



MCB Finance Group Plc

Corporate presentation and
FY 2011 results announcement

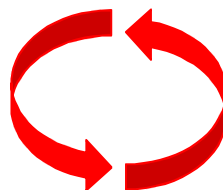
February 2012

- 1. Group presentation**
- 2. FY 2011 Group results**
- 3. FY 2011 results by market**
- 4. Summary and outlook**

1. Group presentation



- Unsecured loans
- **Up to €2,000**
- **Maturities up to 24 months**
- **Average loan: €400 for 6+ months**
- Monthly repayment plans
- Simple and transparent terms



- Straightforward online application
- Very high levels of customer service
- **Rigorous customer scoring and credit extension processes**
- Completed in minutes



- **Customers between 19 and 65+ years, 50% female. Average age 38**
- Middle-class wage earners
- Under-served by mainstream banks
- People with instant cash needs

- **Highly automated, low cost business model**
- Attractive lending margins
- Strong repayment performance
- High return on capital deployed

Product and key characteristics

- The most flexible offering in the market
- Unsecured instalment loans up to EUR 2,000 (average EUR 400), with maturities up to 2 years (average 6+ months)
- All loans amortized over their maturities in monthly instalments

Distribution

- Online distribution through Credit24 websites
- Straightforward and transparent lending process
- Less than 15 minutes from beginning of application to loan disbursement.

Service excellence

- Simple and transparent terms
- Flexible repayment schedules
 - Customers can chose size and adapt repayment options to suit their requirements
- Excellent customer service
 - Online self service. Phone and email support to Company's customer care

Credit24 Etusivu Lainat Credit24 Online Asiakaspalvelu FAQ Yritys

Credit24-lainapalvelussa Sinä päätät!

- ✓ Voit korottaa lainaasi
- ✓ Voit säästää korossa maksamalla lainasi nopeammin
- ✓ Voit maksaa pienemmissä maksuerissä
- ✓ Voit ottaa maksuvapaata lainallesi

[Lue lisää!](#)

Miksi Credit24? Näin haen lainaa! Maksuajan pidennys? 5 vuotta luottoa!

Kirjautu Onlineen

Nordea Sampo Pankki
op.fi Aktia
S-Pankki TAPIOLA
Handelsbanken

HAE LAINAA

Hyvä asiakas
Credit24 lainapalvelu on avoinna loppiaisena pe 06.01. klo 12 - 18.
Terveisin Credit24 Asiakaspalvelu.

Lasku sähköpostiisi!
Nyt voit valita haluutko:
✓ Laskun sähköpostiisi tai
✓ Itellan Netpostin kautta
[Lue lisää](#)

Info
Lainapalvelu:
Avoinna arkisin 8.00-22.00
lauanpäisin 10.00-18.00

Laina liukuri Pikalaina Express-laina Kulutusluotto

Valitse lainasumma

50 € 3000 €

Valitse laina-aika

1 kk 24 kk

Lainasumma: 600 €
Laina aika: 11 kk
Kuukausilyhennys: 76,77 €
Vuosikorko: 74 %
Päiväkorko: 0,21 %
Todellinen vuosikorko: 107 %

Credit24-lainahakemus on **ilmainen!**
Katso lisätietoa myös muista ilmaisista eduistasi Credit24 asiakkaana!
[Lue lisää](#)

HAE LAINAA

Summary financial performance

EUR '000	2008	2009	2010	2011	Run rate ⁴
Principal lent	56,606	40,424	36,045	59,988	75,000
Revenue	13,055	15,669	11,783	18,182	-
EBIT	1,470	689	1,302	4,869	-
EBT	486	-633	577	3,670	-
Net income	404	-1,054	234	2,967	-
Net customer loan receivables	20,385	12,811	12,052	22,360	-
Debt	12,050	6,460	5,200	13,700	-
Total equity	8,523	7,467	7,700	10,585	-
Key metrics					
Return on equity	6.9%	-13.2%	3.1%	32.5%	-
Return on assets ¹	8.6%	1.4%	6.2%	20.2%	-
Revenue as % of avg. receivables ²	128%	90%	106%	105%	-
Net revenue as % of avg. receivables ³	89%	45%	80%	88%	-
Impairment as % of revenue	31%	50%	24%	16%	-
Debt / total assets	52%	40%	34%	53%	-
Debt / net receivables	59%	50%	43%	61%	-

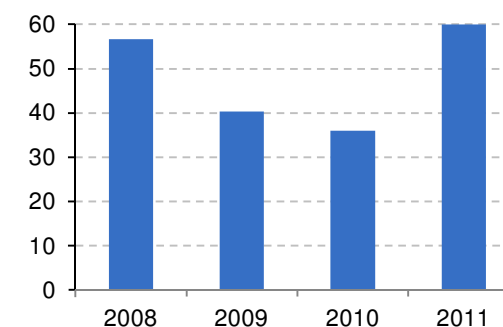
¹ Net income + interest / average total assets per year end

² Revenue as % of avg. net receivables outstanding

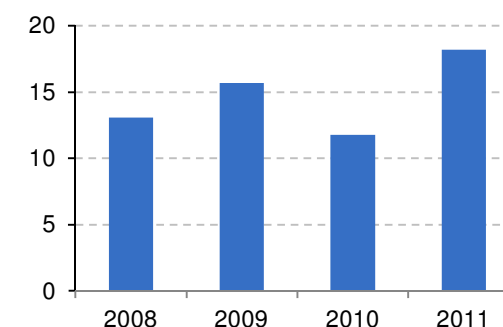
³ Revenues less impairment as % of avg. net receivables

⁴ Calculated as principal lent current quarter times 4

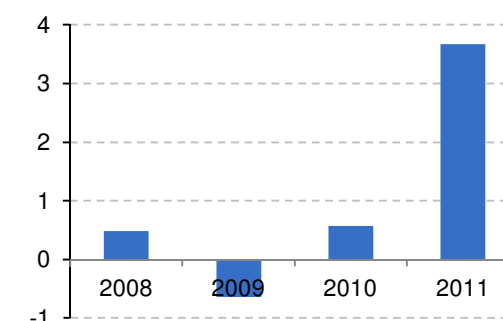
Principal lent (EURm)



Revenue (EURm)



EBT (EURm)



Finland www.credit24.fi

- Population 5.4m
- MCB in country since 2006
- 2011 principal lent: €28.0m
- Revenue: €7.4m
- PBT*: €2.3m

Lithuania www.credit24.lt

- Population 3.3m
- MCB in country since 2007
- 2011 principal lent: €17.8m
- Revenue: €5.8m
- PBT*: €2.1m

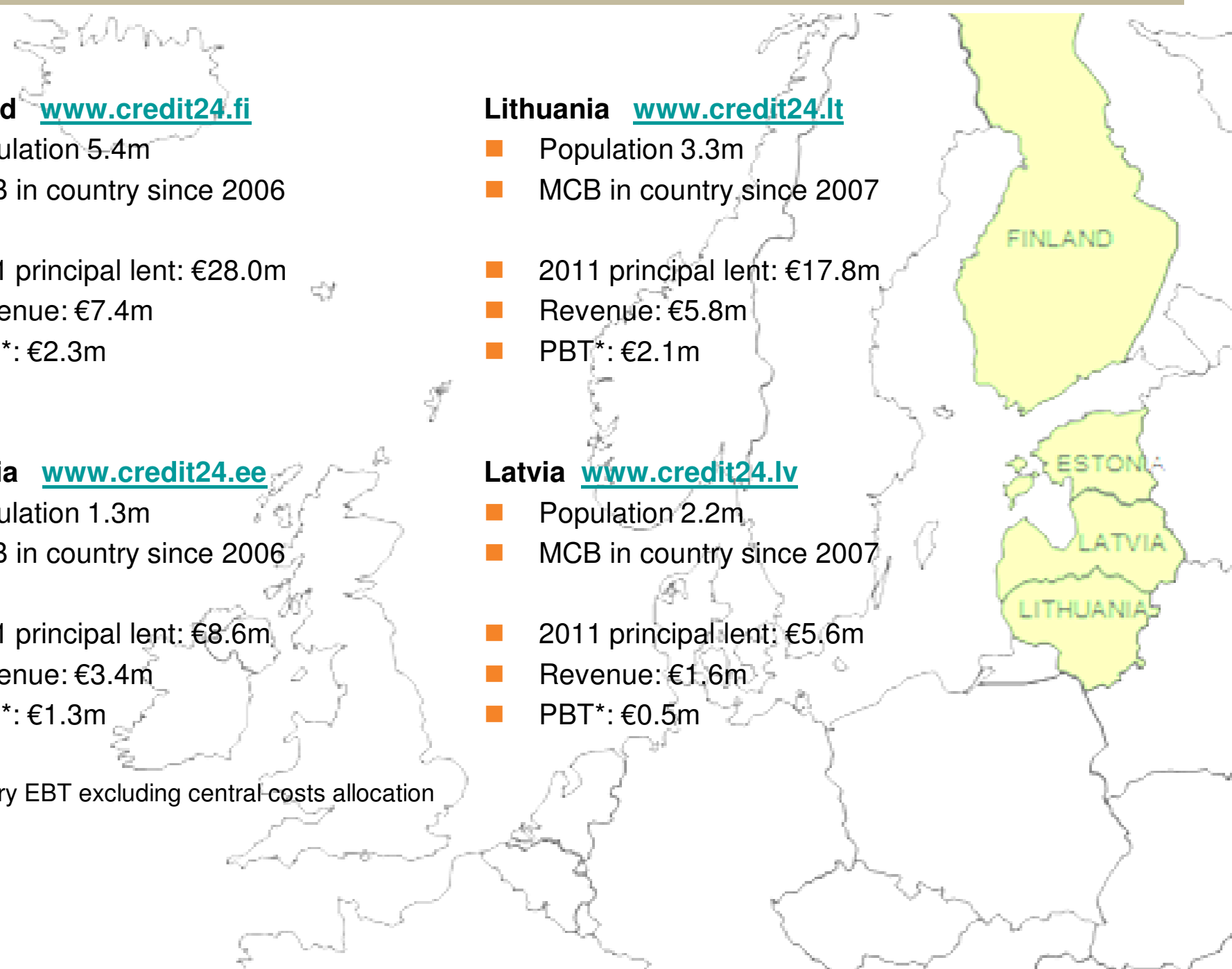
Estonia www.credit24.ee

- Population 1.3m
- MCB in country since 2006
- 2011 principal lent: €8.6m
- Revenue: €3.4m
- PBT*: €1.3m

Latvia www.credit24.lv

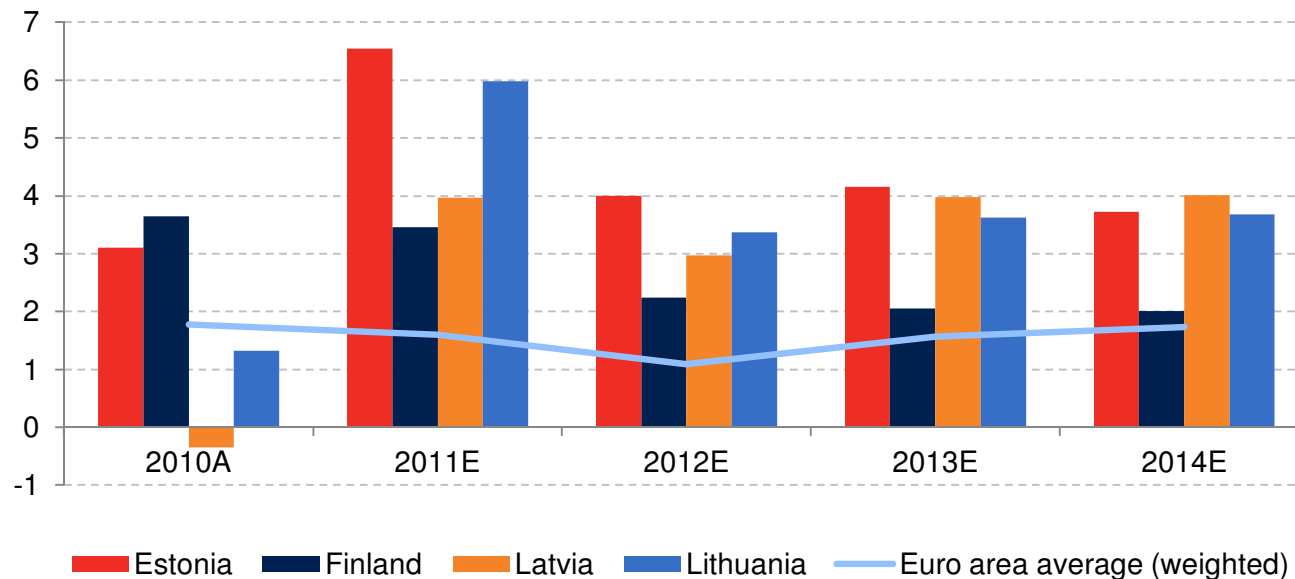
- Population 2.2m
- MCB in country since 2007
- 2011 principal lent: €5.6m
- Revenue: €1.6m
- PBT*: €0.5m

* Country EBT excluding central costs allocation



- Strong economic recovery post 2009 recession
- Stable and positive GDP outlook through 2016
- Low indebtedness as % of GDP
- Favourable unemployment trends

Real GDP development (%)



- Straightforward and transparent lending processes
- 90% of lending online, remaining via distribution partners
- <15 minutes from beginning of application to money in account

Marketing

Brand awareness
Product marketing
TV, internet, radio, press

Online shop

Accessible
Wide product selection
Clear terms

Application

Straightforward
Completed in minutes

Credit decision

Fully automated
Instant decision
Rigorous

Money transfer

To customer's account
Within minutes



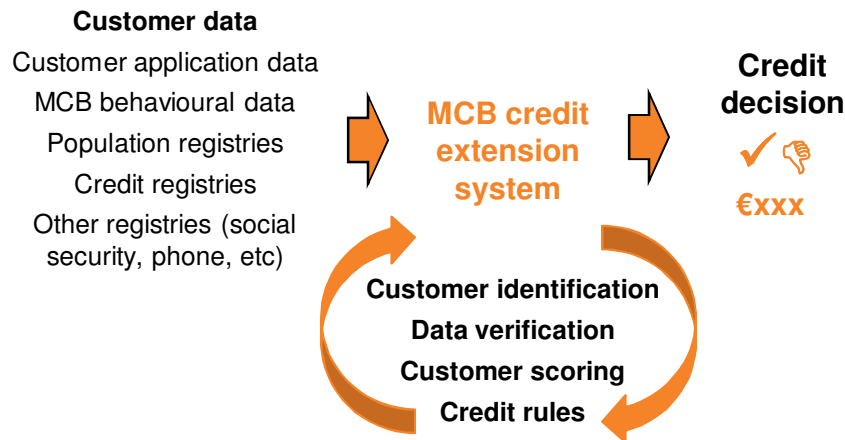

- Over 25,000 applications processed per month
- 70% repeat customers / 550,000+ customers* in database
- 30 customer care personnel
- Highly automated and rigorous application verification, credit decision and monitoring

* Refers to customers who have applied for a loan

- MCB has a highly automated yet rigorous credit extension process which determines the amount and type of credit available to each customer.
- Credit decisions are based on proprietary scorecards and policies developed internally and in cooperation with external experts
- Information is sourced from customers, 3rd party databases and MCB historical databases
- The credit decision is made automatically based on strict criteria, with manual verification for selected cases

The use of statistical scorecards and access to 3rd party and proprietary databases allow MCB to tightly control and adjust credit risk

A rigorous credit extension process



Highly automated Proprietary Scalable

- Customers typically start with small amounts. Can borrow more as they build track record
- **No** lending to customers with negative credit histories
- **No** refinancing or extensions of delinquent loans
- Advanced monitoring and reporting tools give excellent visibility on credit performance
- MCB performs monthly assessments of provisioning levels based on actual and predicted collection performance

Assessment	<ul style="list-style-type: none">▪ Monthly, based on in depth analysis of credit performance
Impairment charge	<ul style="list-style-type: none">▪ Customer balances are considered impaired when one monthly payment is overdue more than 30 days. At that point the entire loan balance is deemed impaired▪ No 're-ageing' of poor payers
Impairment calculation	<ul style="list-style-type: none">▪ Impairment is calculated based on the age structure of receivables in arrears, and estimates for their recoverability within 24 months▪ Recovery rates based on analysis of historical and projected recovery trends▪ In addition, a general impairment charge is made on all current loan pools

Target customers

- Middle class wage earners
- Limited access to bank credit or credit cards
- Seeking convenient and cost-effective solution for smaller credits not available from banks
- Instant financing need

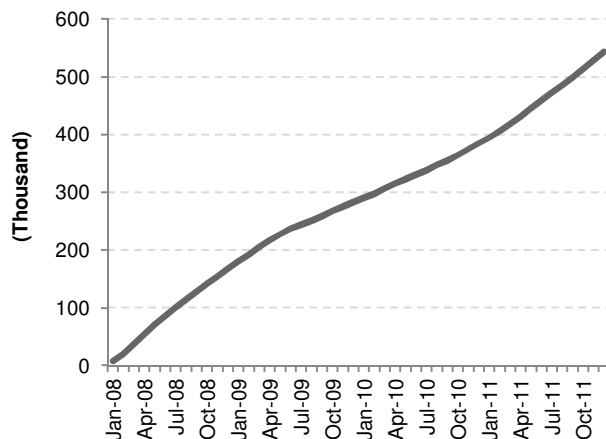
Customer demographics

- Between 19 and 65+ years
- Average age of 38 years
- Evenly distributed between male and female
- Over 80% employed
 - + Students, pensioners, other
- Average income in range with country averages

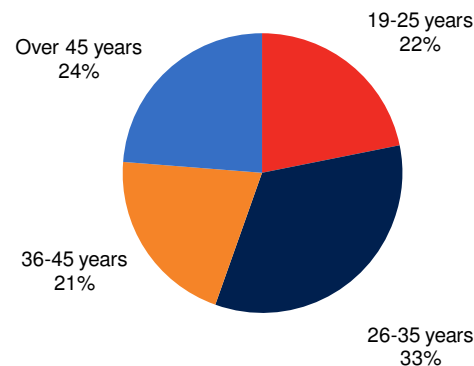
Customer quality

- 70% repeat customers
- Median post collection loss rate is 5.7%
 - 50% of customer have average loss rate of 2.7%
 - 30% of customers have average loss rate of 1.6%

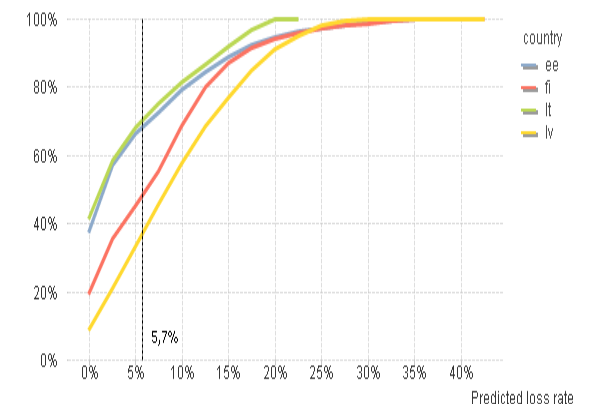
Number of customers since January 2008¹



Distribution of net receivables by customer age



Distribution of customer loss rates



¹ Customer who have applied for a loan



Credit24

- Strong brand recognition
- Active marketing through main media channels



2000€
kuni kaheks
aastaks

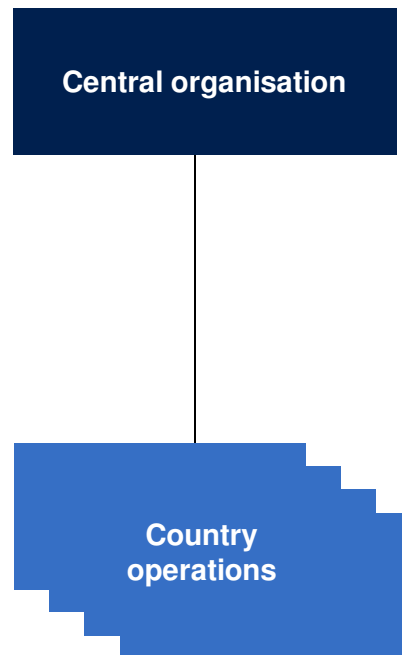
Credit24st saad võtta tarbimislaenu
kuni kaheaastase tagasimakse ajaga.
CREDIT24 - SINU IGA PÄEVANE PARTNER RAHASJADES

www.credit24.ee
Tähelepanu! Iga laenu on finantskohustus. Tutvu eelnevalt laenu-
tingimustega www.credit24.ee ja vajadusel pea nõu spetsialistiga.



flexible trustworthy
partner
simple
transparent

- Key functions provided by central organization
- Low-cost country operations



- Administration
 - Reporting
 - Credit extension policies and scoring
 - Credit monitoring
 - Financing
 - IT development
 - Data
 - Permits and regulatory issues
 - Marketing and branding
-
- Customer acquisition
 - Customer care
 - Tactical marketing

Excellent platform for continued profitable growth and geographic expansion

1. Continue profitable growth in current markets

- Further product and service improvements
- Optimisation of business processes
- Continued marketing and distribution initiatives

2. Expand into new markets with attractive characteristics

- Benefit from successful track record in current markets
- Leverage central organisation and costs

3. Develop related financial services

**MCB Finance's goal is to be a leading provider of non-bank
online financial services**

2. FY 2011 Group results

- Principal lent grew 66% to €60 million (2010: €36 million)
- Revenue grew 54.3% to €18.2 million (2010 revenue: €11.8m)
- Pre-tax profit of €3.7 million (2010: €0.6 million)
- Net income of €3.0 million (2010: €0.2)
- Return on equity of 32.5%. Return on assets of 20.3%
- Net consumer loan receivables outstanding at 31 December grew by 85% to €22.4 million (2010: €12.1 million)
- Credit quality remained strong with impairment down to 16% of revenue (2010: 24%)
- Continued profitable growth expected into 2012

Summary financials - Group

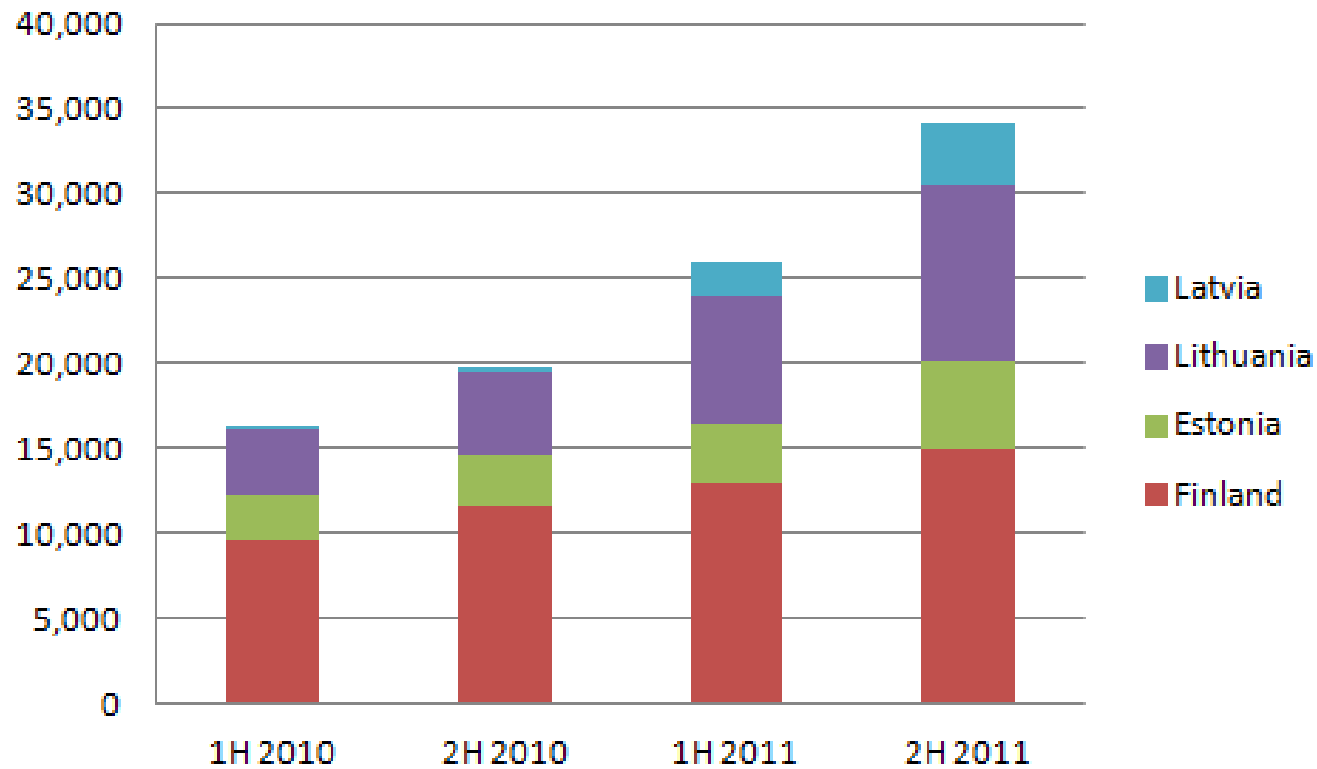
<i>(€ thousands)</i>	2011	2010	change
Principal lent	59,988	36,045	66%
Net customer loan receivables	22,360	12,052	86%
Revenue	18,182	11,783	54%
Impairment	-2,901	-2,805	3%
as % of revenue	16.0%	23.8%	
Direct operating expenses	-3,022	-2,173	39%
Proforma Administrative expenses	-7,389	-5,503	34%
Net interest expenses	-1,200	-725	66%
Proforma EBT (loss)	3,670	577	536%
as % of revenue	20.2%	4.9%	
Proforma net income (loss)	2,967	234	1168%

	2011	2010
Return on equity	32.5%	3.1%
Return on assets ¹	20.3%	6.2%
Revenue as % of avg. net receivables	105%	106%
Net revenue as % of net receivables ²	88%	80%
Impairment as % of revenue	16%	24%
Debt / assets	53%	34%
Debt / net receivables	61%	43%

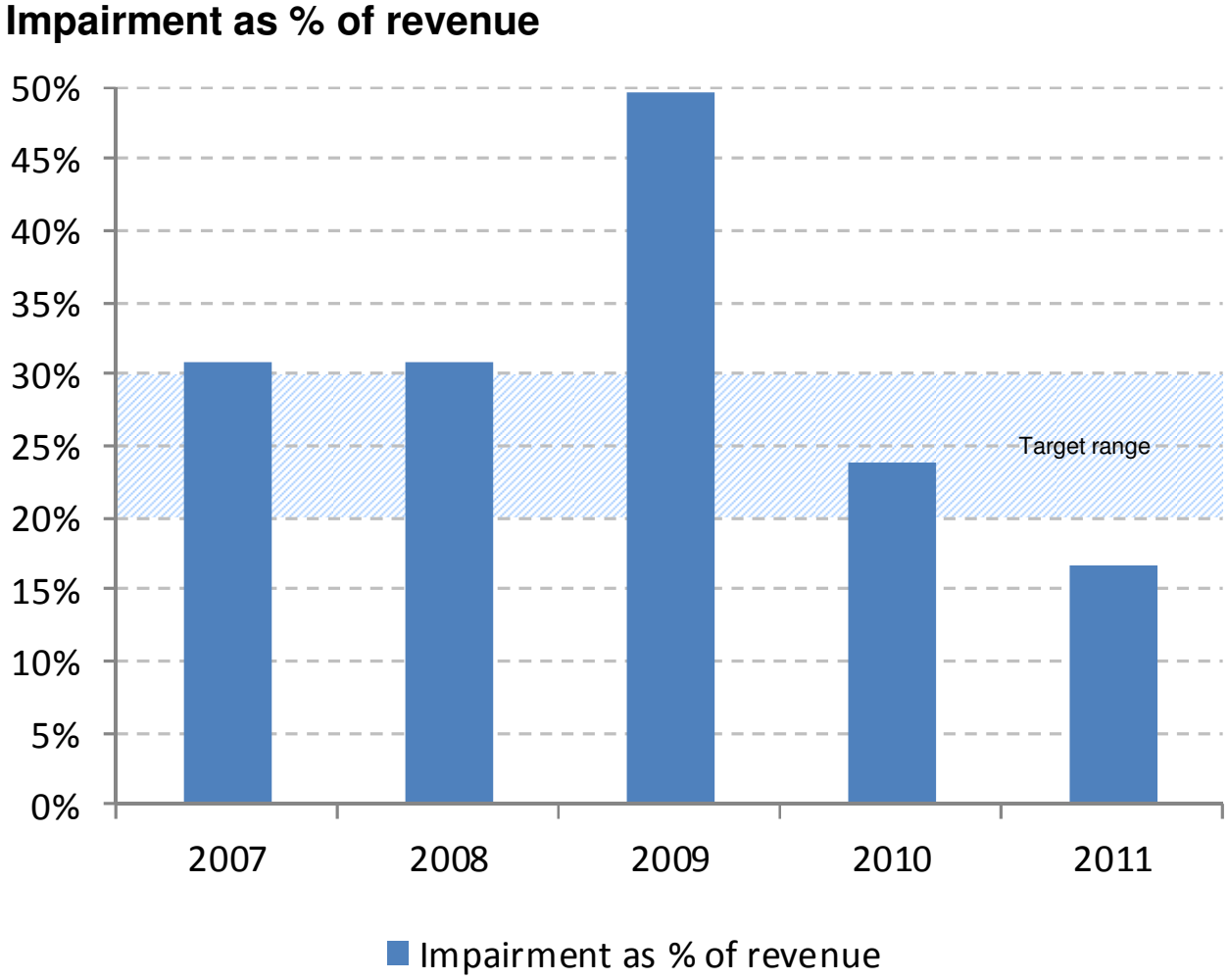
(1) Net income + interest / average total assets per year end

(2) Revenue less impairment as % of avg. loan receivables

Loan principal issued (€ thousands)



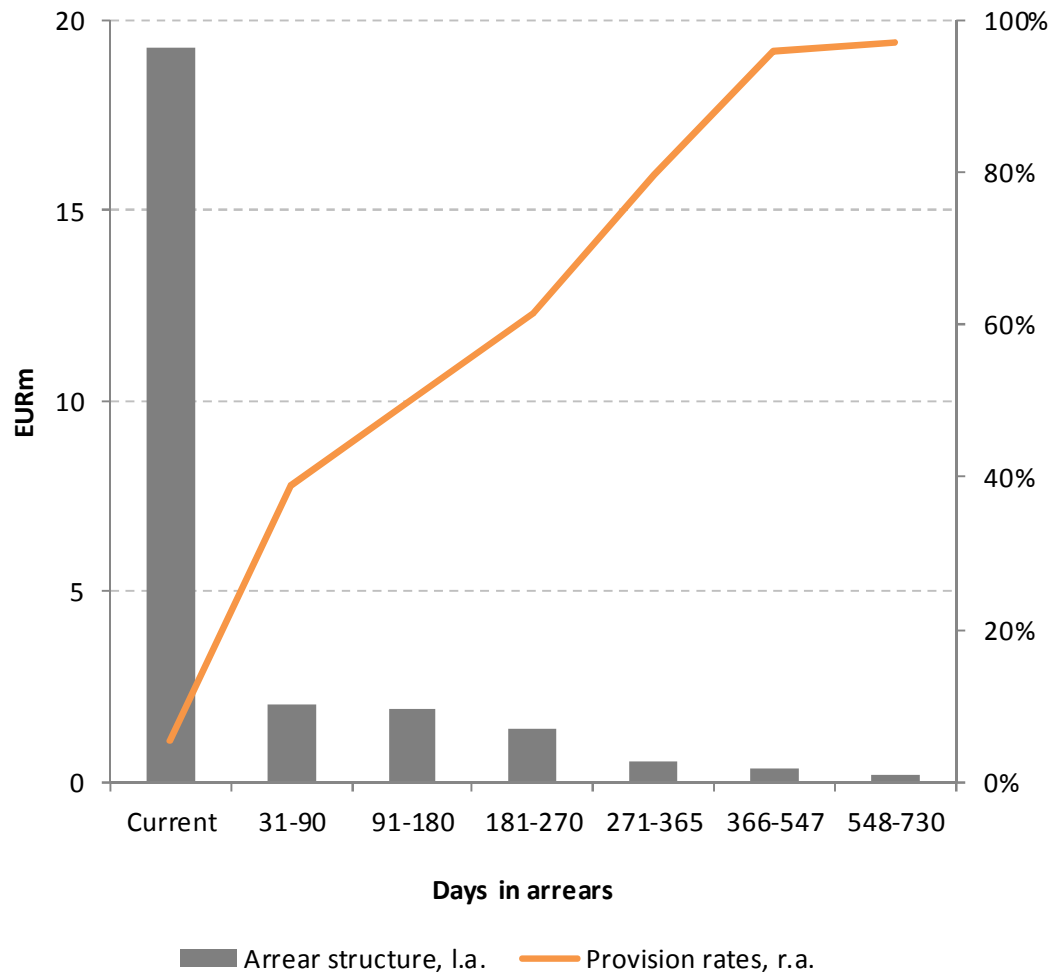
Significantly reduced levels of impairment **mcbfinance**



A conservative balance sheet

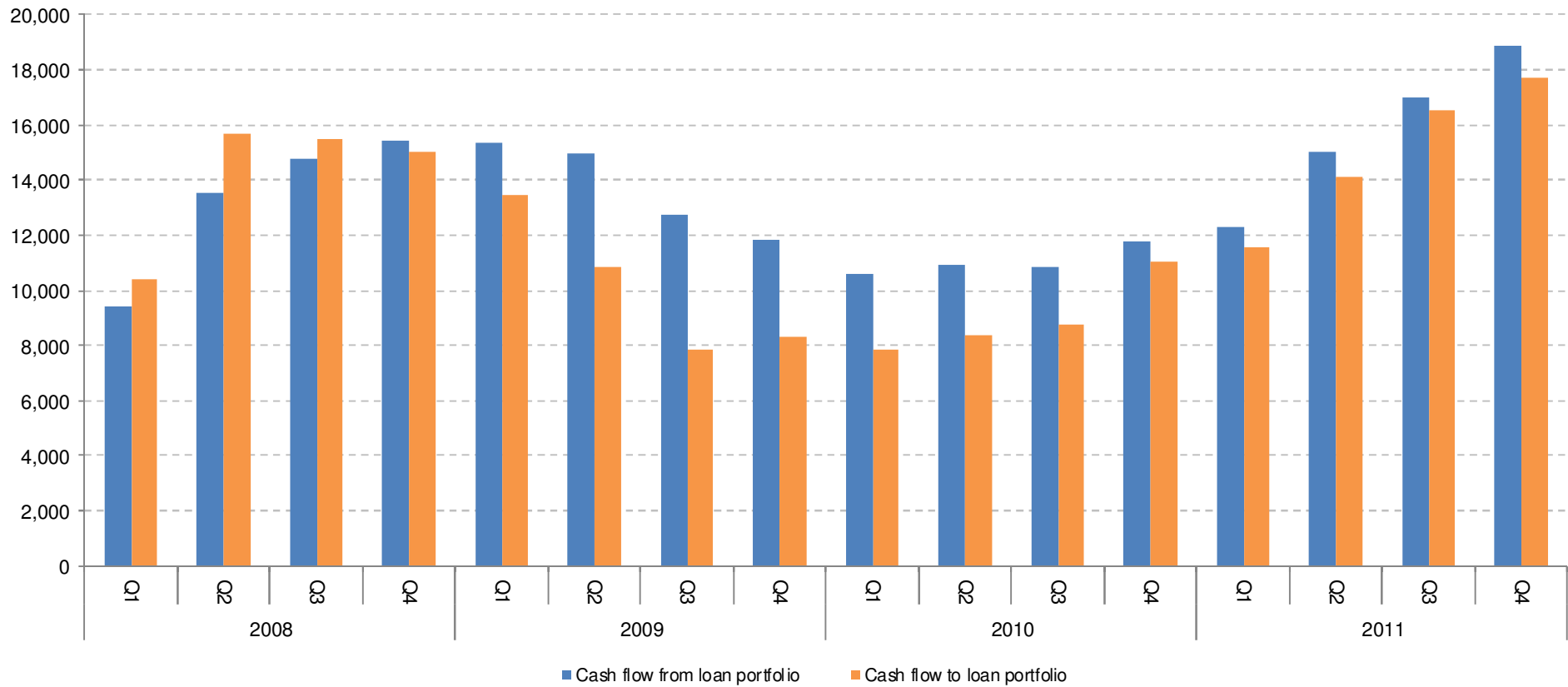
<i>(€ thousands)</i>	2011	2010	change
Net customer loan receivables	22,360	12,052	86%
Cash	2,170	1,950	11%
Other assets	1,486	1,142	30%
Total assets	26,016	15,144	72%
Borrowings	13,700	5,200	163%
Equity	10,586	7,700	38%
Debt / assets	53%	34%	
Debt / net receivables	61%	43%	

Loan portfolio arrears structure and provisioning



- High quality loan portfolio with only 25% of receivables in arrears over 30 days
- Outstanding customer loan receivables totalled €27.3m (Dec 2011), against which a €5.0m provision was taken.
- Customer loan receivables net of provisions were €22.4m
- Typically over 65% of all receivables which become delinquent (30 days overdue) are collected

Quarterly loan portfolio cash inflows and outflows (€ thousands)



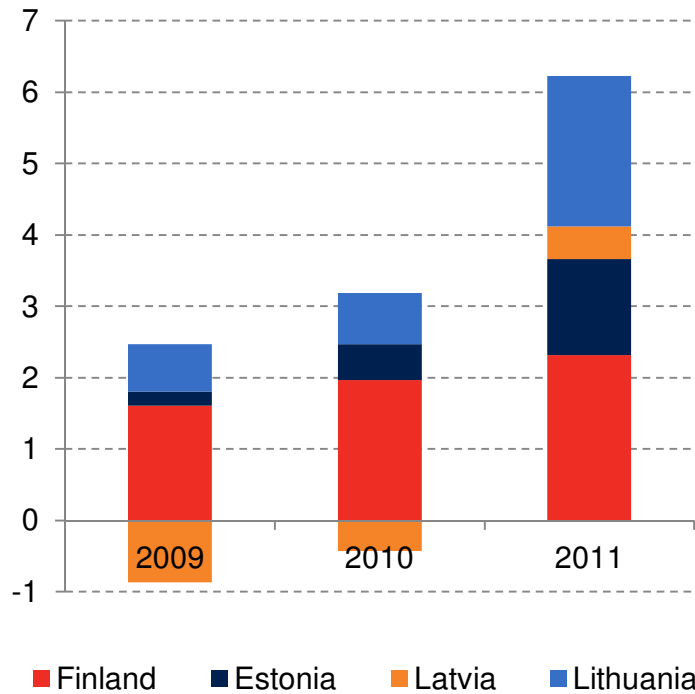
3. FY 2011 results by market

Profit before tax

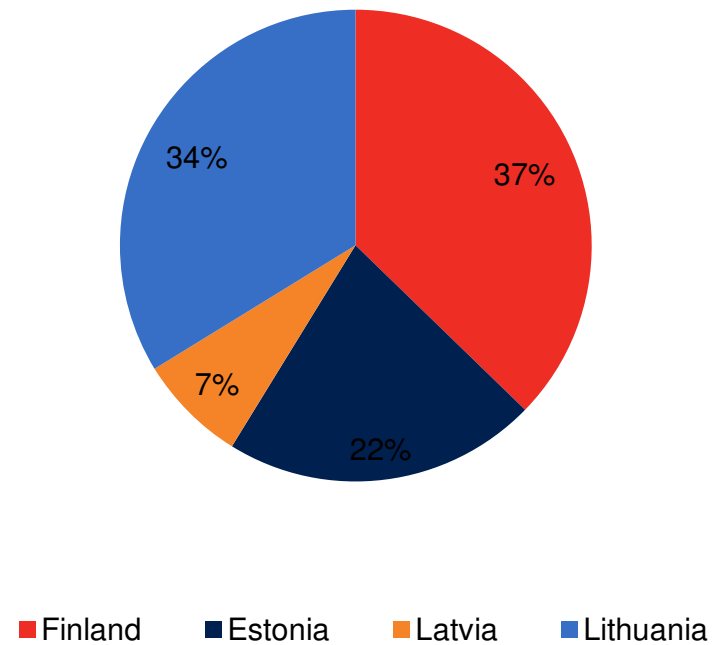
(€ thousands)

	2011	2010	change
Finland	2,319	1,966	18%
Estonia	1,340	507	164%
Latvia	463	-421	n/a
Lithuania	2,101	711	196%
Total established markets	6,224	2,763	125%
Central costs	-2,554	-2,186	17%
Group profit before tax	3,670	577	536%

Country EBT (€ million)



EBT contribution (2011)



Loan principal issued

<i>(€ thousands)</i>	2011	2010	2H 2011	1H 2011	2H 2010	1H 2010	2010-2011 growth
Finland	28,026	21,319	15,050	12,976	11,656	9,662	31%
Estonia	8,626	5,548	5,093	3,533	2,972	2,576	55%
Lithuania	17,771	8,652	10,554	7,217	4,786	3,866	105%
Latvia	5,565	527	3,564	2,001	387	139	956%
Group	59,988	36,045	34,261	25,727	19,801	16,244	66%

- Pre-tax profit up 18% to €2.31m
- Lending volumes up 31% during 2011
- Impairment of 28% of revenue, in line with Group targets
- Product range expanded during the year
- Higher marketing spend during 2011 supporting lending volume growth
- Stable economic conditions

<i>(€ thousands)</i>	2011	2010	change
Loan principal issued	28,026	21,319	31%
Net customer loan receivables	9,023	6,286	44%
Revenue	7,400	5,503	34%
Impairment	-2,083	-1,206	73%
as % of revenue	28.1%	21.9%	
Direct and admin costs	-2,552	-2,008	27%
Finance costs	-447	-323	38%
Profit before tax	2,319	1,966	18%
as % of revenue	31.3%	35.7%	

- Pre-tax profit up 164% to €1.34m
- Lending volumes up 55% during 2011
- Impairment equal to 5% of revenue, reflecting strong credit performance
- Strong GDP growth, with a stable outlook

<i>(€ thousands)</i>	2011	2010	change
Loan principal issued	8,626	5,548	55%
Net customer loan receivables	3,897	1,884	107%
Revenue	3,397	2,336	45%
Impairment	-157	-470	-67%
as % of revenue	4.6%	20.1%	
Direct and admin costs	-1,666	-1,241	34%
Finance costs	-234	-118	98%
Profit before tax	1,340	507	164%
as % of revenue	39.5%	21.7%	

- Lending volumes increased ten-fold from a low base in 2010
- Pre-tax profit of €0.46m
- Continued strong collection of aged accounts
- Product range expanded during the year
- Continued economic recovery and positive outlook

<i>(€ thousands)</i>	2011	2010	change
Loan principal issued	5,565	527	957%
Net customer loan receivables	2,231	268	732%
Revenue	1,630	569	186%
Impairment	142	-436	n/a
as % of revenue	-8.7%	76.5%	
Direct and admin costs	-1,194	-498	140%
Finance costs	-114	-57	101%
Profit before tax	463	-421	n/a
as % of revenue	28.4%	-74.0%	

- Pre-tax profit up 195% to €2.10m
- Lending volumes up 105% during the year
- Impairment reduced to 14% of revenue
- Higher marketing and fixed costs during 2011 supporting lending volume growth
- Stable economic conditions and gradual growth

<i>(€ thousands)</i>	2011	2010	change
Loan principal issued	17,771	8,652	105%
Net customer loan receivables	7,210	3,614	99%
Revenue	5,755	3,375	71%
Impairment	-804	-694	16%
as % of revenue	14.0%	20.6%	
Direct and admin costs	-2,444	-1,743	40%
Finance costs	-406	-227	79%
Profit before tax	2,101	711	195%
as % of revenue	36.5%	21.1%	

- Introduction of APR caps in Lithuania and shift of regulatory oversight to Lithuanian Central Bank
- Licensing requirements introduced in Latvia. MCB now a licensed lender in this market
- Expected regulatory changes in Finland within the next 12 months
- Company expected to meet all regulatory requirements
- MCB participates actively in regulatory discourse

- Current strong presence in four markets
- Preparing entry into additional markets during 2012

Key criteria:

- Market size
- Macroeconomic conditions
- Consumer credit market
- Regulatory framework
- Business environment
- Access to funding

4. Summary and outlook

- MCB Finance is delivering strong performance in existing markets
- The Company has a proven business model
- The Group is focused on:
 - Continued growth in existing markets
 - Expansion into new markets and segments
- Good prospects for continued profitable growth

Corporate website

www.mcbfinance.com

MCB Finance Group Plc

101 Wigmore Street
London W1U 1QU

Visiting Address:

Lootsa 8,
Talinn11415
Estonia

Registrars

Capita Registrars
The Registry
Beckenham
BR3 4TU

Nominated Adviser

Merchant Securities Limited
51 – 55 Gresham Street
London EC2V 7HQ

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Legal

Pinsent Masons
30 Crown Place
London EC2A 4ES

Public Relations

Allerton Communications Limited
The Hop Exchange
24 Southwark Street
London SE1 1TY