



Report for third quarter 2014

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 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 Q3 2014 increased markedly compared to Q3 2013, mainly due to the launch of loans with longer maturity up to 12 months in October 2013 in Sweden and February 2014 in Norway. In September Visa was successfully launched in Finland and the sale of the existing loan product was consequently stopped. During November Visa will be launched in Estonia. The result before tax for Q3 ended at -2 377 KNOK compared to -3 520 KNOK for the same period in 2013. During 2013 and 2014 Folkia has strengthened the organisation to prepare for launch of Visa in the second half of 2014 and handling of future growth, which has resulted in increased costs compared to 2013. Folkia therefore expects increased income during Q4 2014 and further improvement of both income and profitability during 2015. Folkia's capital ratio was 15% in Q3 2014, being lower than 2013 mainly as a result of increase in loan volumes which result in an increased capital requirement. During the latter part of 2013 and 2014 Folkia has conducted a process of raising new equity. This process was finalized during Q3 with final closing October 15th. The outcome of the process will clearly enable Folkia to achieve its future strategy for continued profitable growth in all markets and improve the company's capital base.

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Income statement

Folkia AS					NOTE	Folkia AS Group				
2014 Q3	2013 Q3	2014 YTD	2013 Q1-3	2013 YE		2014 Q3	2013 Q3	2014 YTD	2013 Q1-3	2013 YE
37	5	60	16	46	Interest and similar income from credit institutions	37	5	60	16	0
29 738	21 819	88 781	67 757	87 804	Interest and similiar income from customers	29 738	21 819	88 781	67 757	91 353
29 775	21 824	88 841	67 773	87 850	Total interest and similar income	29 775	21 824	88 841	67 773	91 353
0						0				
-1 125	-292	-3 022	-860	-1 428	Interest and other expenses on debt to credit institutions	-1 125	-292	-3 022	-860	-1 428
-1 125	-292	-3 022	-860	-1 428	Total interest expenses and similar expenses	-1 125	-292	-3 022	-860	-1 428
28 650	21 532	85 819	66 913	86 422	Net interest and credit comission income	28 650	-21 532	85 819	66 913	89 925
0						0				
-270	-51	-918	-154	-792	Commission and similar expenses from credit institutions	-270	-51	-918	-154	-792
-270	-51	-918	-154	-792	Total interest expenses and similar expenses	-270	-51	-918	-154	-792
0						0				
-1 059	813	-1 280	2 759	4 271	Net gain/loss on foreign exchange etc	-1 059	813	-1 280	2 759	4 271
-1 059	813	-1 280	2 759	4 271	Total net change in value and gain/loss on currencies etc	-1 059	813	-1 280	2 759	4 271
0						0				
-7 904	-5 681	-23 872	-17 685	-23 380	Salary etc	-7 904	-5 681	-23 872	-17 685	-23 380
-5 830	-3 963	-17 729	-12 712	-16 913	-Salary	-5 830	-3 963	-17 729	-12 712	-16 913
-457	-344	-1 305	-904	-1 311	- Pension	-457	-344	-1 305	-904	-1 311
-1 617	-1 374	-4 838	-4 068	-5 156	- Social fees	-1 617	-1 374	-4 838	-4 068	-5 156
-8 059	-9 269	-26 747	-23 575	-33 584	Administrative expenses	-8 059	-9 269	-26 747	-23 575	-33 584
-15 963	-14 950	-50 619	-41 260	-56 964	Total salaries and general administrative expenses	-15 963	-14 950	-50 619	-41 260	-56 964
0						0				
-1 486	-2 290	-4 120	-7 057	-9 373	Ordinary depreciation	-614	-1 016	-1 506	-3 235	-4 278
-1 486	-2 290	-4 120	-7 057	-9 373	Total depreciation, etc, of tangible fixed assets and intangible assets	-614	-1 016	-1 506	-3 235	-4 278
0						0				
-4 170	-3 189	-13 237	-9 680	-12 469	Other operating expenses	-4 170	-3 189	-13 237	-9 680	-12 520
-4 170	-3 189	-13 237	-9 680	-12 469	Total other operating expenses	-4 170	-3 189	-13 237	-9 680	-12 520
0						0				
5 702	1 865	15 645	11 522	11 095	Result before losses on loans	6 574	3 140	18 259	15 344	19 642
0						0				
-8 079	-5 385	-25 179	-18 520	-26 332	Losses on loans	-8 079	-5 385	-25 179	-18 520	-26 332
-8 079	-5 385	-25 179	-18 520	-26 332	Total losses on loans, guarantees, etc	-8 079	-5 385	-25 179	-18 520	-26 332
0						0				
0	0	0	0	-8 351	Write down of intangible assets	0	0	0	0	-16 405
0	0	0	0	-8 351	Total write down of assets	0	0	0	0	-16 405
0						0				
-2 377	-3 520	-9 534	-6 998	-23 588	Result on ordinary operations before tax	-1 505	-2 245	-6 920	-3 177	-23 095
644	647	2 571	1 590	5 982	Tax on result on ordinary operations	426	1 362	1 865	1 590	6 044
-1 733	-2 873	-6 963	-5 408	-17 606	RESULT FOR THE YEAR	-1 079	-883	-5 055	-1 586	-17 051

Balance sheet

Folkia AS			NOTE	Folkia AS Group		
2014 Q3	2013 Q3	2013 YE		2014 Q3	2013 Q3	2013 YE
			Assets			
5 130	18 843	16 468	Loans to and receivables from credit institutions	5 270	18 990	16 616
5 130	18 843	16 468	institutions	5 270	18 990	16 616
165 791	89 084	131 867	Repayment loans	165 791	89 084	135 258
-56 971	-28 559	-33 504	Specified loss reserves	-56 971	-28 559	-33 504
108 820	60 526	98 363	Total net loans to and receivables from customers	108 820	60 526	101 754
135	135	135	Shares in group companies	0	0	0
135	135	135	Total ownership interests in group companies	0	0	0
10 556	21 865	12 811	Goodwill	30 078	45 890	30 078
31 302	25 416	28 409	Deferred tax assets	25 111	19 931	22 987
21 456	14 547	15 749	Intangible assets	25 222	17 384	18 565
63 314	61 827	56 969	Total intangible assets	80 411	83 205	71 630
726	475	407	Tangible assets	726	475	407
726	475	407	Total Tangible assets	726	475	407
1 569	6 284	3 393	Other assets	1 569	6 284	15 765
17 305	22 179	19 408	Prepays and deposits	17 306	22 179	3 645
18 874	28 463	22 801	Total prepaid	18 875	28 463	19 410
196 999	170 268	195 143	TOTAL ASSETS	214 102	191 658	209 817
			EQUITY AND LIABILITIES			
			Liabilities			
62 053	13 825	52 733	Liabilities to credit institutions	62 053	13 825	52 733
4 690	7 332	5 191	Other liabilities	4 690	7 332	6 660
10 270	8 602	7 890	Accrued expenses and deferred income	10 270	8 602	6 421
77 013	29 759	65 814	Total liabilities	77 013	29 759	65 814
			Equity			
87 035	87 035	87 035	Share capital	87 035	87 035	87 035
-815	-815	-815	Own shares	-815	-815	-815
74 615	74 615	74 615	Share premium account	74 000	74 000	74 000
160 835	160 835	160 835	Total equity contributed	160 220	160 220	160 220
-40 849	-20 326	-31 506	Other equity	-23 131	1 679	-16 217
-40 849	-20 326	-31 506	Total retained earnings	-23 131	1 679	-16 217
119 986	140 509	129 329	Sum equity	137 089	161 899	144 003
196 999	170 268	195 143	TOTAL EQUITY AND LIABILITIES	214 102	191 658	209 817

Folkia AS notes

	2014-09-30	2013-09-30	2013-12-31
1. Credit losses			
Actual specified credit losses	0	0	0
Write-back of specified credit losses	0	0	-2 855
Provisions during the period	25 179	18 520	29 187
Sum (NOK)	25 179	18 520	26 332
2. Credit losses / Defaulted			
Defaulted loans *	52 723	19 757	24 416
Accumulated provision for credit losses	56 971	28 559	33 504
Net (NOK)	-4 248	-8 802	-9 088
*) loans are classified as defaulted 90 days past due			
3. Off balance sheet items			
Undisposed credit (SEK facility)	0	11 618	0
Undisposed credit (EUR facility)	0	19	0
Sum (NOK)	0	11 637	0
4. Capital adequacy			
Capital requirement	29 835	27 908	33 374
Capital base	56 674	78 672	72 361
Capital ratio*	15 %	23 %	17 %

*) 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.