

Folkefinans

Interim report January-June 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 20.000) with longer maturity (up to 12 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 has filed for voluntary liquidation. Until the liquidation is completed the subsidiary is consolidated in the group accounts. The liquidation was finalized in July 2015.

The income in Q2 2015 increased compared to both Q2 2014 and Q1 2015, mainly due to the increased sales of loans with longer maturity up to 12 months in Sweden and Norway and revenues from in-house collection for the Swedish market. As a result of the increased sales of larger loans with longer maturity, the receivables and share of defaulted loans increased compared to Q2 2014. As Folkefinans is continuously working to improve the scoring- and collection processes the share of defaulted loans improved compared to Q1 2015. Due to the challenging market situation in Finland the offering of the Visa card was discontinued and the office closed down in May. The appeal to the Supreme Court of the lawsuit against Folkia for trademark and company name infringement was denied in May. Thus the remaining trademark value of 4 010 KNOK related to Folkia Sweden was impaired. Consequently the result before tax for Q2 ended at -6 552 KNOK compared to -3 286 KNOK for the same period in 2014. The capital ratio improved further in Q2 2015 to 17,3% 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 Q1		2015 Q2	2014 Q2	2015 YTD	2014 Q2	2014 YE		2015 Q2	2014 Q2	2015 YTD	2014 Q2	2014 YE	
6	57	-258	63	23	82	Interest and similar income from credit institutions		57	-258	63	23	82	6
29 587	32 249	31 182	61 836	59 043	117 343	Interest and similar income from customers		32 249	31 182	61 836	59 043	117 343	29 587
29 593	32 306	30 924	61 899	59 066	117 425	Total interest and similar income		32 306	30 924	61 899	59 066	117 425	29 593
-1 359	-1 814	-939	-3 173	-1 897	-4 430	Interest and other expenses on debt to credit institutions		-1 814	-938	-3 173	-1 897	-4 430	-1 359
-1 359	-1 814	-939	-3 173	-1 897	-4 430	Total interest expenses and similar expenses		-1 814	-938	-3 173	-1 897	-4 430	-1 359
28 234	30 492	29 985	58 726	57 169	112 995	Net interest and credit comission income		30 492	29 986	58 726	57 169	112 995	28 234
-200	-143	-318	-343	-648	-913	Commission and similar expenses from credit institutions		-143	-318	-343	-648	-913	-200
-200	-143	-318	-343	-648	-913	Total interest expenses and similar expenses		-143	-318	-343	-648	-913	-200
-1 950	582	421	-1 368	-221	3 858	Net gain/loss on foreign exchange etc		582	421	-1 368	-221	3 858	-1 950
-1 950	582	421	-1 368	-221	3 858	Total net change in value and gain/loss on currencies etc		582	421	-1 368	-221	3 858	-1 950
-9 160	-9 799	-8 103	-18 959	-15 968	-32 592	Salary etc		-9 799	-8 103	-18 959	-15 968	-32 592	-9 160
-6 564	-7 176	-6 050	-13 740	-11 899	-24 150	-Salary		-7 176	-6 050	-13 740	-11 899	-24 150	-6 564
-582	-575	-412	-1 157	-848	-2 119	- Pension		-575	-412	-1 157	-848	-2 119	-582
-2 014	-2 048	-1 641	-4 062	-3 221	-6 323	- Social fees		-2 048	-1 641	-4 062	-3 221	-6 323	-2 014
-7 463	-9 102	-8 820	-16 565	-18 688	-34 836	Administrative expenses		-9 102	-8 820	-16 565	-18 688	-34 836	-7 463
-16 623	-18 901	-16 923	-35 524	-34 656	-67 428	Total salaries and general administrative expenses		-18 901	-16 923	-35 524	-34 656	-67 428	-16 623
-1 891	-1 975	-1 324	-3 866	-2 634	-6 019	Ordinary depreciation		-1 188	-453	-2 259	-892	-2 534	-1 071
-1 891	-1 975	-1 324	-3 866	-2 634	-6 019	Total depreciation, etc, of tangible fixed assets and intangible assets		-1 188	-453	-2 259	-892	-2 534	-1 071
-6 231	-6 305	-5 888	-12 536	-9 067	-18 405	Other operating expenses		-6 305	-5 888	-12 536	-9 067	-18 405	-6 231
-6 231	-6 305	-5 888	-12 536	-9 067	-18 405	Total other operating expenses		-6 305	-5 888	-12 536	-9 067	-18 405	-6 231
1 339	3 750	5 953	5 089	9 943	24 088	Result before losses on loans		4 537	6 852	6 696	11 685	27 573	2 159
-8 625	-6 293	-9 239	-14 918	-17 100	-35 686	Losses on loans	1	-6 293	-9 239	-14 918	-17 100	-35 685	-8 625
-8 625	-6 293	-9 239	-14 918	-17 100	-35 686	Total losses on loans, guarantees, etc		-6 293	-9 239	-14 918	-17 100	-35 685	-8 625
0	-4 010	0	-4 010	0	-1 201	Write down of intangible assets		-4 010	0	-4 010	0	-4 078	0
0	-4 010	0	-4 010	0	-1 201	Total write down of assets		-4 010	0	-4 010	0	-4 078	0
-7 286	-6 552	-3 286	-13 838	-7 157	-12 799	Result on ordinary operations before tax		-5 765	-2 414	-12 231	-5 415	-12 190	-6 466
1 967	1 767	1 927	3 734	1 927	1 708	Tax on result on ordinary operations		1 767	1 683	3 734	1 439	1 543	1 967
-5 319	-4 785	-1 359	-10 104	-5 230	-11 091	RESULT FOR THE YEAR		-3 998	-731	-8 497	-3 976	-10 647	-4 499

Balance sheet

Folkefinans AS			NOTE	Folkefinans AS Group		
2015 Q2	2014 Q2	2014 YE		2015 Q2	2014 Q2	2014 YE
			Assets			
40 122	9 921	7 214	Loans to and receivables from credit institutions	40 272	10 065	7 416
40 122	9 921	7 214	institutions	40 272	10 065	7 416
189 503	174 482	187 382	Repayment loans	189 503	174 482	187 382
-78 956	-49 968	-72 851	Specified loss reserves	2	-78 956	-49 968
110 547	124 514	114 531	Total net loans to and receivables from customers	110 547	124 514	114 531
0	135	135	Shares in group companies	0	0	0
0	135	135	Total ownership interests in group companies	0	0	0
8 300	11 307	9 804	Goodwill	30 078	30 078	30 078
32 844	30 356	30 246	Deferred tax assets	27 421	24 384	24 660
18 180	17 502	22 473	Intangible assets	18 630	21 148	22 889
59 324	59 165	62 523	Total intangible assets	76 129	75 610	77 627
1 583	794	714	Tangible assets	1 583	794	714
1 583	794	714	Total Tangible assets	1 583	794	714
33 438	1 650	1 446	Other assets	33 438	1 650	3 926
6 015	17 953	19 492	Prepays and deposits	6 015	17 953	16 960
39 453	19 603	20 938	Total prepaid	39 453	19 603	20 886
251 027	214 132	206 055	TOTAL ASSETS	267 984	230 586	221 174
			EQUITY AND LIABILITIES			
			Liabilities			
27 299	72 198	27 188	Liabilities to credit institutions	27 299	72 198	27 188
4 081	8 133	5 540	Other liabilities	4 081	8 133	7 621
57 218		28 040	Convertible loan	57 218		28 040
8 866	10 399	9 081	Accrued expenses and deferred income	8 866	10 399	7 000
97 464	90 730	69 849	Total liabilities	97 464	90 730	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
29 537		16 437	Subordinated loan	29 537		16 437
79 877	74 615	74 615	Share premium account	79 262	74 000	74 000
205 304	160 835	177 272	Total equity contributed	204 689	160 220	176 657
-51 742	-37 433	-41 066	Other equity	-34 169	-20 364	-25 332
-51 742	-37 433	-41 066	Total retained earnings	-34 169	-20 364	-25 332
153 562	123 402	136 206	Sum equity	170 520	139 856	151 325
251 027	214 132	206 055	TOTAL EQUITY AND LIABILITIES	267 984	230 586	221 174

	2015-06-30	2014-06-30	2014-12-31
1. Credit losses			
Actual specified credit losses	0	0	0
Write-back of specified credit losses	0	0	-120
Provisions during the period	9 126	17 100	35 806
Sum (NOK)	8 625	17 100	35 686
2. Credit losses / Defaulted			
Defaulted loans*	84 499	38 716	82 506
Accumulated provision for credit losses	78 956	29 830	72 851
Net (NOK)	5 543	8 886	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	33 784	30 814	34 812
Capital base	73 152	64 238	57 400
Capital ratio	17,3%	16,7 %	13,2%