

Provident Financial sro

Slovakia

Kenny McPartland

- > 18 years home credit experience
- > Development Director, Czech Republic - 1998
- > Slovakia research - 2000
- > Country Manager - 2001

Slovakia

Agenda

- > Introduction
 - Management team
 - Why Slovakia?
- > Provident Financial sro
 - History of the business
 - Performance
 - Plans for the future

Slovakia

Management team



Kenny McPartland
Country Manager



Greg Green
FDM



Maria Paulenova
Finance Manager



Karin Mlynkova
HR Manager



Ivo Kalik
Operations Manager



Natalia Hercegova
Marketing Manager



Karel Skliba
Security

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Slovakia

- > Population
- > Economy
- > Foreign investment
- > Why Slovakia?

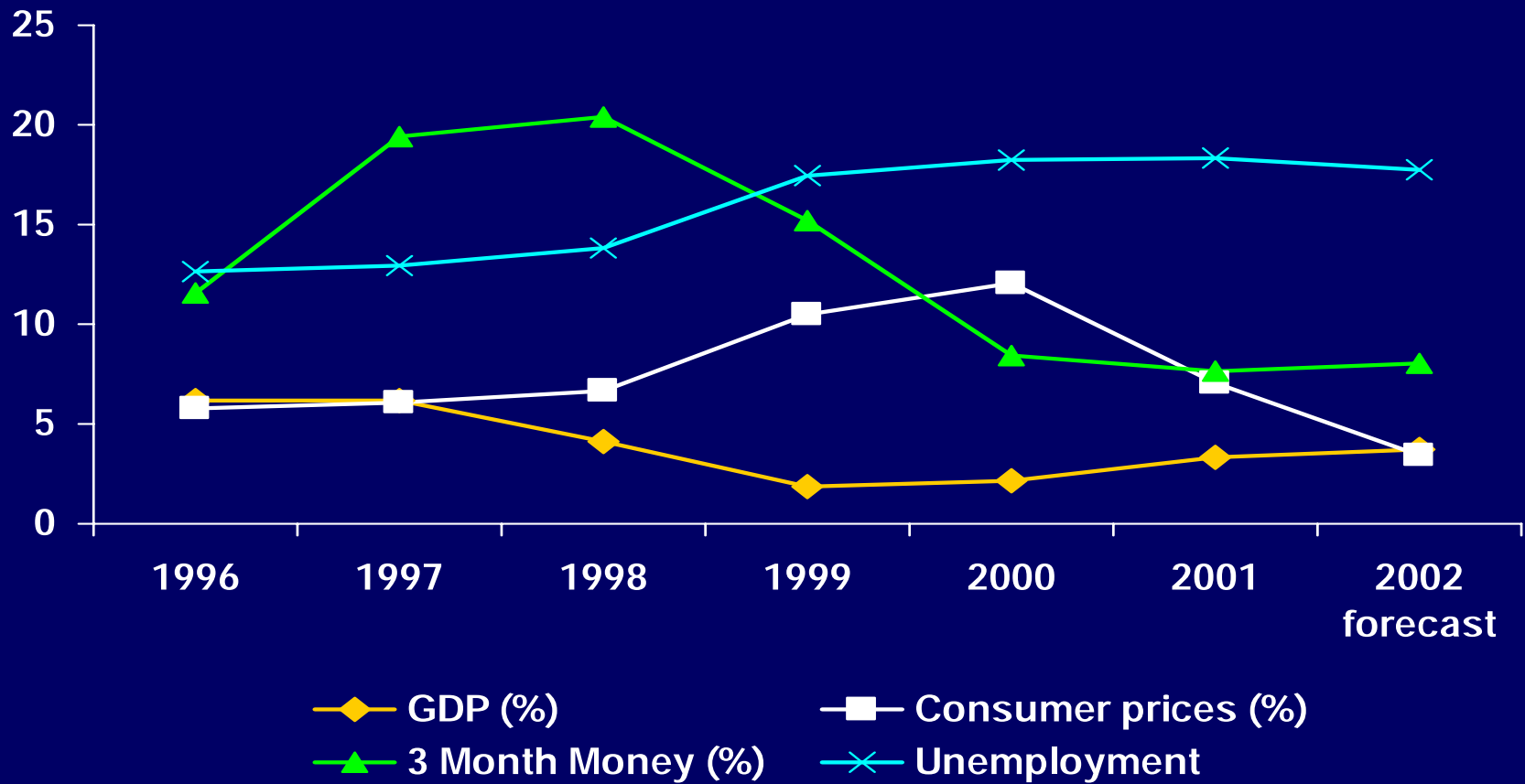
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Population characteristics

- > Population 5.4 million
- > Majority in the West
- > Capital Bratislava
 - population 450,000
- > Well educated

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Economic characteristics



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Foreign investment

Other British investors

- Tesco
- Kingfisher
- Allied Domecq

Other major investors

- Volkswagen
- US Steel

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Why Slovakia?

- > Developed and urban economy
- > EU membership sought
- > Population – 5.4 million
- > Natural progression from Czech Republic
 - Similar market conditions
 - Language similar to Czech
 - Easy to support

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Pilot operation

- > Business established in February 2001 in Bratislava
- > Key performance managers recruited
- > Key function managers recruited
- > Training in Czech Republic initially
- > Systems and support from Czech Republic
- > Started trading in April 2001

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Branches



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Loan products

- > Cash Loans (between 3,000Sk (£44) and 30,000Sk (£440))
- > Current products are:
 - 20 weeks
 - 31 weeks
 - 52 weeks
- > Typical first loan issue value 6,300 Sk (£92)
- > Typical second and subsequent issue value 10,100 Sk (£148)

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Loan product

	20-week (crown)	31-week (crown)	52-week (crown)
Typical loan amount	6,000	10,000	20,000
Charges	2,400	5,500	13,280
%	40%	55%	66.4%
Total amount payable	8,400	15,500	33,280
Weekly rate	420	500	640
APR	481	365	199

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Operational issues

- > Consumer credit legislation
- > Language
- > Competition

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Operational issues: CCA

- > Consumer credit legislation
- > Draft legislation - April 2001
- > Potential risks
- > Enacted in October 2001
- > What does it mean for us?

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Operational issues: language

- > Language
- > Large Hungarian population
- > Flexibility
 - recruitment
 - documentation

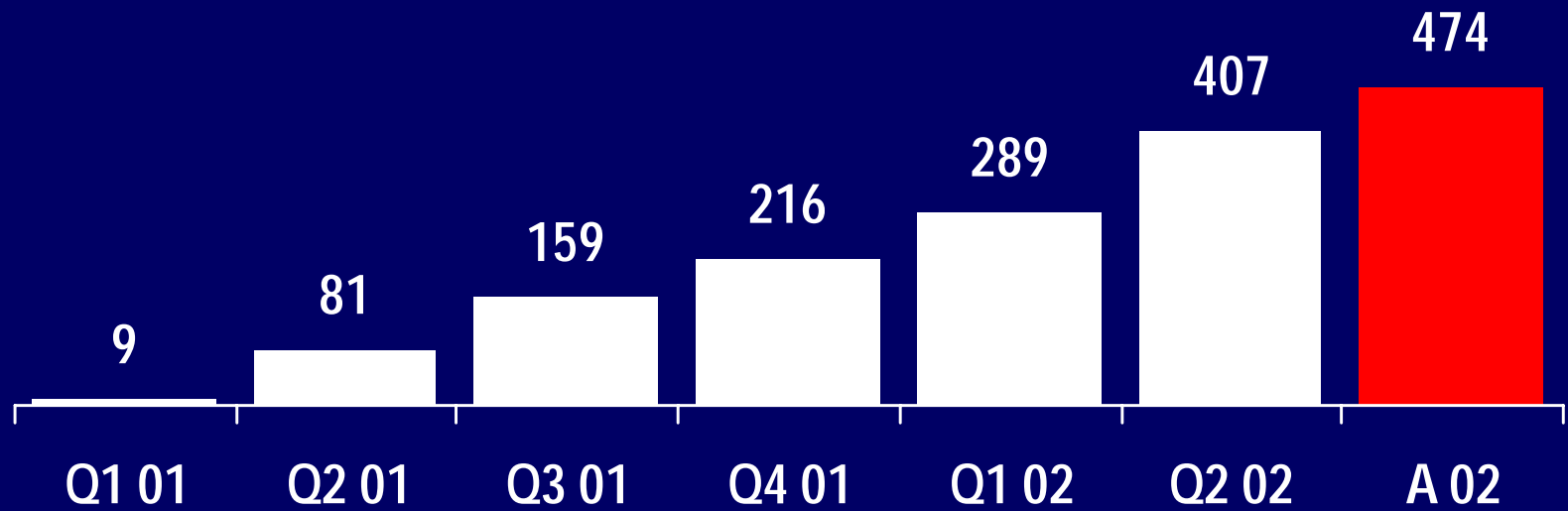
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Operational issues: competition

- > Competition
- > Products and pricing
- > Operational differences
- > Market share

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Agents



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Sales pitch

- > Cash in your hand
- > 48 hours
- > No reason required
- > No guarantor
- > Use of UK background

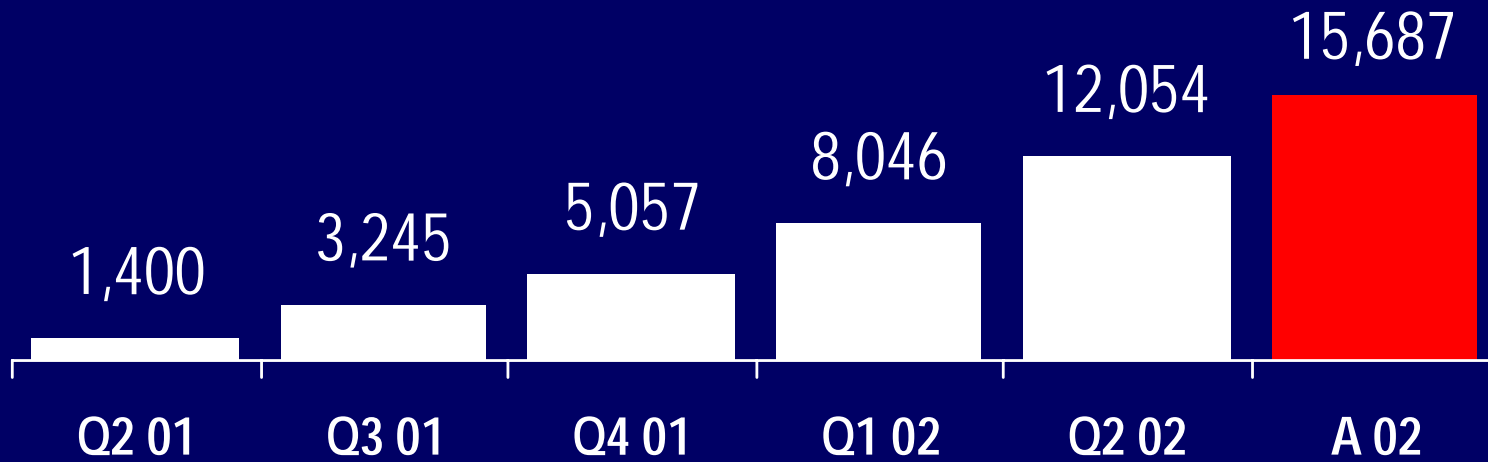
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Marketing strategy

- > Leaflet distribution
- > Press advertising
- > Billboards
- > Radio
- > Public transport

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Customers



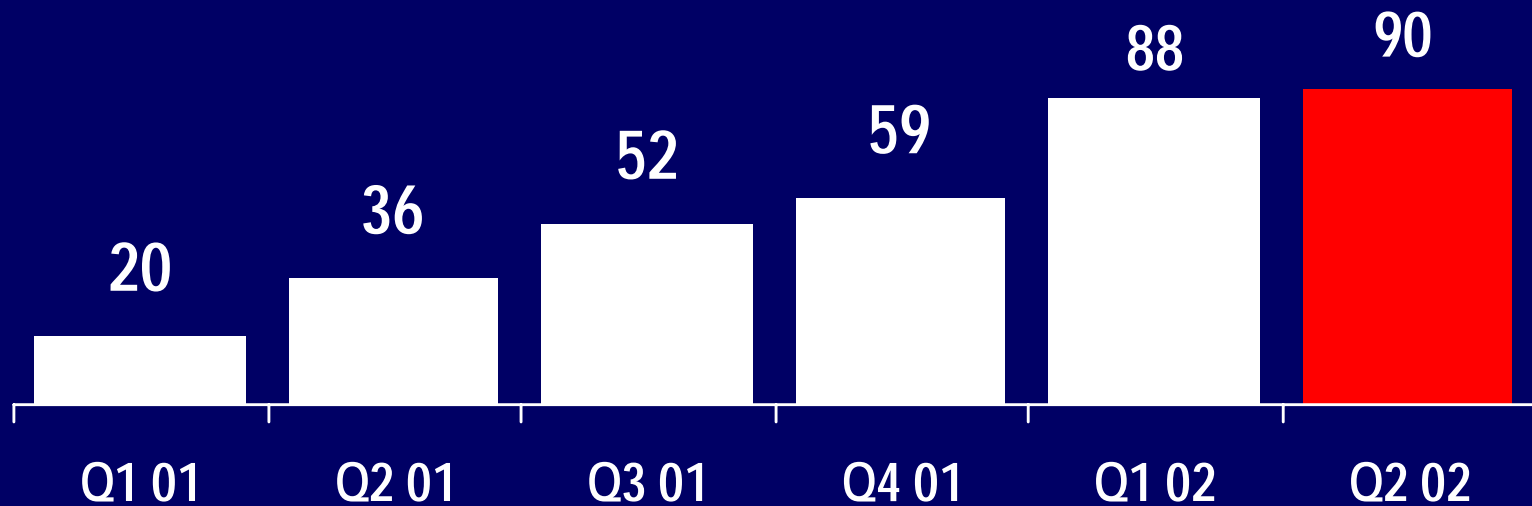
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Customer profile

- > Average age is 38
- > Female 55% : male 45%
- > 75% pay weekly, 16% fortnightly and 9% monthly

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Employee numbers



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Recruitment and training: recruitment

- > Starting up
- > Recruiting development managers
- > Roll out

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Recruitment and training: training

- > Starting up
- > Training department
- > Training programmes
 - MTP
 - Training agents

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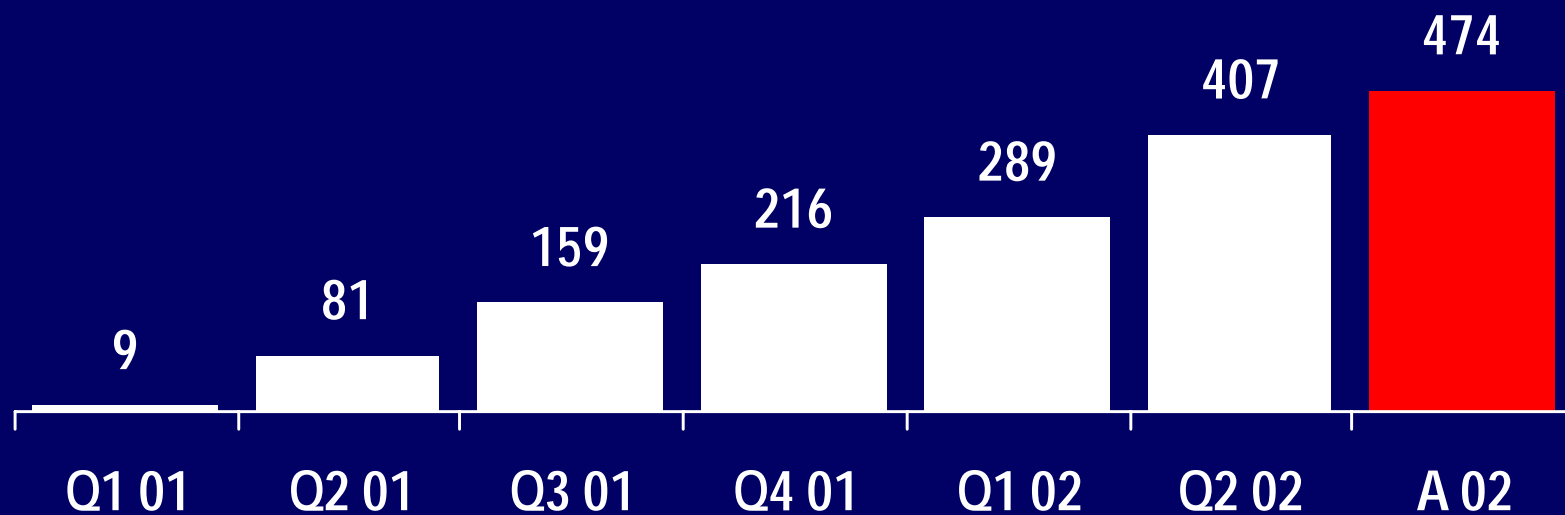
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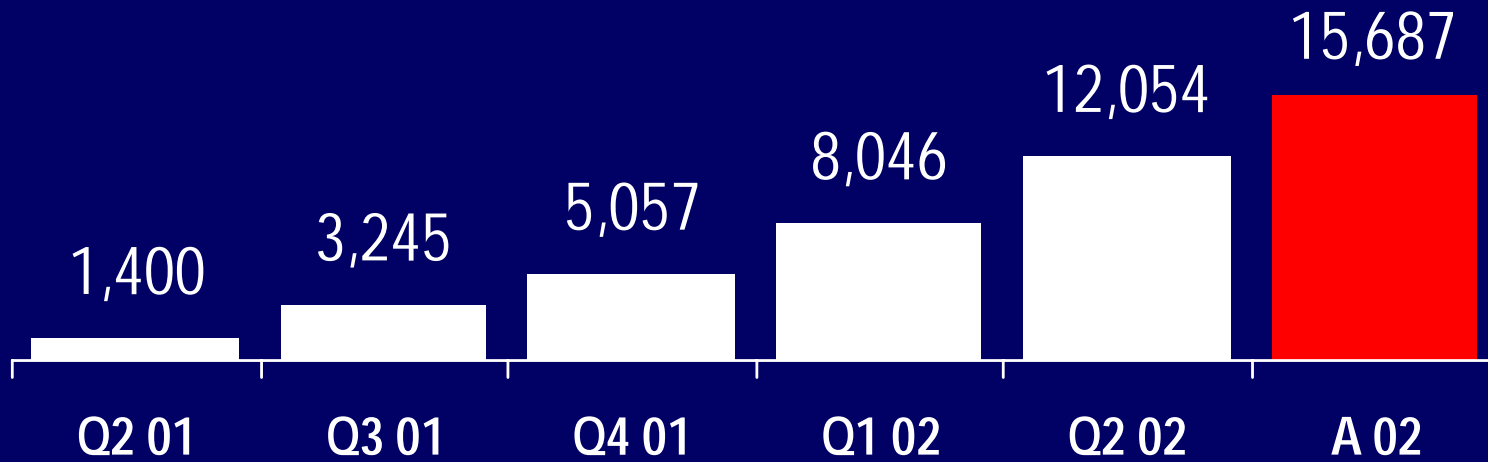
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Results (£m)

6 months to 30 June	2002	2001
Credit issued	1.5	0.1
Collections	1.4	-
Turnover	0.5	-
Operating costs	1.3	0.5
Bad debt	0.1	-
Bad debt % credit issued (MAT)	8.0%	2.3%
Interest	0.1	-
<hr/> Loss	<hr/> (1.0)	<hr/> (0.5)

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Lessons learned

- > Strong core operational model
- > Controlled growth
- > Cautious approach to longer term lending
- > Realistic assessment of bad debt risk
- > Holistic approach to business set up
- > Successful template for future pilot operations

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The future

- > Controlled growth 2003 - 2005
- > 4 new branches in 2003
- > People development
- > Target of 125,000 Customers