



# UAB NEO Finance

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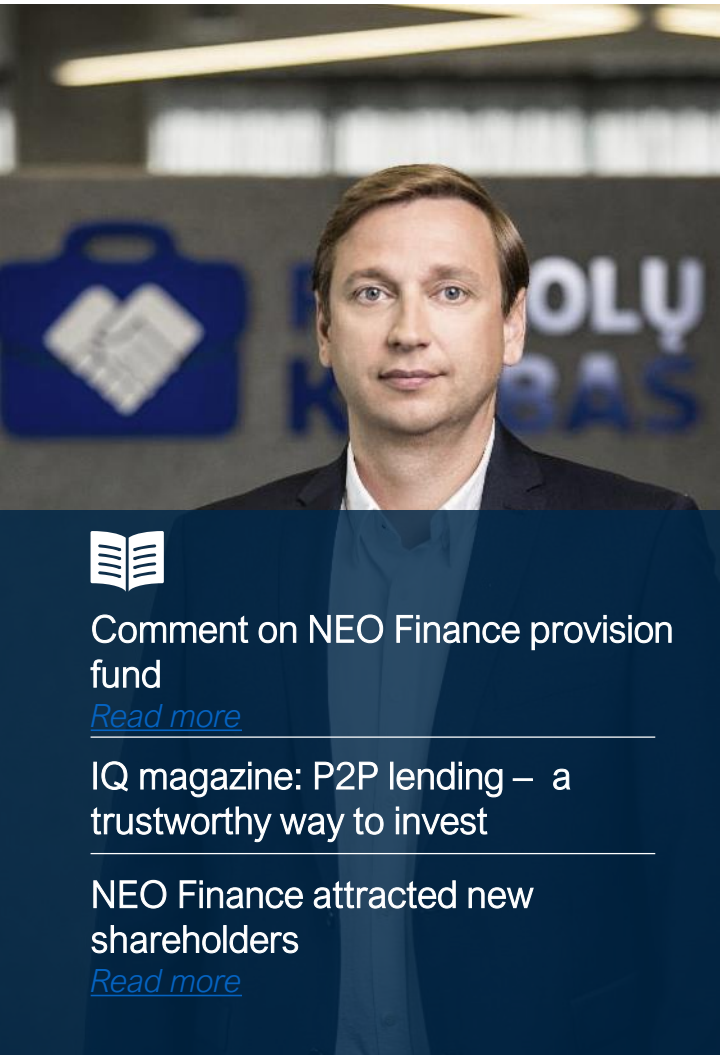
Board report 2017Q3

Vilnius

2017-10-05

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# Press releases



Comment on NEO Finance provision fund

[Read more](#)

IQ magazine: P2P lending – a trustworthy way to invest

NEO Finance attracted new shareholders

[Read more](#)



## Social events



**29/08/2017**

Event for VIP investors



**06/09/2017**

Training session for beginners in P2P lending



**19/09/2017**

Training session for experts in P2P lending



**27/09/2017**

Special event with debt collection company

# Material events



- Bank of Lithuania confirmed that Provision fund service is legal;
- New shareholders: Andrius Liukaitis, UAB Arikesa and UAB Elijos miestas;
- Agreements for Payment Initiation Service (PIS) with UAB “Legal Balance” and “Tiketa” were signed. A new source of revenue from PIS service;
- Capital stock raised to 1 771 127 EUR, total amount invested in company’s capital exceeds 2.35M;
- Bank of Lithuania inspection results: significant compliance breaches were not identified; no penalty imposed.

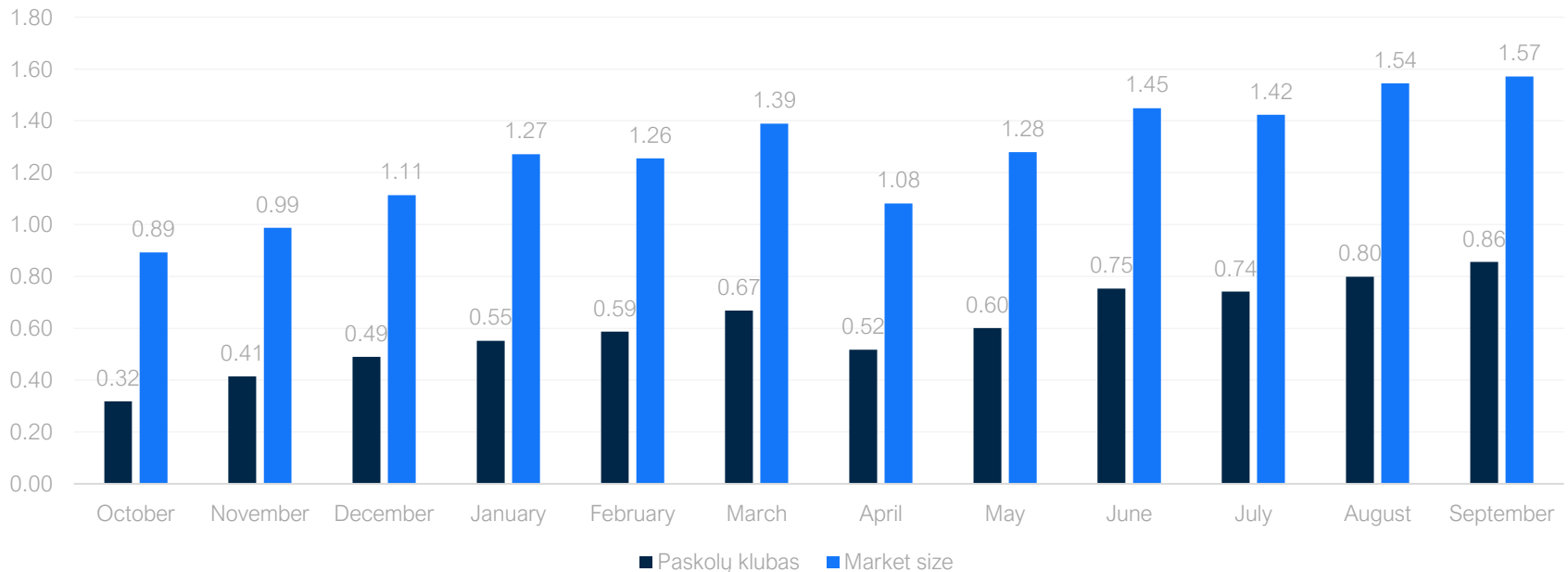
# P2P consumer loan market in Lithuania



During 2017 Q3 P2P consumer loan market size reached **4.54 million EUR**. Compared to 2016 Q3 year on year the issued loans volume grew by **110%** from **2.16 million EUR**. **“Paskolų klubas”** market share during 2017 Q3 reached **53%** with **2.4 million EUR** of loans issued.

Monthly amount of issued consumer loans through all Lithuanian platforms reached a peak of **1.57 million EUR** in September, with a record of **0.86 million EUR** financed through **“Paskolų klubas”**. Compared to the same month in 2016, **“Paskolų klubas”** issued loans volume grew by **227%**.

P2P consumer loan market, loans issued, million EUR



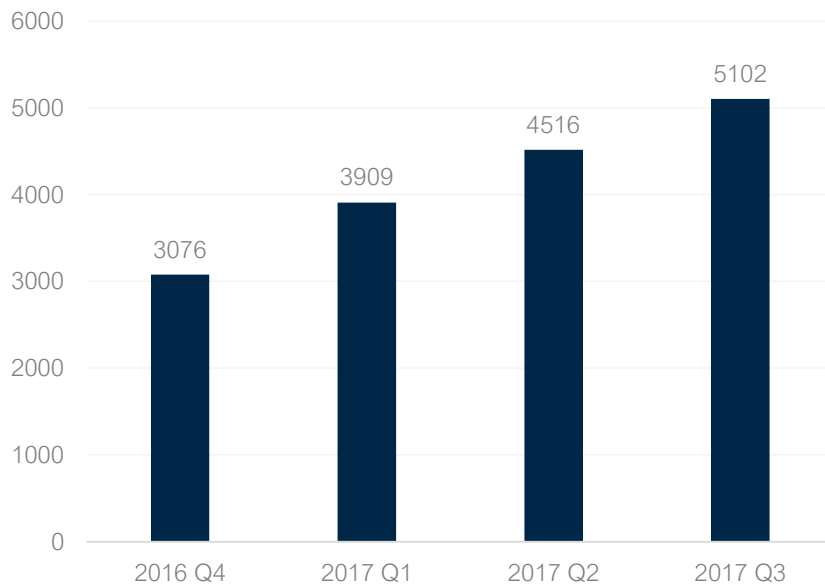
# Investors



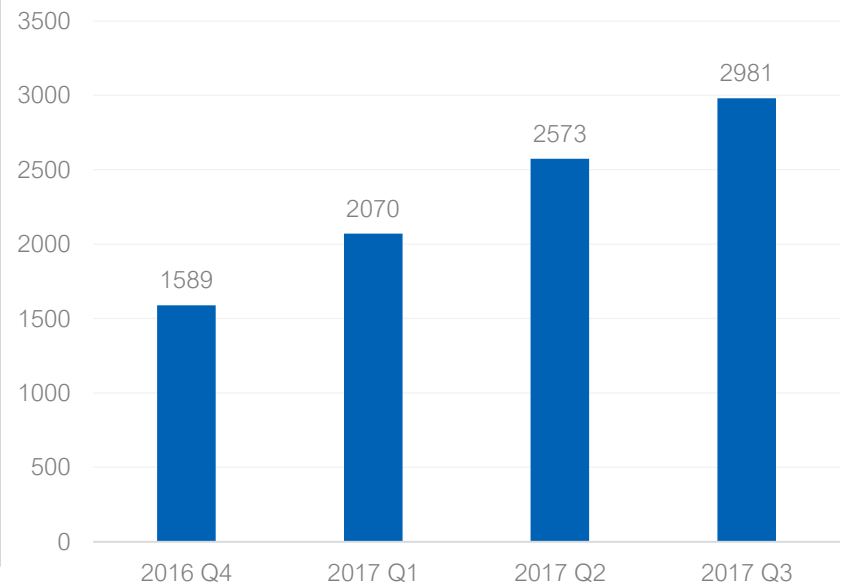
In 2017 Q3 investors' trust, stable returns and transparent communication attracted **586 new registered investors** to a total of **5 102**. Compared to 2016 Q3, the number of registered investors grew by **132%**.

In 2017 Q3 the number of active investors grew by **408**. At the end of 2017 Q3 the number of active investors reached a total of **2 981**. Compared to 2016 Q3, the number of active investors grew by **182%**.

### Registered investors



### Active investors



Investors have already earned 683 thousand EUR in returns.

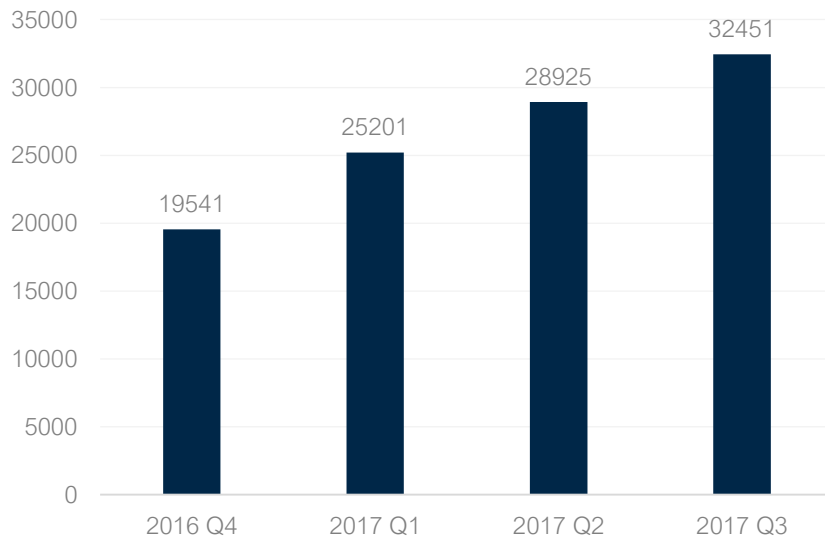
# Borrowers



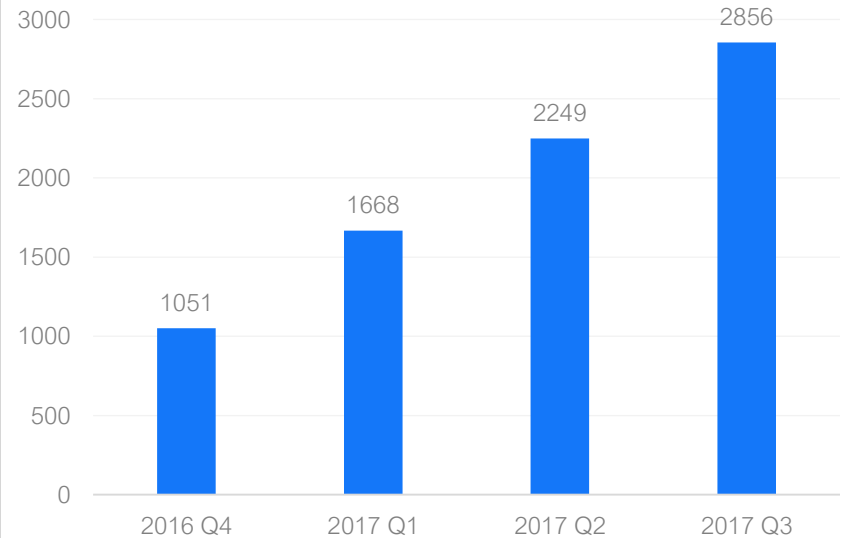
In 2017 Q3 low fees and brand growth attracted **3 526 new registered borrowers**. At the end of 2017 Q3 the number of registered borrowers grew to a total of **32 451**. Compared to 2016 Q3, the number of registered borrowers grew by **124%**.

In 2017 Q3 the number of active borrowers grew by **607 users**. At the end of 2017 Q3 the number of active borrowers reached a total of **2 856**. Compared to 2016 Q3, the number of active borrowers grew by **382%**.

### Registered borrowers



### Active borrowers



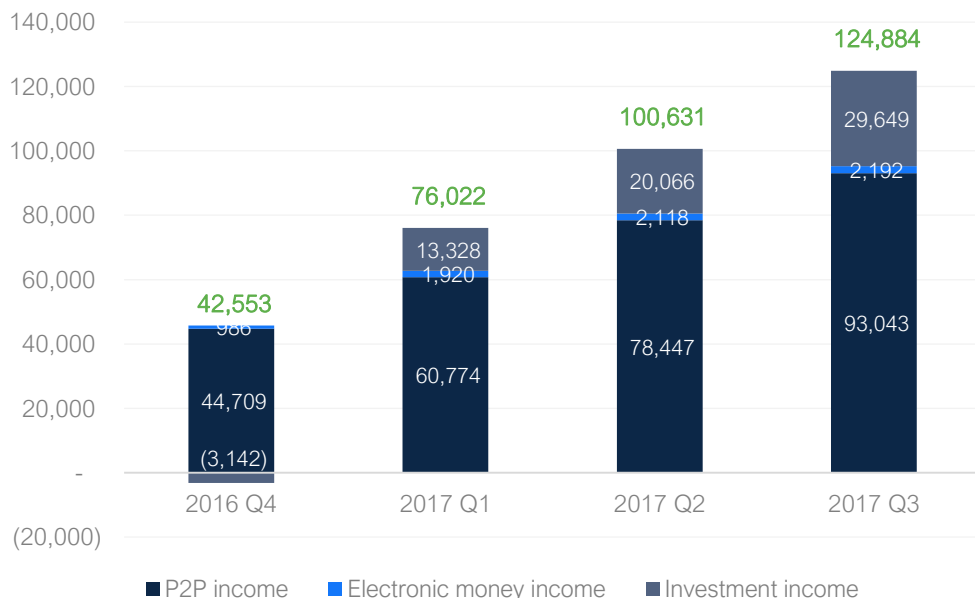
# Revenues

## UAB Neo Finance earns income from three revenue streams:

- Revenues related to P2P lending
- Revenues related to the issuance and processing of electronic money
- Investment income

It should be noted that the vast majority of revenues related to P2P lending activities are distributed throughout the loan period, and this income is obtained only by actual repayment of the monthly instalment of the consumer credit recipient. The company chose this type of income collection due to the requirement of the Law on Consumer Credit and because it has the maximum interest itself not only in origination of the loan, but also in the return of the principal and interest to investors. When an enterprise collects a brokerage fee in this way, the company's income in the financial accounting is deferred to future periods, therefore the company's income calculation procedure differs significantly from other market participants and therefore is not comparable. It needs to be emphasized that during the inspection of the company, the Bank of Lithuania noted that such method of collecting revenue is the only way in full compliance with the requirements of legal acts.

Income



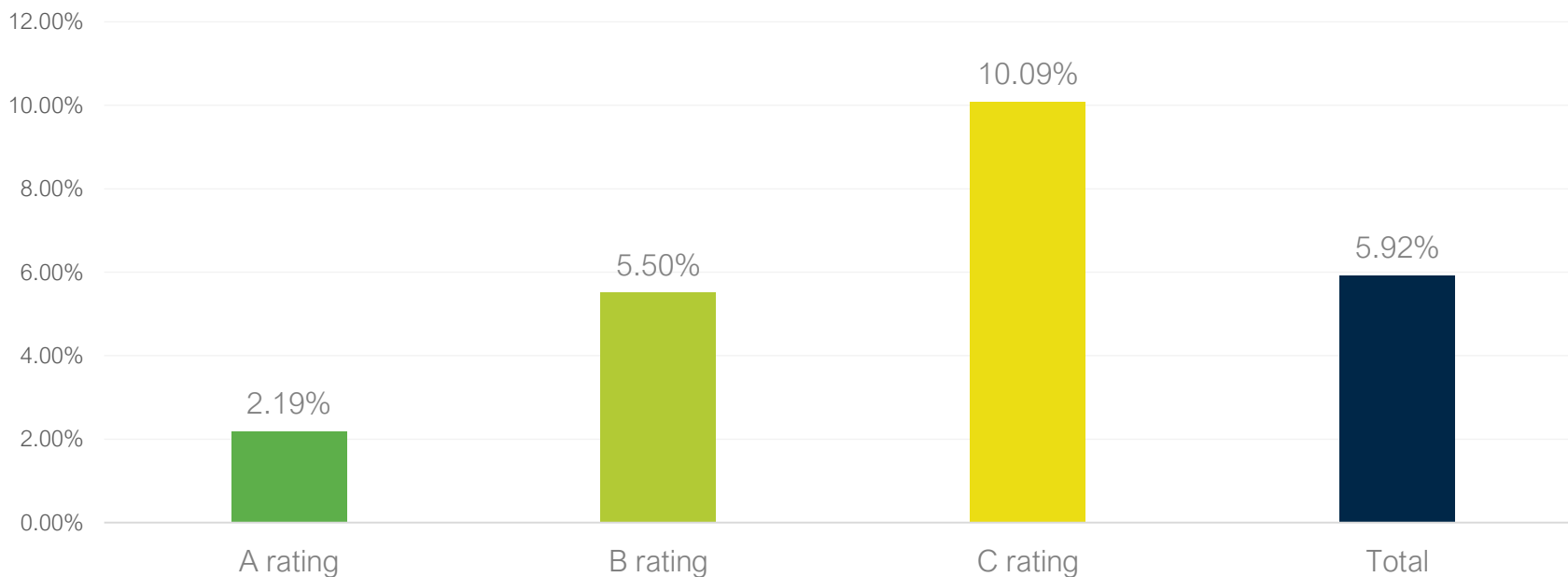
	2017 Q3	2017 Q2	Δ, %	2016 Q3	Δ, %
<b>Income</b>	<b>124,884</b>	<b>100,631</b>	<b>24%</b>	<b>29,171</b>	<b>328%</b>
P2P income	93,043	78,447	19%	26,693	249%
Electronic money income	2,192	2,118	3%	226	870%
Investment income	29,649	20,066	48%	2,252	1217%

# Overdue loans



At the end of 2017 Q3 out of **3708 issued loans** - **225 loans**, or **6.07%**, were overdue for more than 90 consecutive days. Respectively, out of **8.64 million EUR** financed – **512 thousand EUR** or **5.92%** were overdue more than 90 days.

EUR, overdue >90 days, %.



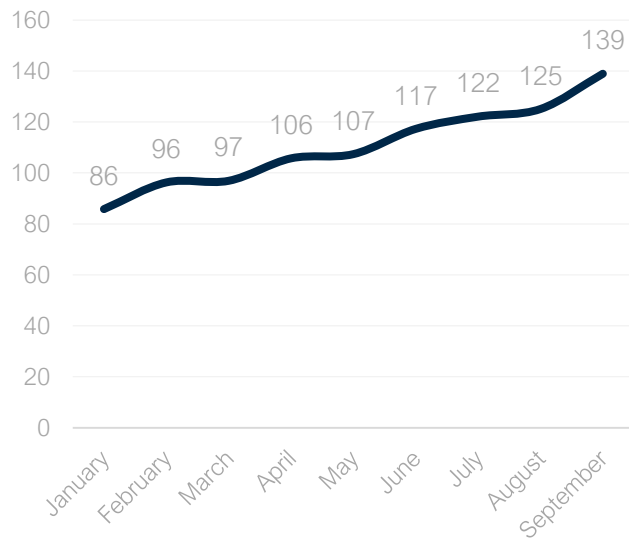


# Provision fund

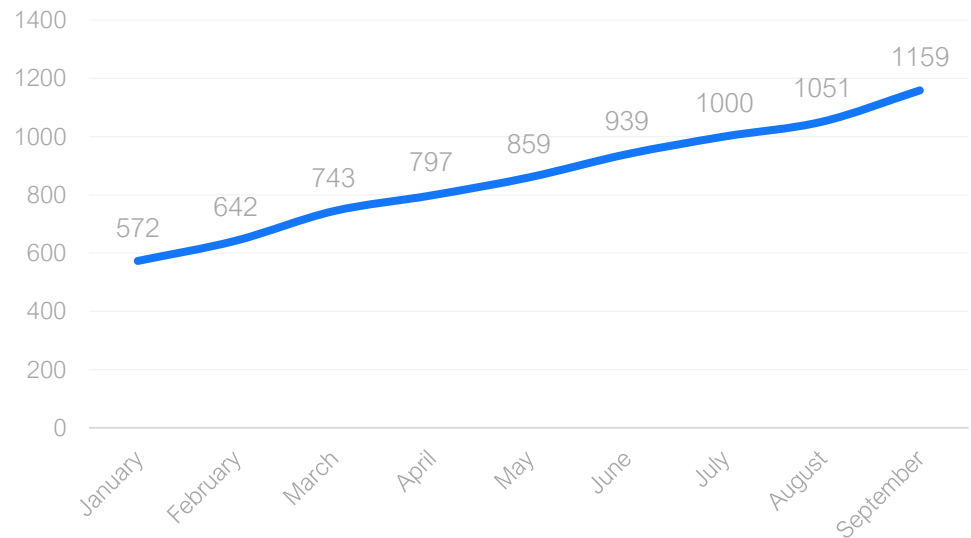
“Paskolų klubas” offers a „Provision Fund” service, which allows investors to reduce their investment risk. If a loan defaults – “Paskolų klubas” guarantees to repay the investor with all of the assets. During 2017 Q3 the service covered **51 846 EUR**.

For liquidity risk management, “Paskolų klubas” calculates the sufficiency of funds to cover liabilities under “Provision fund” and holds these funds in a separate bank account. The purpose of this account is to ensure the company's internal cash flow management. In order to fulfill its obligations to investors, the company may, if necessary, use other assets of the company. During 2017 Q3 the surplus of **11 299 EUR** was withdrawn from the “Provision Fund” account. Despite the withdraw, the fund's growth amounted to **21 626 EUR**. At the end of 2017 Q3 there were **138 867 EUR** of accumulated funds, and the total guaranteed volume was **1 158 759 EUR**, resulting in **12%** coverage ratio.

Provision fund, K EUR

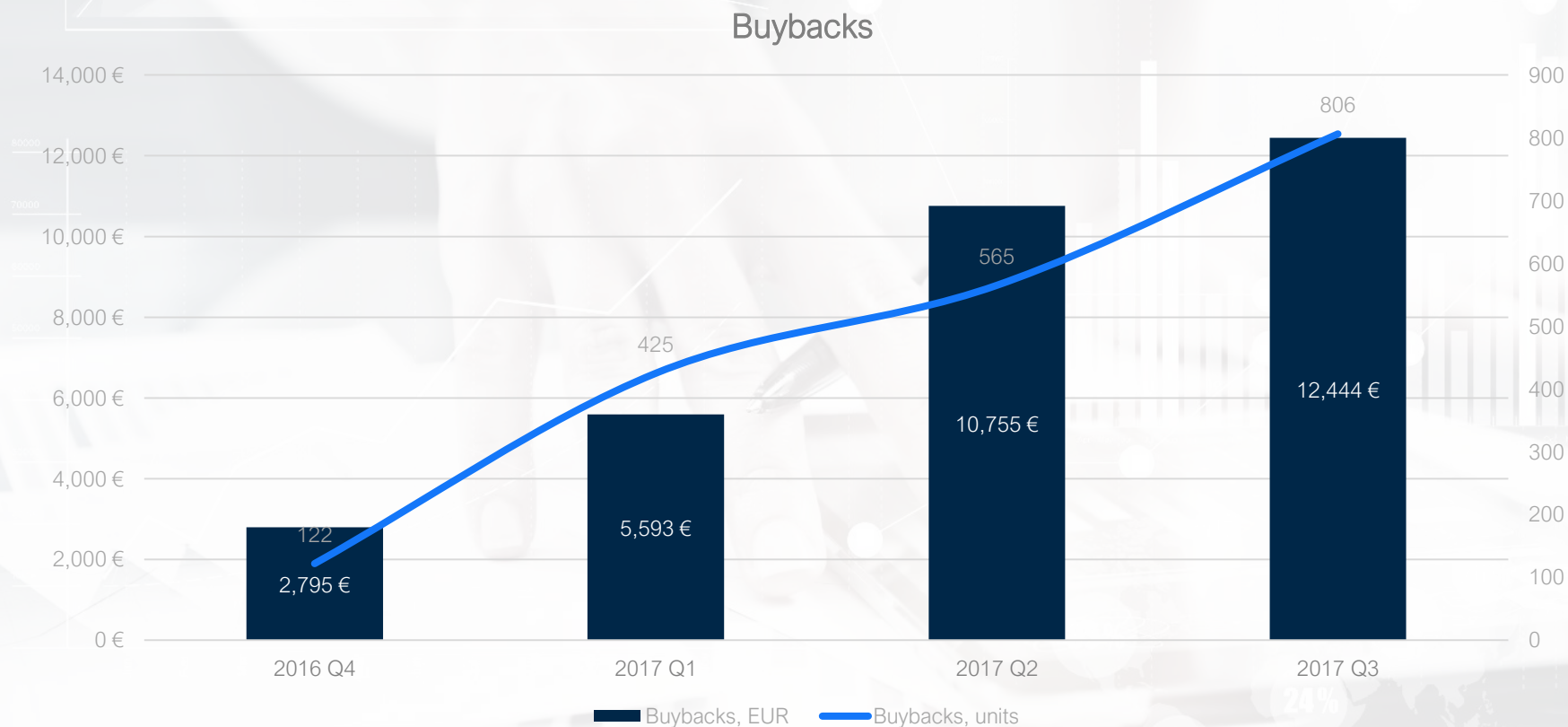


Guaranteed volume, K EUR



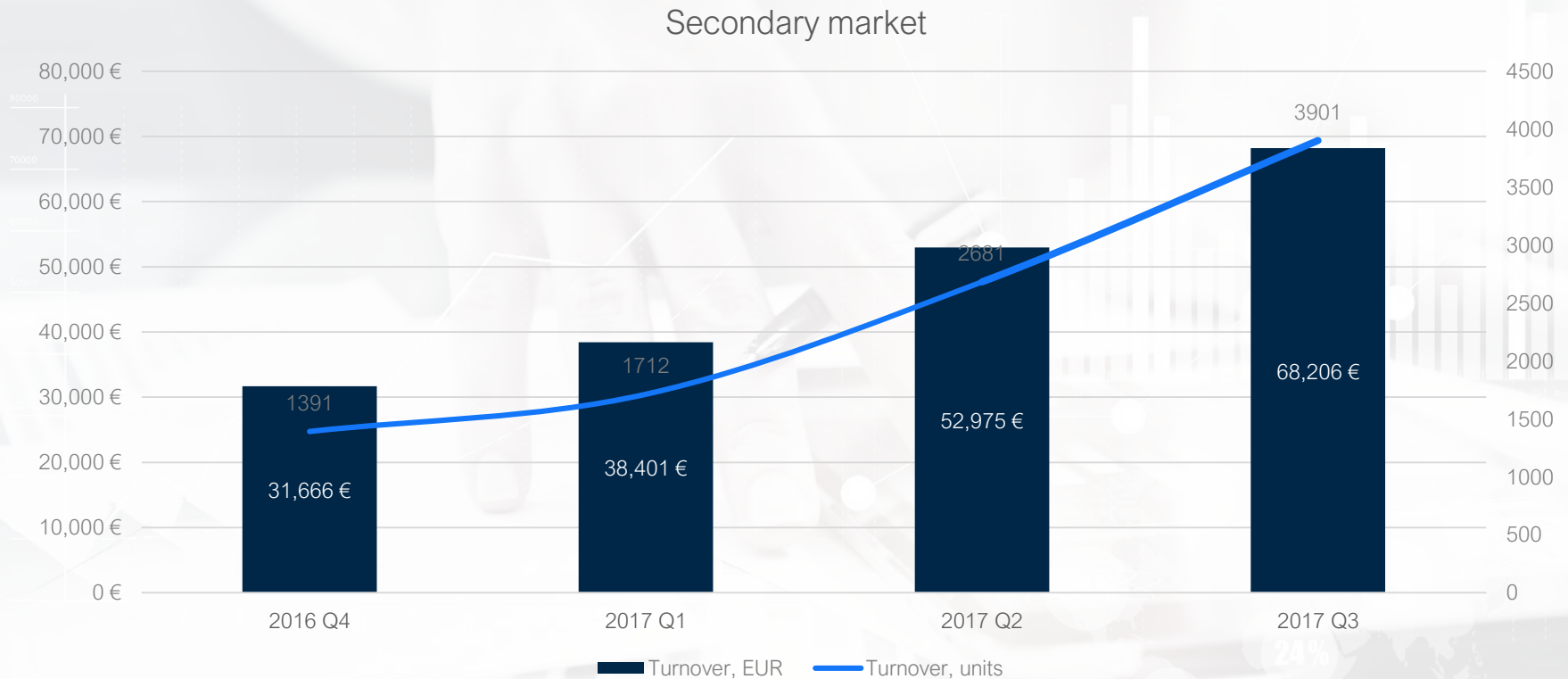
# Buybacks

“Paskolų klubas” offers a buyback service. When an agreement with a borrower is terminated, investors have an option to sell their investment for **50-80%** of it's face value to “Paskolų klubas”. In 2017 Q3 investors sold **806 investments for 12 444 EUR**.



# Secondary market

Secondary market is a feature where investors can sell or buy investments. It allows investors to adjust their risk exposure in pursuit of aggressive returns, or sell a nonperforming investment. It also provides liquidity when an investor feels the need to cash out. During 2017 Q3 secondary market turnover reached **68 206 EUR**. Average transaction was **17.48 EUR**.



# Main statistics

Since launch till the end of 2017  
Q3

**2981**

Active investors

**2,895 €**

Average amount  
invested

**682,738 €**

Interest received

**8,644,054 €**

Issued loans

**200,431 €**

Investments sold in  
secondary market

**6,922,235 €**

Outstanding principal