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Helsinki, 11 June 2019

Dear Investors,

In the second of our series of Investor Newsletters, we would like to share some insights into our customers. For continuing our path of profitable growth, it is important for us always strive to increasingly attract and keep more good customers. In order to do so, we must understand who our customers are, how they find us, what they appreciate about us, what they wish we would improve on, and what they use the money for. For this, we regularly conduct studies across all our markets, asking for feedback from our current and previous customers.

As overall key insights, we have been happy to hear that Ferratum is generally considered to be a reputable and trustworthy company. Before becoming customers, people have found us principally through online searches (66%), recommendations from someone they know (23%) or via other advertising channels (10%). This outcome is not a surprise, as online is our main channel of advertising - we invested EUR 41 million last year into marketing, and we spent approx. 80% on online marketing. The initial views of customers when they first encounter us are mainly positive, for example, customers state that we are "Transparent and with no hidden info". We pride ourselves in being a responsible lender and ensuring this to be seen and perceived by our customers is extremely important to us. Some customers would still have questions before making a final decision of applying for a first loan with us, such as "Is the company reliable?". Often customers will then seek further validation of our trustworthiness through external sources, e.g. Google reviews or country specific sources of trust. Currently, we have an average review of 4.54 stars out of 5 on Google.

What our customers see as our key competitive advantages are availability, speed and the whole process being fully digitalized with no requirements for paper-based applications (80%). An efficient and customer friendly process has always been a top priority for us, and we put a lot of effort and resources into optimizing every single step of the customer journey to continue improving our customer experience.

For some years now, we have been centralizing our customer service operations in Malta, where Ferratum Bank's headquarters is located. We now offer fully centralized customer service for our customers in their own language with 150 dedicated customer service representatives. This brings us cost benefits, but also allows us to ensure the same level of service for all our customers, independent of their location. We have been complimented for our excellent customer service, which is characterised as being friendly, helpful, efficient, and appreciated to be available 24/7 over email, chat and phone – whenever and however the customers prefer. Our customers described it with e.g. "Personal Touch, I felt valued". On a scale from 1-7 (1=strongly disagree to 7=strongly agree), we scored 6 with the point "I would prefer to use Ferratum instead of another loan provider in the future".

According to the survey, our customers take a loan mainly to finance essential one-off costs (33%), e.g. a car breaking down or to finance lifestyle choices, such as a holiday or purchases

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for their first apartment (34%). These kinds of insights are important to us when creating our marketing strategies.

The main reason we found for customers leaving Ferratum is that they simply don't need access to credit anymore, as they took the loan for a one-off cost. Here we see great further potential for our Credit Limit product, which has already highly increased in revenue share in the past years, as should a customer still later need another loan after repaying the old one, it is far easier and more convenient for them to draw from the credit line that has already been approved than to apply for a new loan, the product thus increasing customer loyalty. On the other hand, needs may change and a customer earlier with a PlusLoan may in the future be in need of a Prime Loan for larger purchases. In this case we would already have good scoring data from the customer, which would decrease the risk for us. With the ongoing expansion of our product offering, we are able to serve more customer segments and further increase the customer lifetime value for us.

What customers felt would make them come back more often was having more tangible loyalty benefits, e.g. lower interest rates. In response to this feedback we have developed a risk-based pricing model where, depending on the risk score a customer receives from us, they would pay less interest with a lower risk profile and more interest with a higher risk profile. By utilizing this model, we are still aiming to keep the overall revenues at the same level but having our offering more attractive to more price sensitive and good customers, and increasing the amount of these. Most customers also wished to have direct debit in place – we see this a good sign and we have been increasingly ensuring direct debit to be available across our countries of operation to make the repayment more convenient to our customers.

Capital Markets Day

You may have noticed that we are soon having our first Capital Markets Day for institutional investors and analysts, it will be Tuesday, 25 June 2019 in Frankfurt, Germany.

We are very excited about the opportunity to present our business, team and ambitions in more depth and expect to see many of our institutional shareholders and contacts present.

We are positive that it will be an interesting and worthwhile event, and hope to see many of you present. Kindly note, that a pre-registration by 21 June is required by email to me. We look forward to seeing you there.

Kind regards,

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