



# AB NEO Finance

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## Sales report 2018Q4

Vilnius

2019-01-10

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# Management comments

2018 Q4 sales results exceeded expectations. Yearly loans issued amount exceeded our forecast by 2%. Strategically planned TV and online campaign assisted in reaching yearly loans issued goal of 2018. Since the goal was reached before the year ended, marketing costs were optimized and decreased in December.

“**NEO Finance**” successfully completed an investment-based crowdfunding campaign on Seedrs under UK FSA regulation and raised **210 thousand EUR** for further growth.

Moreover, the increasing number of investors from all over Europe discovers consumer loans on “**NEO Finance**” P2P lending platform. In 2018 Q4 the largest numbers of investors registered from Spain, Germany and Latvia. Management believes that the number of investors from EU will gain momentum and their contribution in Lithuanian consumer loans will firmly increase.

2018 Q4 was extremely successful providing PIS service for Lithuanian e-shops and service providers. Number of transactions exceeded **500 thousand**, and, beginning with October 30th, “**NEO Finance**” became the first company to provide a **licensed** PIS service.

To meet the needs of our investors “**NEO Finance**” introduced secondary IBAN accounts for a small monthly fee, meaning that one investor can now have more than one portfolio and investment strategy or use it for payment purposes.

# Events



## Social events

- **October**  
Seminar for investors: „Portfolio returns and calculating non-performing loans“
- **November**  
3 training sessions for beginners and experts in P2P consumer lending in Vilnius, Kaunas and Klaipėda;
- Participation in Singapore FinTech Festival 2018.

- Launch of official crowdfunding campaign on Seedrs in October. Campaign attracted 210k EUR in equity and was successfully closed in December;
- E-money license update - NEO Finance became a licenced payment initiation service provider;
- Introduced secondary IBAN account for investors;
- Minimum investment amount raised from 5 to 10 EUR;
- Our debt recovery partners „Legal Balance“ signed a contract with „EOS Holding GmbH“, therefore enabling a faster and more effective debt recovery process for our platform investors in more than 180 countries.

# Management accounts



The vast majority of revenues related to P2P lending activities are distributed throughout the loan period. Management accounts represent future intermediary fee income as the result of loans issued in specific quarter.

	2018 Q4	2018 Q3	Δ, %	2017 Q4	Δ, %
Loans issued, K EUR	4,196	3,928	7%	2,870	46%
Intermediary fee income, K EUR*	346	287	21%	218	59%
PIS income, K EUR	18	5	234%	0	75598%
Other income, K EUR	208	170	22%	108	92%
Total income, K EUR	572	462	24%	326	76%

At the end of 2018 Q4 receivable intermediary fee amounted to **2.69 million EUR**

\* Intermediary fee income in the table is represented as a result of the loans issued at the same quarter, which will be received throughout the loan period. E.g. 346 thousand EUR is a result of 4,196 thousand EUR issued, and will be received throughout entire loan period.

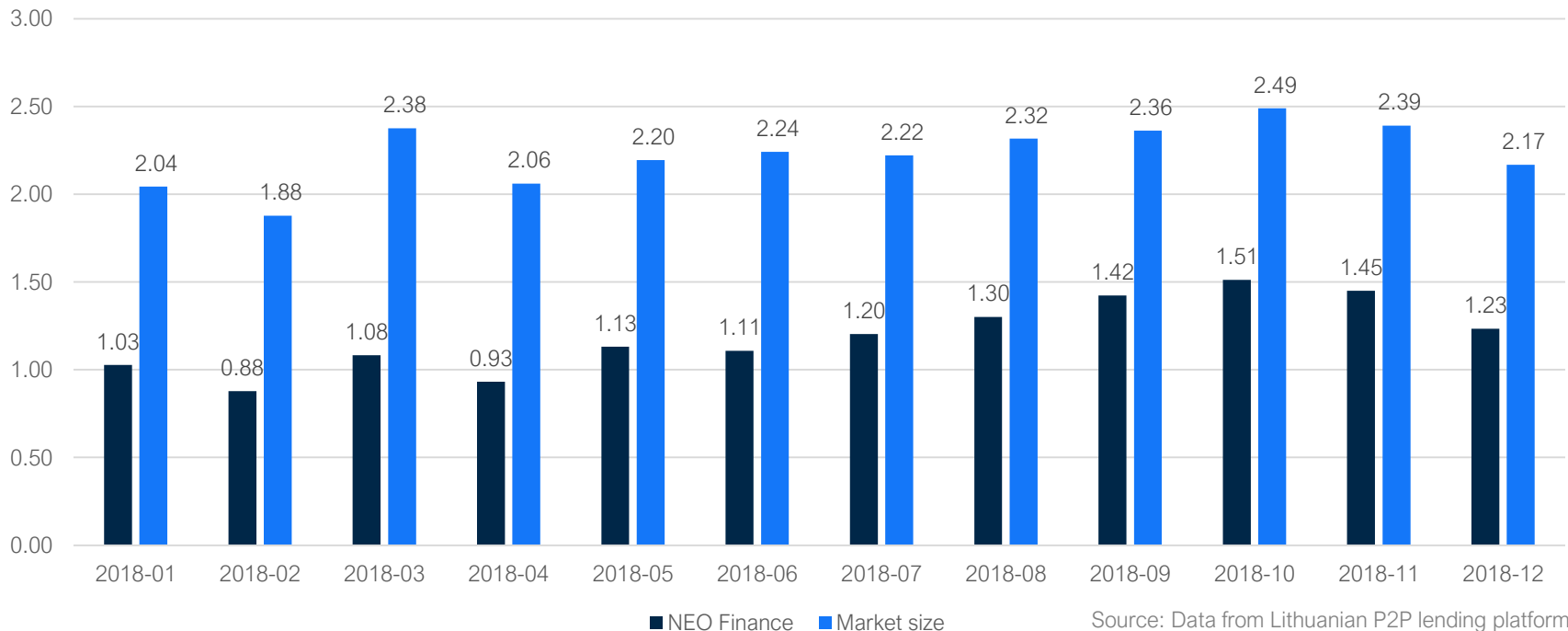
# P2P consumer loan market in Lithuania



In 2018 Q4 P2P consumer loan market size reached **7.05 million EUR**. Compared to 2017 Q4 year on year the issued loans volume grew by **29%** from **5.46 million EUR**. **“NEO Finance”** market share during 2018 Q4 stably grew to **60%** with **4.2 million EUR** of loans issued.

Monthly amount of issued consumer loans through all Lithuanian platforms reached the peak of **2.49 million EUR** in October. The same month **“NEO Finance”** reached a record of **1.51 million EUR** financed. Compared to the same month in 2017, **“NEO Finance”** issued loans volume grew by **67%**.

P2P consumer market, loans issued, million EUR



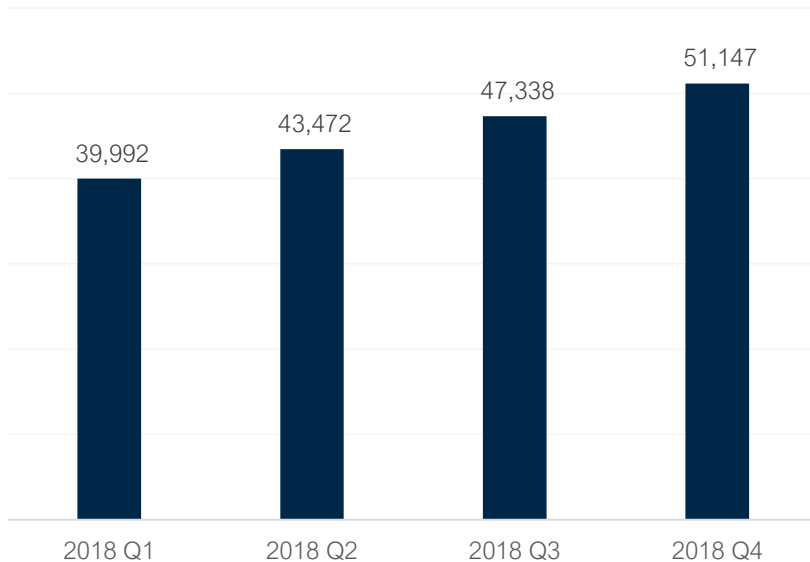
# Borrowers



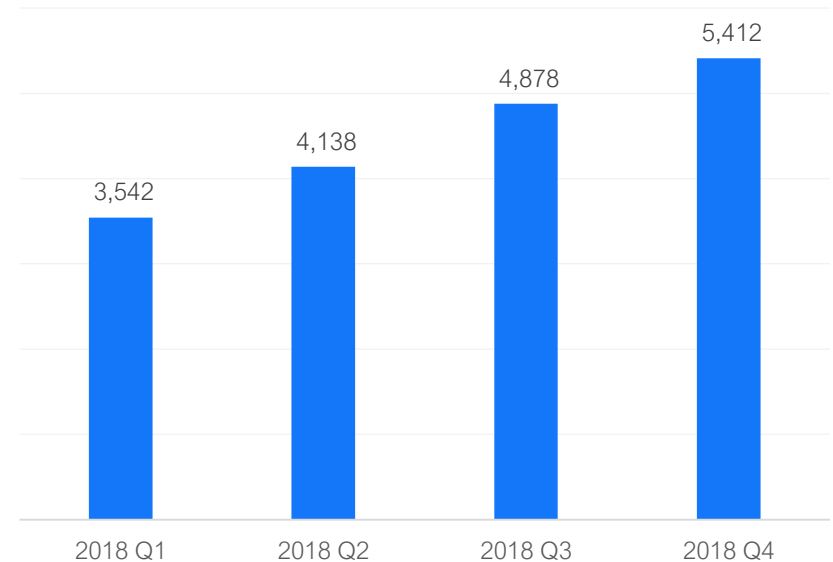
In 2018 Q4 low intermediary fees, increasing brand awareness and active TV campaign attracted **3 809 new registered borrowers**. At the end of 2018 Q4 the number of registered borrowers grew to a total of **51 147**. Compared to 2017 Q4, the number of registered borrowers grew by **41%**.

In 2018 Q4 the number of active borrowers grew by **534 users**. At the end of 2018 Q4 the number of active borrowers reached a total of **5 412**. Compared to 2017 Q4, the number of active borrowers grew by **85%**.

## Registered borrowers



## Active borrowers



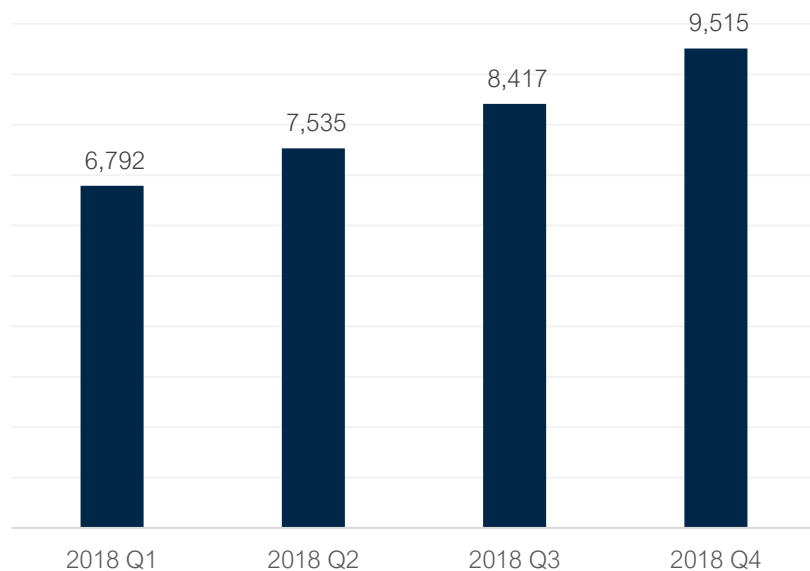
# Investors



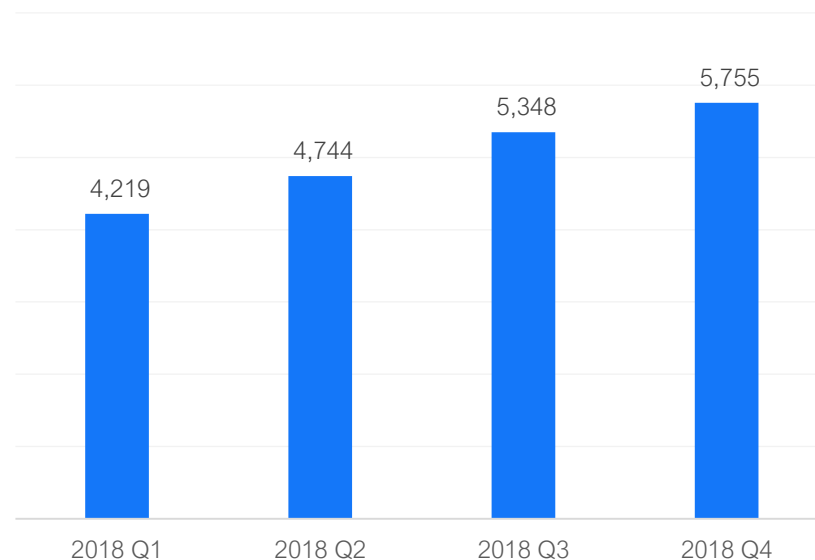
In 2018 Q4 investors' trust, stable returns, transparent communication, timely management reports and audited financial reports attracted a record of **1 098 new registered investors** to a total of **9 515**. Compared to 2017 Q4, the number of registered investors grew by **58%**. We still see a growing traction with international investors, as **"NEO Finance"** opened up for European investors in March, 2018.

In 2018 Q4 the number of active investors grew by **407**. At the end of 2018 Q4 the number of active investors reached a total of **5 755**. Compared to 2017 Q4, the number of active investors grew by **58%**. TOP 3 foreign countries regarding new active investors in the descending order are Spain, Germany and Latvia.

### Registered investors



### Active investors



Investors have already earned 2.95 million EUR in returns.

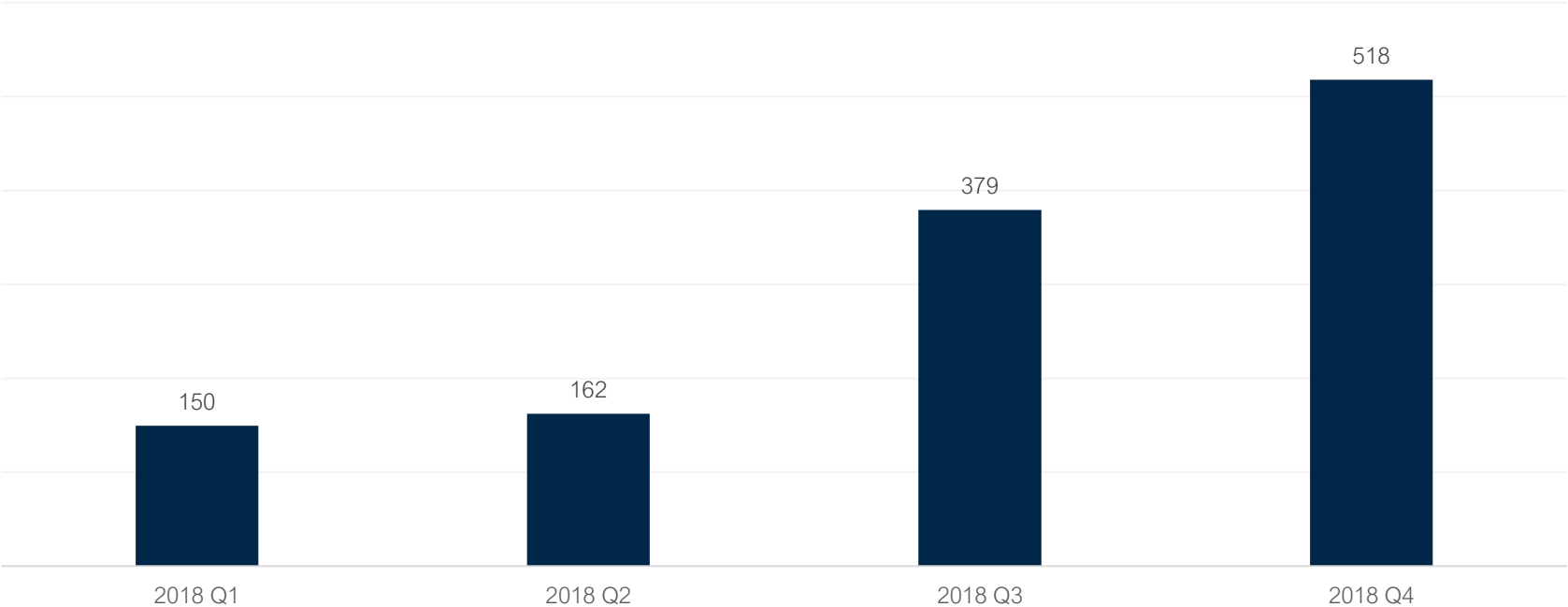
# NEO Finance investments



“NEO Finance”, as a consumer credit provider, co-invests into loans together with investors. A policy of avoiding conflicts of interest is provided to every investor. In 2018 Q4 “NEO Finance” invested a record amount of **518 thousand EUR**. Invested amount grew due to increased demand from the borrowers.

Since the launch in December, 2015 “NEO Finance” investments into loans reached **2.11 million EUR**.

NEO Finance investments, K EUR





# Overdue loans

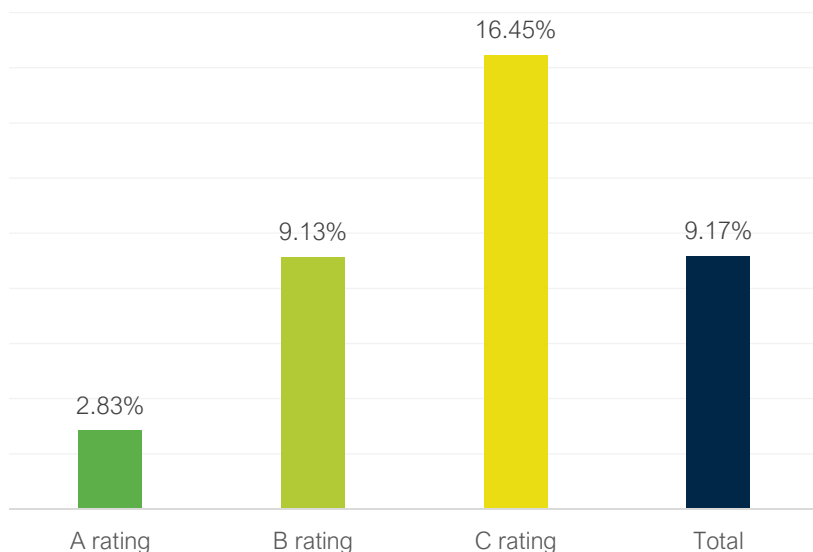


At the end of 2018 Q4 out of **9 953 issued loans** - **800 loans**, or **8.04%**, were overdue for more than 90 consecutive days. Respectively, out of **25.8 million EUR** financed – **2.37 million EUR** or **9.17%** were overdue more than 90 days.

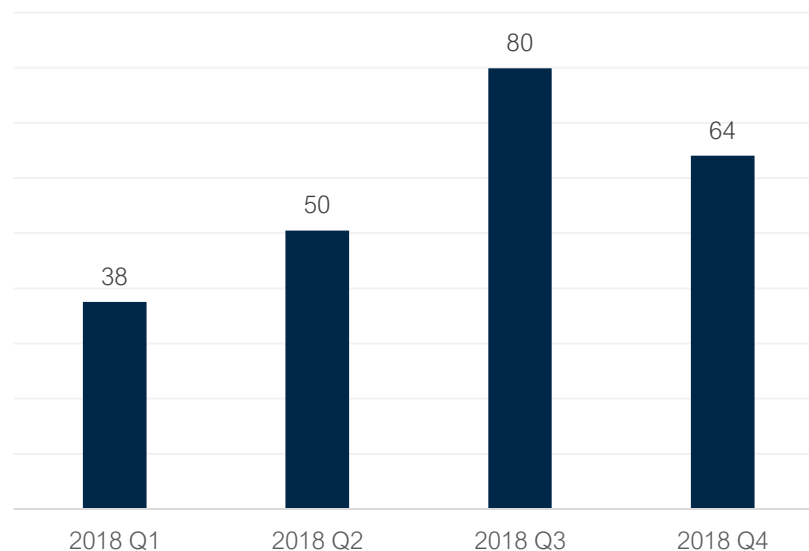
“**NEO Finance**” is highly concerned about loan repayments, therefore great effort was put in a recovery of payments from terminated loans. During 2018 Q4 a total of **64 thousand EUR** were recovered and distributed to investors.

Further steps are taken to increase recoveries. Our debt recovery partners “**Legal Balance**” signed a contract with “**EOS Holding GmbH**”, therefore enabling a faster and more effective debt recovery process in more than 180 countries using [EOS “Cross border” platform](#) for our platform investors.

EUR, overdue >90 days, %.



Amount recovered, K EUR



# Recovery

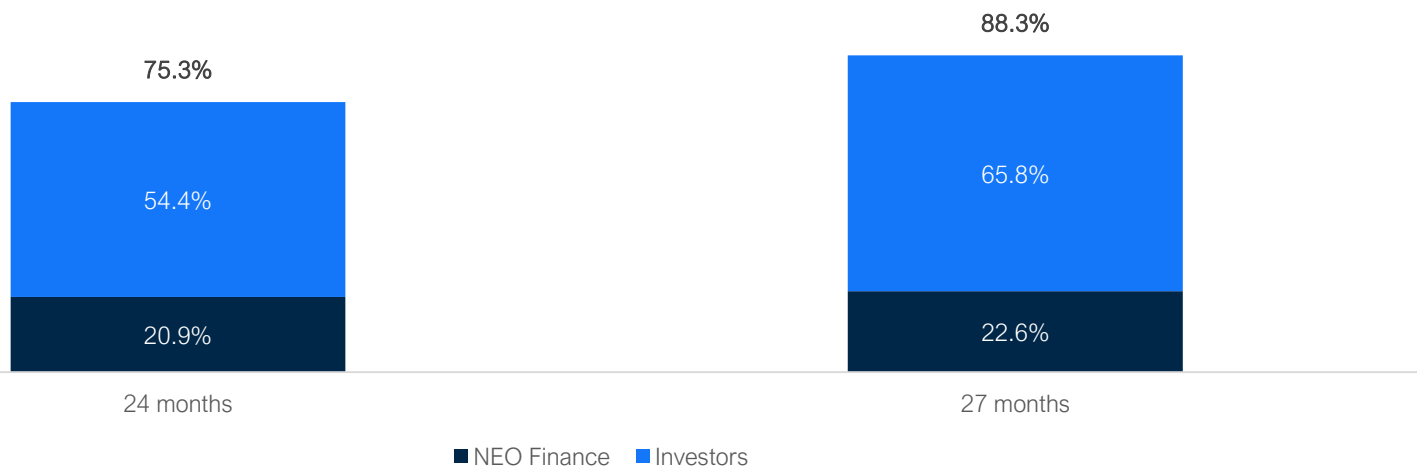


Recovery is presented 24 months after termination. The table represents initial amounts at termination, while chart shows distribution between **“NEO Finance”** and investors.

It should be noted, that all third party legal costs incurred by **“NEO Finance”** related to recovery process are covered first, while NEO Finance intermediary fees are covered on par with investors.

Recoveries are calculated as follows: The oldest batch of terminated loans consists of 14 loans with 21 670 EUR principal at termination. Next batch consists of 20 loans with 31 347 EUR principal at termination. The longest period of recovery will represent only 14 loans with 21 670 EUR. Next period will represent 34 loans (14 from the first batch and 20 from the second) and will reflect recoveries from a total of 53 017 EUR.

Recovery as % of principal outstanding at termination



Months after termination	24 months	27 months
Principal at termination	€ 53,017	€ 21,670
Loans, units	34	14

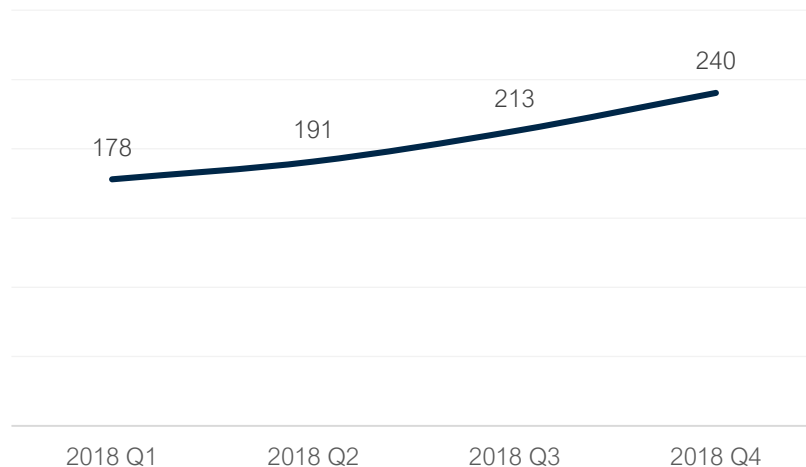
# Provision fund

“NEO Finance” offers a „Provision Fund” service, which allows investors to reduce their investment risk. If a loan defaults – “NEO Finance” guarantees to repay the investor with all of its assets. During 2018 Q4 the service covered **98 722 EUR**.

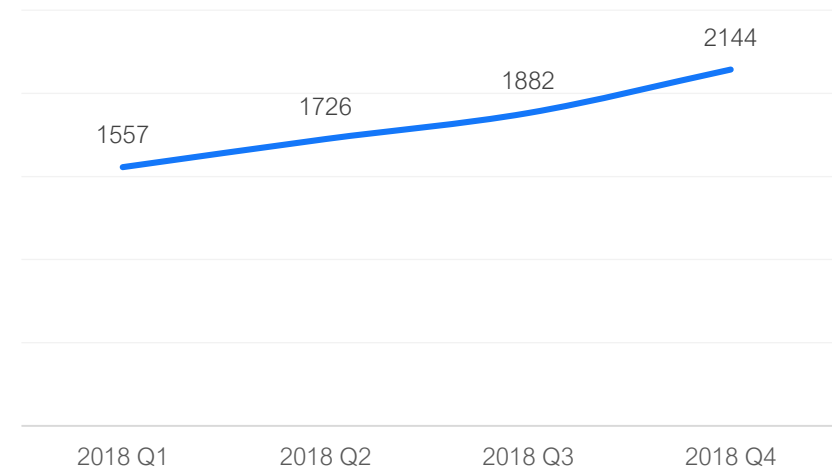
For liquidity risk management, “NEO Finance” calculates the sufficiency of funds to cover liabilities under “Provision fund” and holds these funds in a separate bank account. The purpose of this account is to ensure the company's internal cash flow management. In order to fulfill its obligations to investors, the company may, if necessary, use other assets of the company.

The fund's growth amounted to **27 581 EUR**. At the end of 2018 Q4 there were **240 390 EUR** of accumulated funds, and the total guaranteed amount was **2 143 776 EUR**, resulting in **11%** coverage ratio.

Provision fund, K EUR

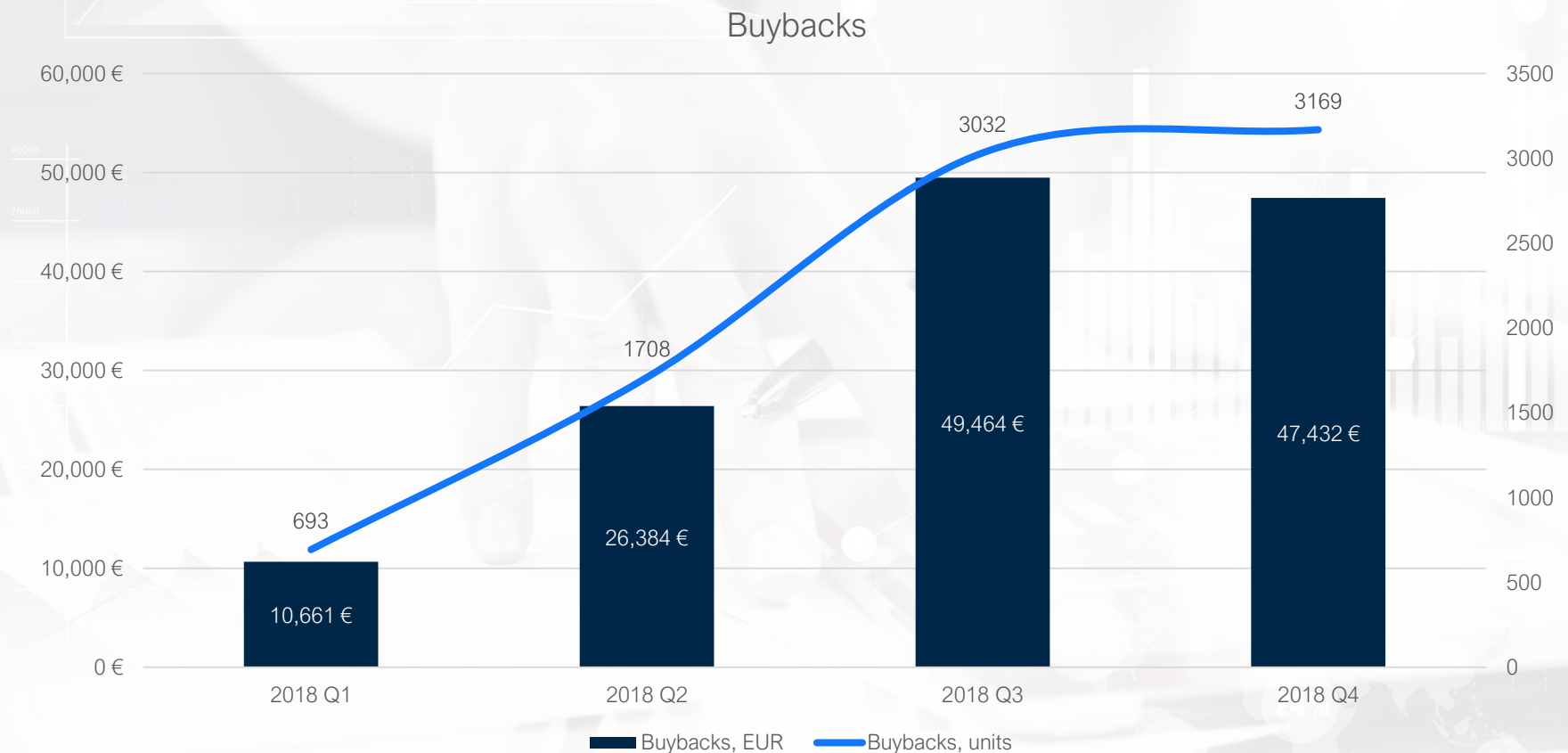


Guaranteed amount, K EUR



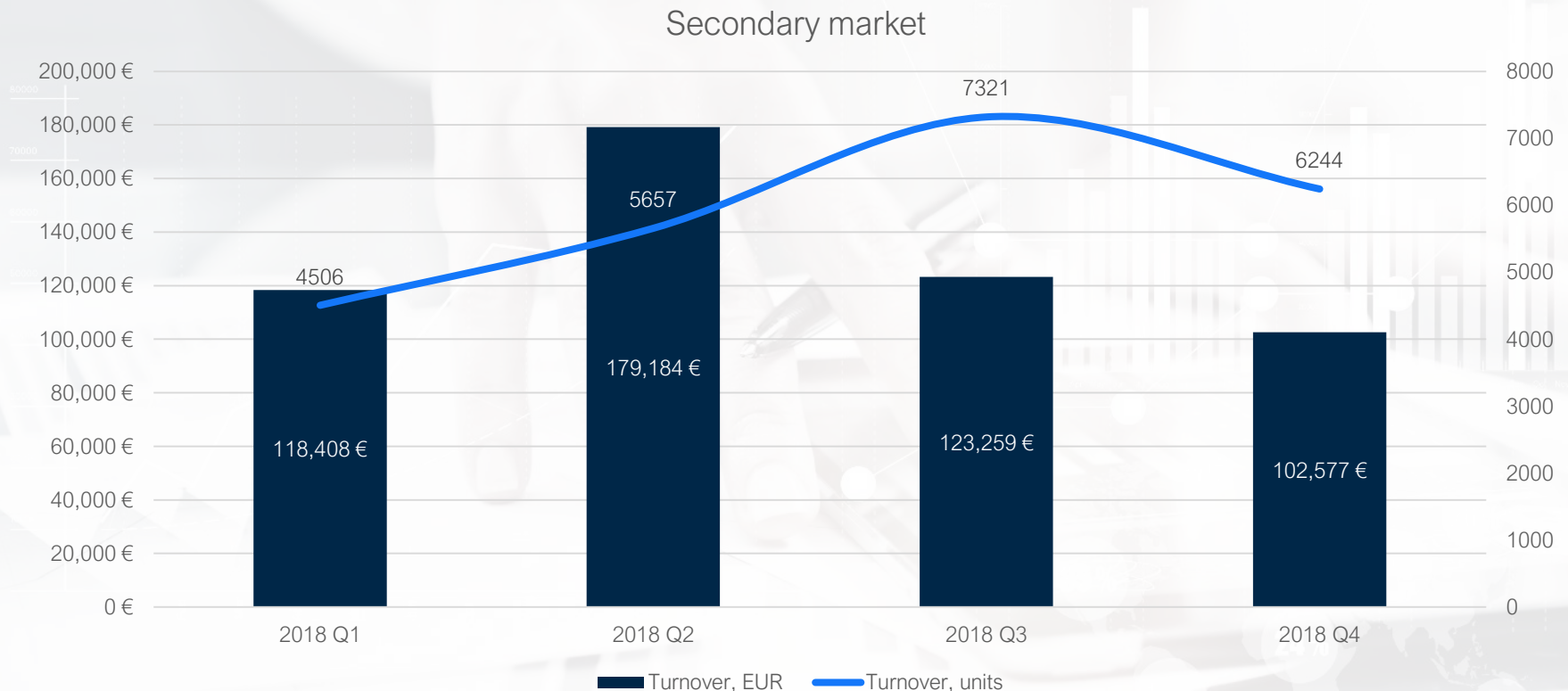
# Buybacks

“**NEO Finance**” 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 “**NEO Finance**”. In 2018 Q4 investors sold **3 169 investments** for **47 432 EUR**.



# Secondary market

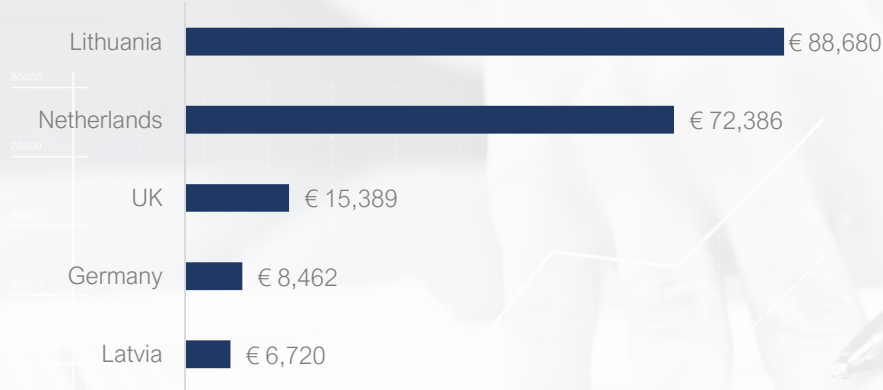
Secondary market is a feature where investors can sell or buy investments. It allows investors to adjust their risk exposure in pursuit of aggressive returns, or sell a nonperforming investment. It also provides liquidity when an investor feels the need to cash out. During 2018 Q4 secondary market turnover was **102 577 EUR**. Average transaction was **16.43 EUR**. The secondary market was not as liquid as in 2018 Q2 or Q3 due to increased loan supply in the primary market.



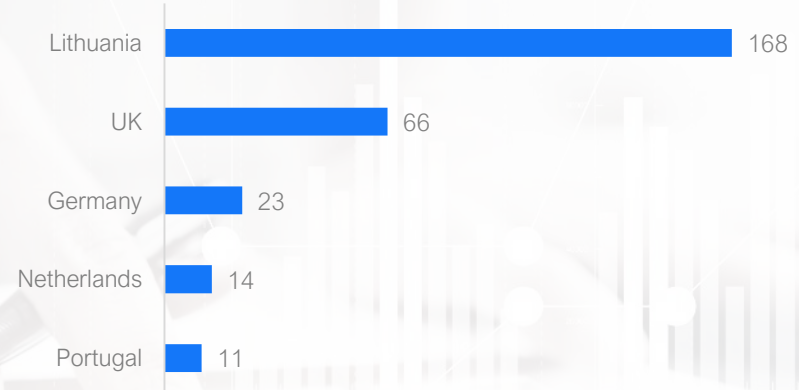
# Seedrs crowdfunding campaign results

In December “**NEO Finance**” was the first company in Lithuania to successfully complete an investment-based crowdfunding campaign on Seedrs under UK FSA regulation. **210 thousand EUR** were raised. **71 thousand EUR** was committed by [Crosspring B.V.](#) – a startup accelerator from the Netherlands, which supports innovative companies in fintech.

Top 5 investment countries



Top 5 investor countries



The campaign attracted local and international media attention:

- Crowdfund Insider - [Lithuanian P2P Lender NEO Finance Now Seeking €200,000 Through Seedrs Funding Round](#)
- Verslo žinios - „Paskolų klubas“ pinigų eina „į minią“ – rinksis „Revolut“ išbandytą būdą
- Lending times - [Lithuanian P2P Lender NEO Finance Now Seeking €200,000 Through Seedrs Funding Round](#)
- Welltrado - [NEO Finance Becomes the First Lithuanian Company to Launch a Crowdfunding Campaign on Seedrs](#)
- Peer2Peer Finance News - [Lithuanian P2P platform NEO Finance passes crowdfunding target](#)
- Crowdfund Insider - [Overfunding: Lithuanian P2P Lender NEO Finance Surpasses €200,000 Funding Target on Seedrs](#)
- Verslo žinios - „Paskolų klubas“ per „Seedrs“ pritraukė 216.000 Eur



# Main statistics

Since launch till the end of 2018  
Q4

**5,755**

Active investors

**3,100 €**

Average portfolio

**2,938,219 €**

Interest received

**25,787,984 €**

Issued loans

**829,913 €**

Investments sold in  
secondary market

**17,388,269 €**

Outstanding principal

