7 351	-16 828	-15 376	Other equity		12 273	-2 442	-1 358
-7 351	-16 828	-15 376	Total retained earnings		12 273	-2 442	-1 358
153 484	143 761	145 459	Sum equity		172 493	157 532	158 862
192 948	185 498	199 038	TOTAL EQUITY AND LIABILITIES		204 100	196 828	206 378

Folkia AS notes

	2012-09-30	2011-09-30	2011-12-31
1. Credit losses			
Actual specified credit losses	842	4 591	3 999
Write-back of specified credit losses	0	0	20
Provisions during the period	22 309	10 515	13 815
Sum (NOK)	23 151	15 106	17 834
2. Credit losses / Defaulted			
Defaulted loans *	21 536	27 785	26 866
Accumulated provision for credit losses	19 790	23 152	20 107
Net (NOK)	1 746	4 633	6 758
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)	17 444 000	16 613 334	17 010 355
Undisposed credit (EUR facility)	9 580 350	22 143 998	20 302 995
Sum (NOK)	27 024 350	38 757 332	37 313 351
4. Capital adequacy			
Capital requirement	25 607	21 282	22 334
Capital base	76 835	67 403	73 866
Capital ratio*	24,00%	25,34%	26,46%

*) 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.