



# AB NEO Finance

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## Sales report 2018Q3

**Vilnius**

2018-10-10

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# Events

- Shareholder equity increased by 300K. Total amount invested in company's capital exceeds 3.18M;
- 400K EUR of bonds issued in July;
- Vytautas Bučiūnas, former Swedbank Head of Corporate Banking Division, Vice-Chairman of the Board, was appointed as new member of the Supervisory board;
- New feature auto-invest in the secondary market implemented in August;
- NEO Finance legal form changed from limited liability company to public company;
- New clients „Viena sąskaita“, „Mano gilė“ signed up to PIS service;
- New TV campaign for borrowers was launched in August;

# Management accounts



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

	2018 Q3	2018 Q2	Δ, %	2017 Q3	Δ, %
Loans issued, K EUR	3,928	3,171	24%	2,396	64%
Broker fee income, K EUR*	294	219	34%	167	76%
Other income, K EUR	176	150	17%	80	120%
Total income, K EUR	470	369	27%	247	90%

At the end of 2018 Q3 receivable broker fee amounted to **2.21 mln. EUR**

\* Broker 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. 294 thousand EUR is a result of 3,928 thousand EUR issued, and will be received throughout 60 months.

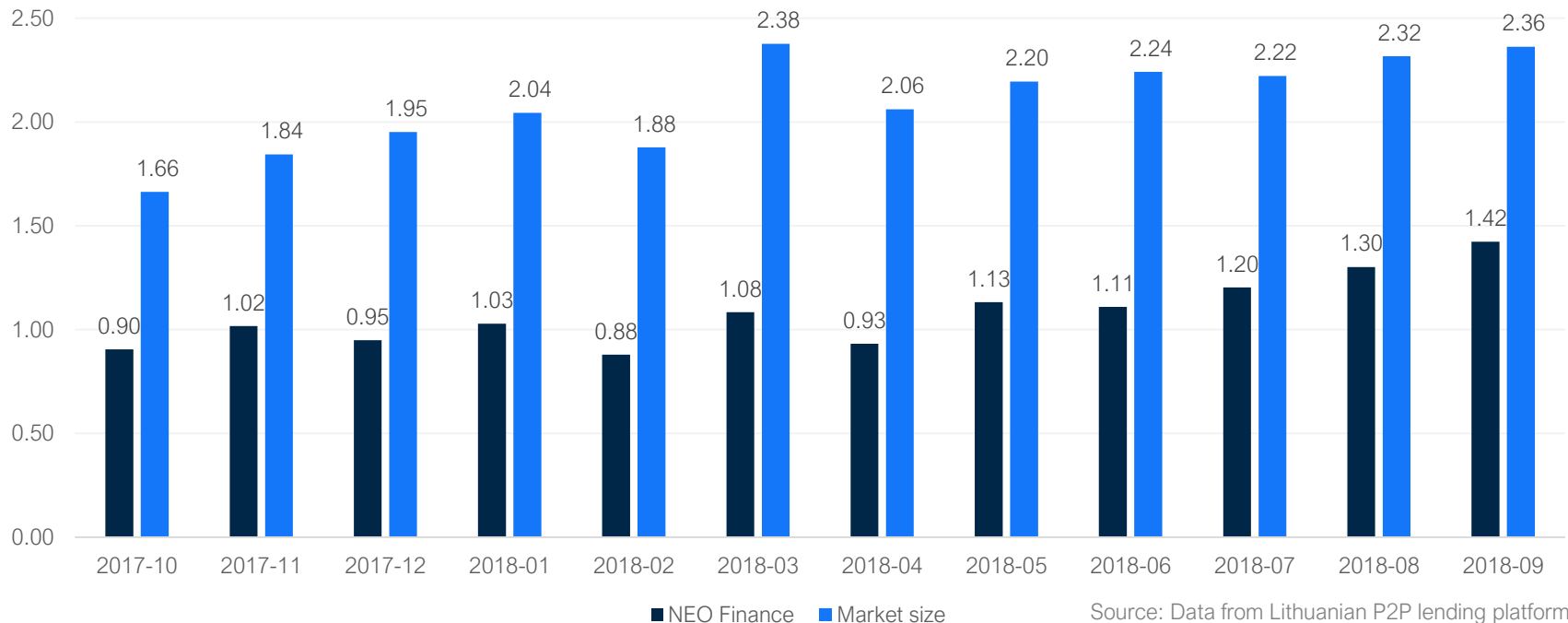
# P2P consumer loan market in Lithuania



In 2018 Q3 P2P consumer loan market size reached **6.90 million EUR**. Compared to 2017 Q3 year on year the issued loans volume grew by **52%** from **4.54 million EUR**. **“NEO Finance”** market share during 2018 Q3 stably grew to **57%** with **3.93 million EUR** of loans issued.

Monthly amount of issued consumer loans through all Lithuanian platforms did not surpass the peak of **2.38 million EUR** reached in March. On the other hand **“NEO Finance”** reached a record of **1.42 million EUR** financed in September. Compared to the same month in 2017, **“NEO Finance”** issued loans volume grew by **60%**.

P2P consumer market, loans issued, million EUR



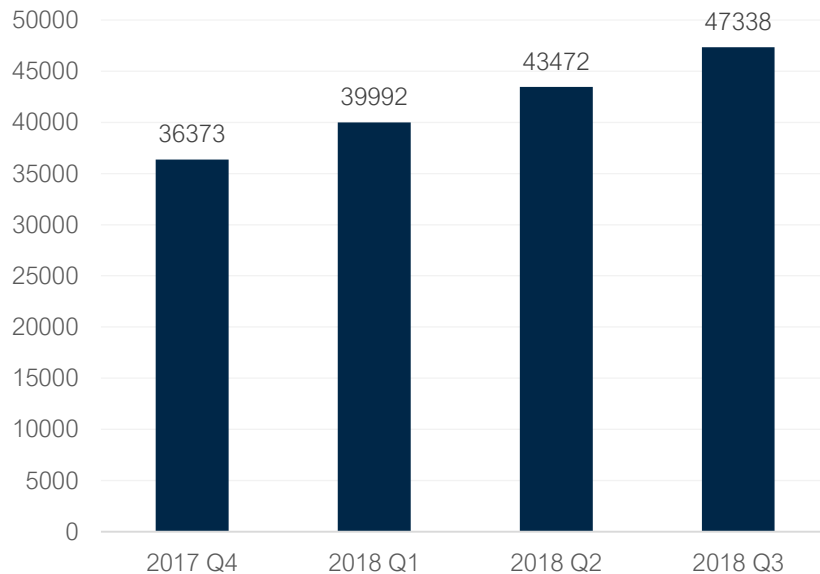
# Borrowers



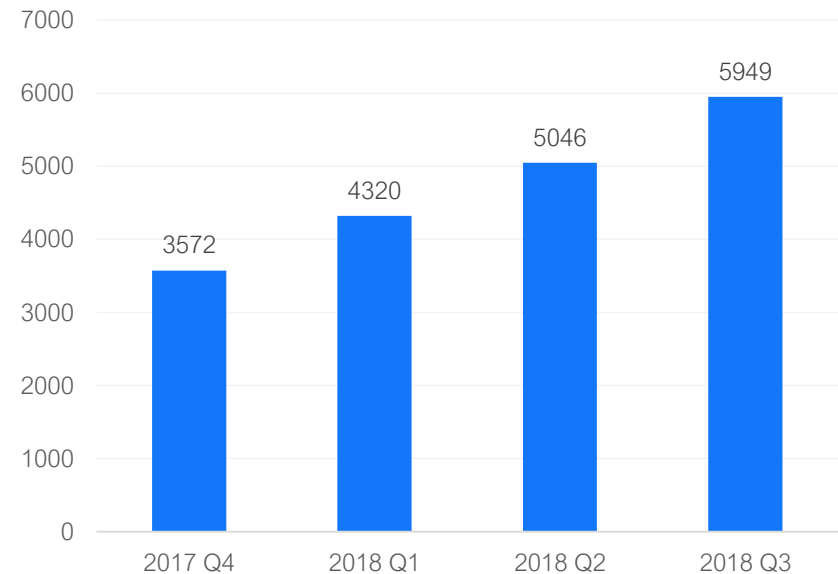
In 2018 Q3 low fees and increasing brand awareness attracted **3 866 new registered borrowers**. New TV campaign to attract borrowers was launched in August. At the end of 2018 Q3 the number of registered borrowers grew to a total of **47 338**. Compared to 2017 Q3, the number of registered borrowers grew by **51%**.

In 2018 Q3 the number of active borrowers grew by **903 users**. At the end of 2018 Q3 the number of active borrowers reached a total of **5 949**. Compared to 2017 Q3, the number of active borrowers grew by **138%**. We are satisfied with the results of current TV campaign, which contributed to the record active borrowers growth during a quarter.

## Registered borrowers



## Active borrowers



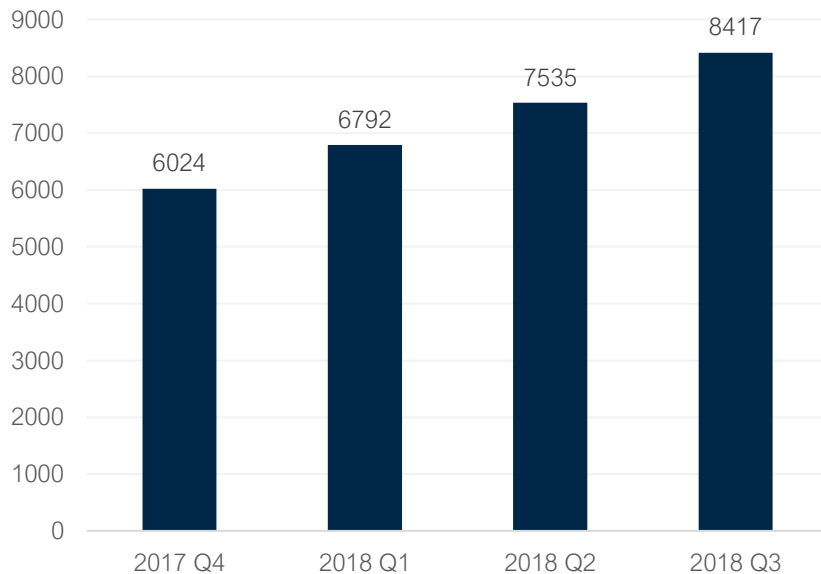
# Investors



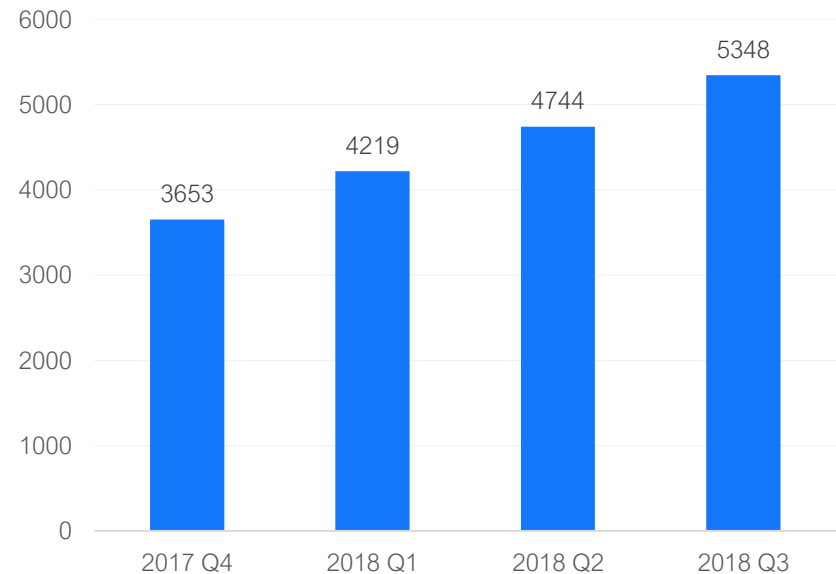
In 2018 Q3 investors' trust, stable returns, transparent communication, timely management reports and audited financial reports attracted **882 new registered investors** to a total of **8 417**. Compared to 2017 Q3, the number of registered investors grew by **73%**. We see a growing traction with international investors, as **"NEO Finance"** opened up for European investors in March, 2018.

In 2018 Q3 the number of active investors grew by **604**. At the end of 2018 Q3 the number of active investors reached a total of **5 348**. Compared to 2017 Q3, the number of active investors grew by **92%**.

### Registered investors



### Active investors



**Investors have already earned 2.3 million EUR in returns.**

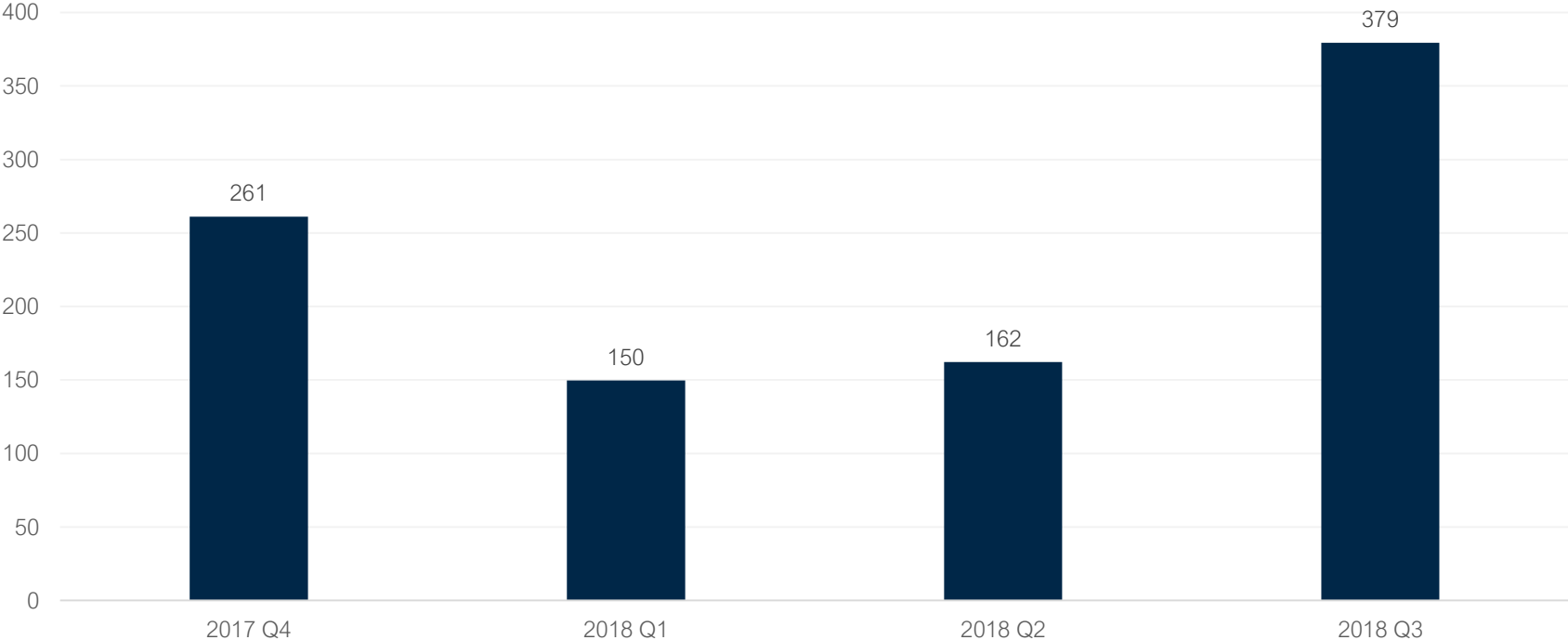
# NEO Finance investments



“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 Q3 “NEO Finance” invested a record amount of **379 thousand EUR**. Invested amount grew due to increased demand from the borrowers.

Since the launch in December, 2015 “NEO Finance” investments into loans reached **1.59 million EUR**.

NEO Finance investments, K EUR



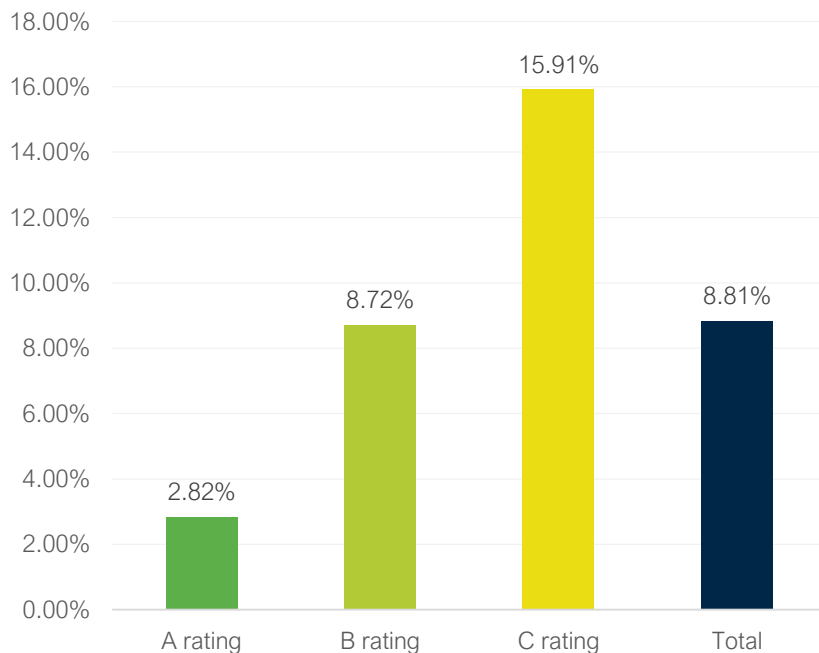
# Overdue loans



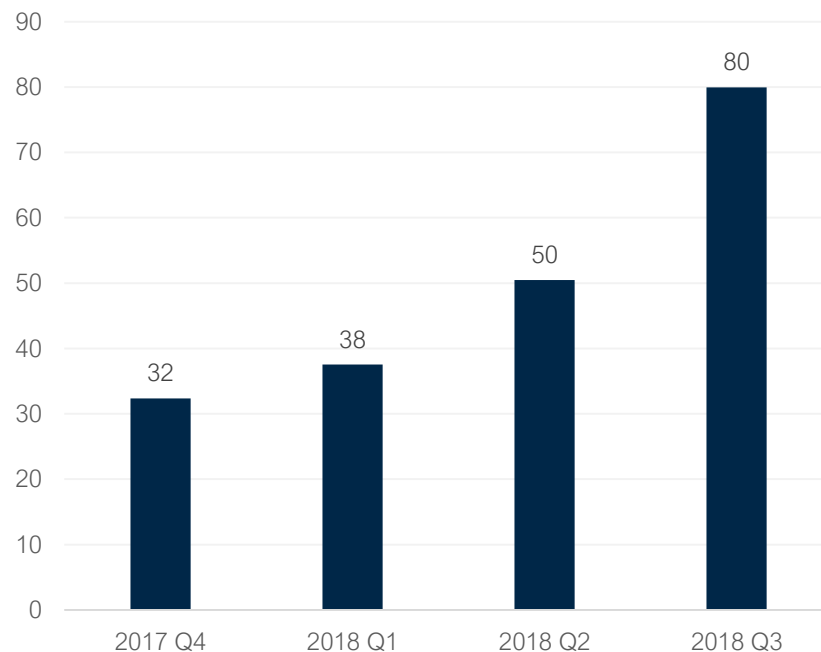
At the end of 2018 Q3 out of **8 393 issued loans** - **667 loans**, or **7.95%**, were overdue for more than 90 consecutive days. Respectively, out of **21.6 million EUR** financed – **1.90 million EUR** or **8.81%** were overdue more than 90 days.

“**NEO Finance**” is highly concerned about loan repayments, therefore great effort was put in a recovery of payments from terminated loans. During 2018 Q3 a total of **80 thousand EUR** were recovered and distributed to investors.

EUR, overdue >90 days, %.



Amount recovered, K EUR



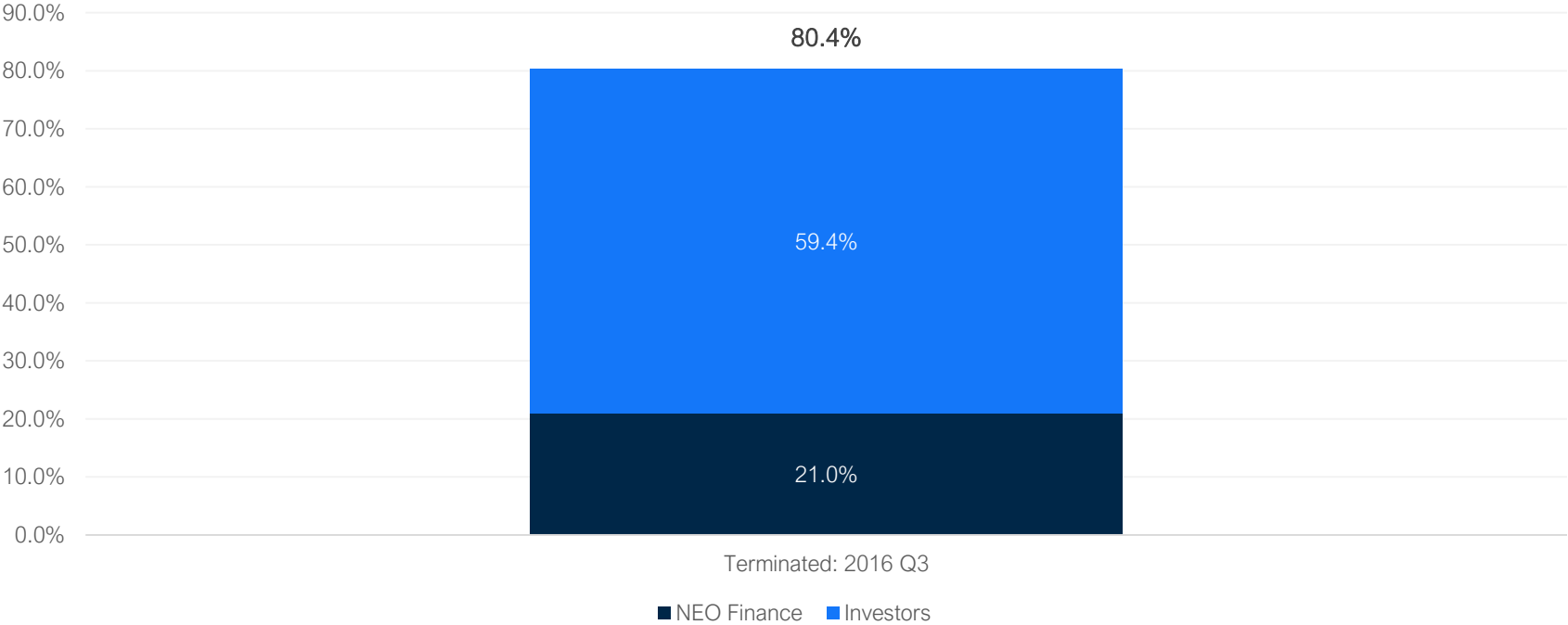


# Recovery in 2 years



2018 Q3 marks 24 month point for loans terminated during 2016 Q3. During 2016 Q3 **14 loans** were terminated with remaining principal of **21 670 EUR**. During 24 months **17 414 EUR** or **80.4%** from principal amount were recovered. Below the distribution between **“NEO Finance”** and investors is presented. 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.

Recovery in 2 years as % of principal outstanding at termination

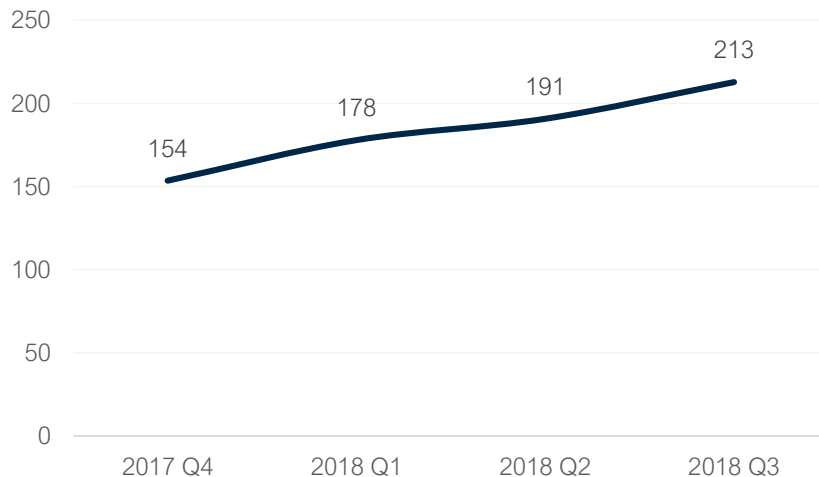


# Provision fund

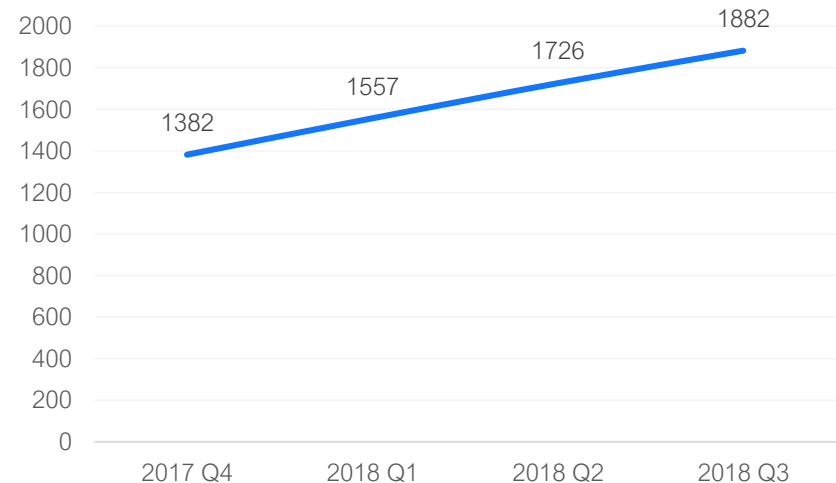
“NEO Finance” offers a „Provision Fund” service, which allows investors to reduce their investment risk. If a loan defaults – “NEO Finance” guarantees to repay the investor with all of its assets. During 2018 Q3 the service covered **91 150 EUR**.

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 **22 020 EUR**. At the end of 2018 Q3 there were **212 809 EUR** of accumulated funds, and the total guaranteed amount was **1 882 290 EUR**, resulting in **11%** coverage ratio.

Provision fund, K EUR

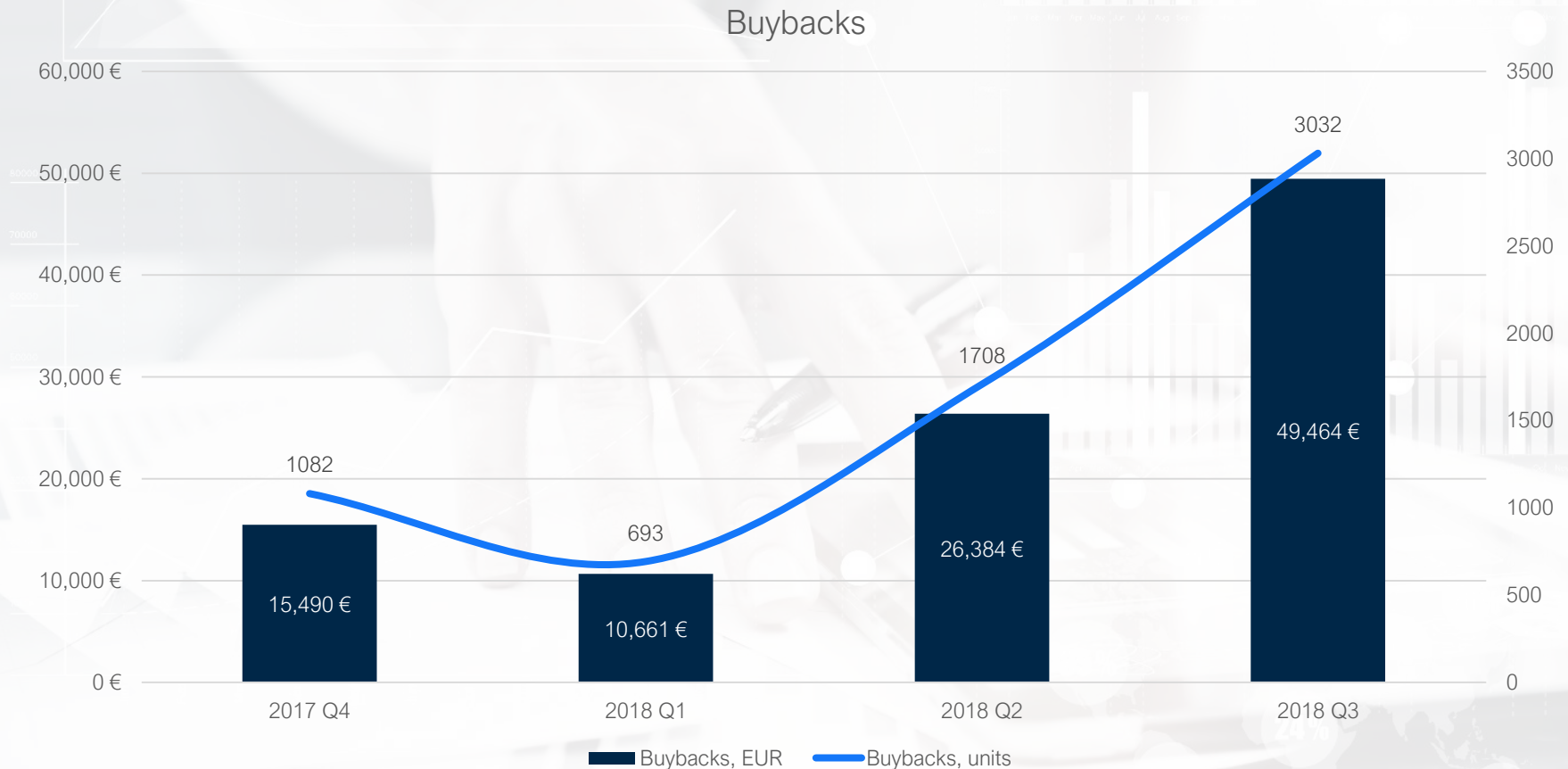


Guaranteed amount, K EUR



# Buybacks

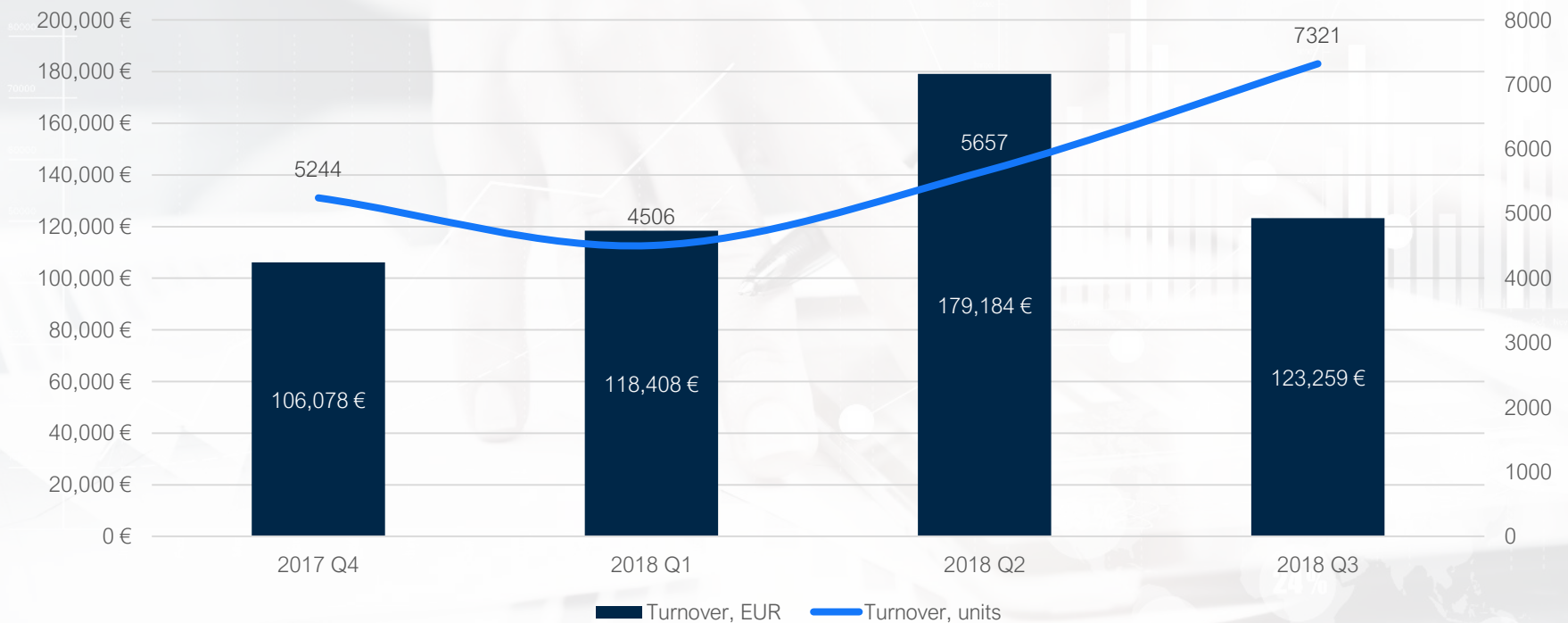
“**NEO Finance**” offers a buyback service. When an agreement with a borrower is terminated, investors have an option to sell their investment for **50-80%** of it's face value to “**NEO Finance**”. In 2018 Q3 investors sold **3 032 investments** for **49 464 EUR**.



# 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 Q3 secondary market turnover was **123 259 EUR**. Average transaction was **16.84 EUR**. A new auto-invest function was introduced in the secondary market in August. The secondary market was not as active as in 2018 Q2 due to increased loan supply in the primary market.

Secondary market



# Main statistics

Since launch till the end of 2018  
Q3

**5348**

Active investors

**4,082 €**

Average amount  
invested

**2,335,278 €**

Interest received

**21,602,085 €**

Issued loans

**727,336 €**

Investments sold in  
secondary market

**14,927,696 €**

Outstanding principal

