

Provident Polska SA

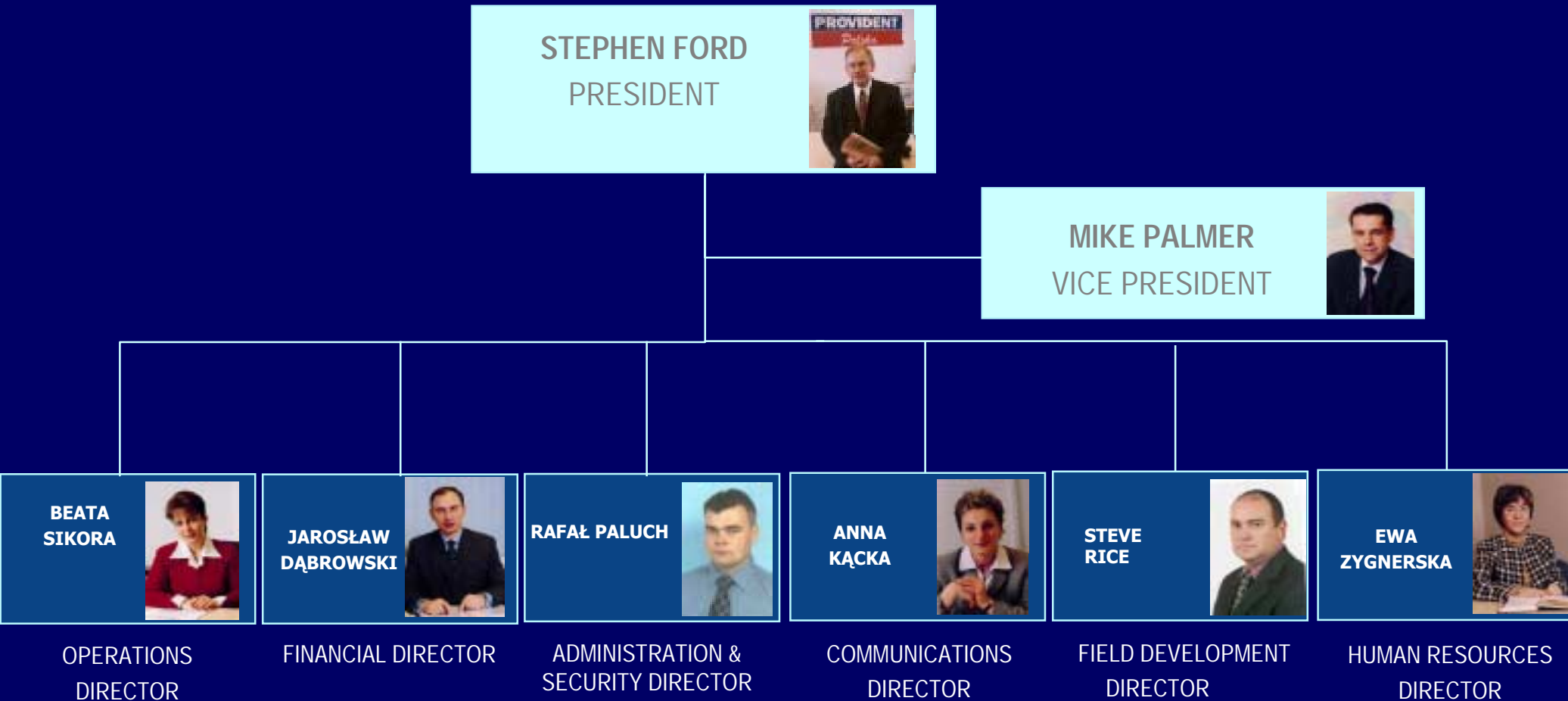
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Agenda

- > Introduction
 - Management team
 - Poland
- > Provident Polska
 - Targets
 - Key business drivers
 - Potential risks

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Provident Polska SA board members



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Central Europe



Poland

Warsaw

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Targets

Population	39m
Estimated market size	2m
Customers	1m
Annual credit issued per customer	£400
Annual profit per customer	£60

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Progress towards targets

	Target	June 2002
Estimated market size	2m	2m
Customers	1m	561k
Annual credit issued per customer	£400	£346
Annual profit per customer	£60	£21

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Progress towards targets

Year to 30 June: £m	Target	2002	Gap
Credit issued	400.0	169.1	230.9
Revenue	220.0	88.7	131.3
Agent commission	?	(14.2)	?
Interest	?	(12.6)	?
Bad debt	?	(15.8)	?
Expenses	?	(35.8)	?
Total costs	<u>160.0</u>	<u>78.4</u>	<u>81.6</u>
Profit	60.0	10.3	49.7

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Key performance drivers

> Customer growth:	561,000	⇒	1,000,000
> Issue per customer:	£346	⇒	£400
> Gross revenue margin:	52%	⇒	55%
> Costs as % of revenue:	88%	⇒	73%

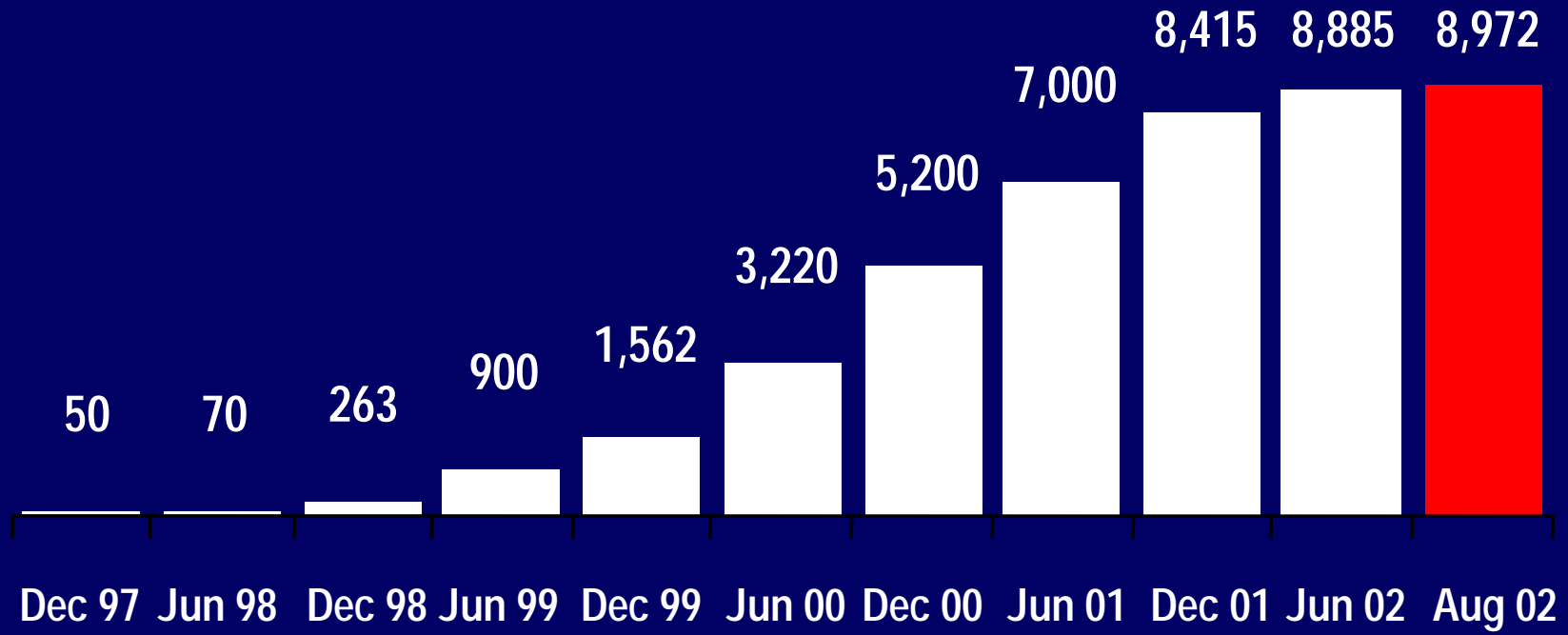
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Customer growth: the market

- > 2 million potential market
- > Target segments
- > Competition

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Customer growth: representative numbers



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Customer growth: representative recruitment

- > Status of representatives
- > Recruitment methods
- > Representative profile
 - Female 62% : male 38%
 - Average age is 38
 - Average weekly earnings of £40

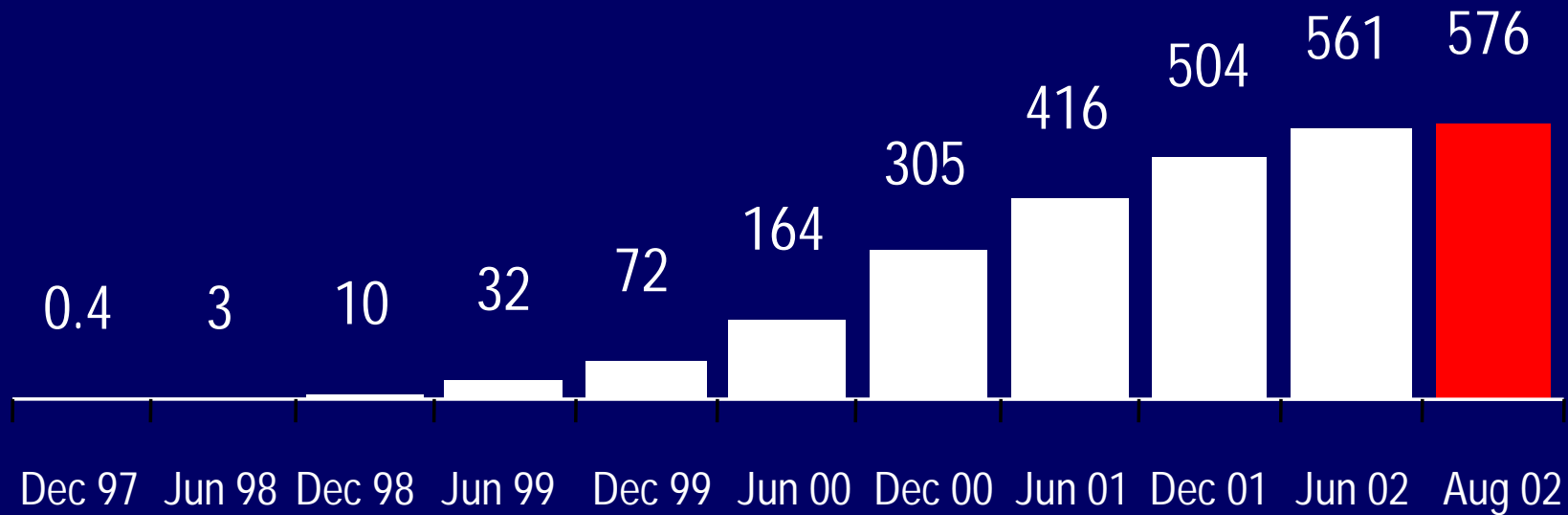
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Customer growth: representative recruitment

- > Representative support
- > Super Success Club

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Customer growth: customer numbers (000s)



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Issue per customer

- > Target increase £346 ⇒ £400
- > Typical first loan issue value £164
- > Average re-serve issue value £237
- > Target loans per customer 2 loans per year
- > Currently 1.7 loans per year
- > Introduction of multiple loans

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Gross revenue margin

	26-week (zloty)	39-week (zloty)	52-week (zloty)
Typical loan amount	750	1,100	1,600
Charges	379	723	1,179
Gross revenue margin	50.5%	65.7%	73.7%
Total amount payable	1,129	1,823	2,779
Weekly rate	43.43	46.75	53.44
APR	442	321	232

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Costs

Costs as % of revenue

12 months to June 2002	UK	Poland	Target
Commission	23	16	?
Bad debt	17	18	?
Expenses	24	40	?
Interest - like for like*	4	11	?
Total	68	85	73

*Interest - reported	4	14	N/A
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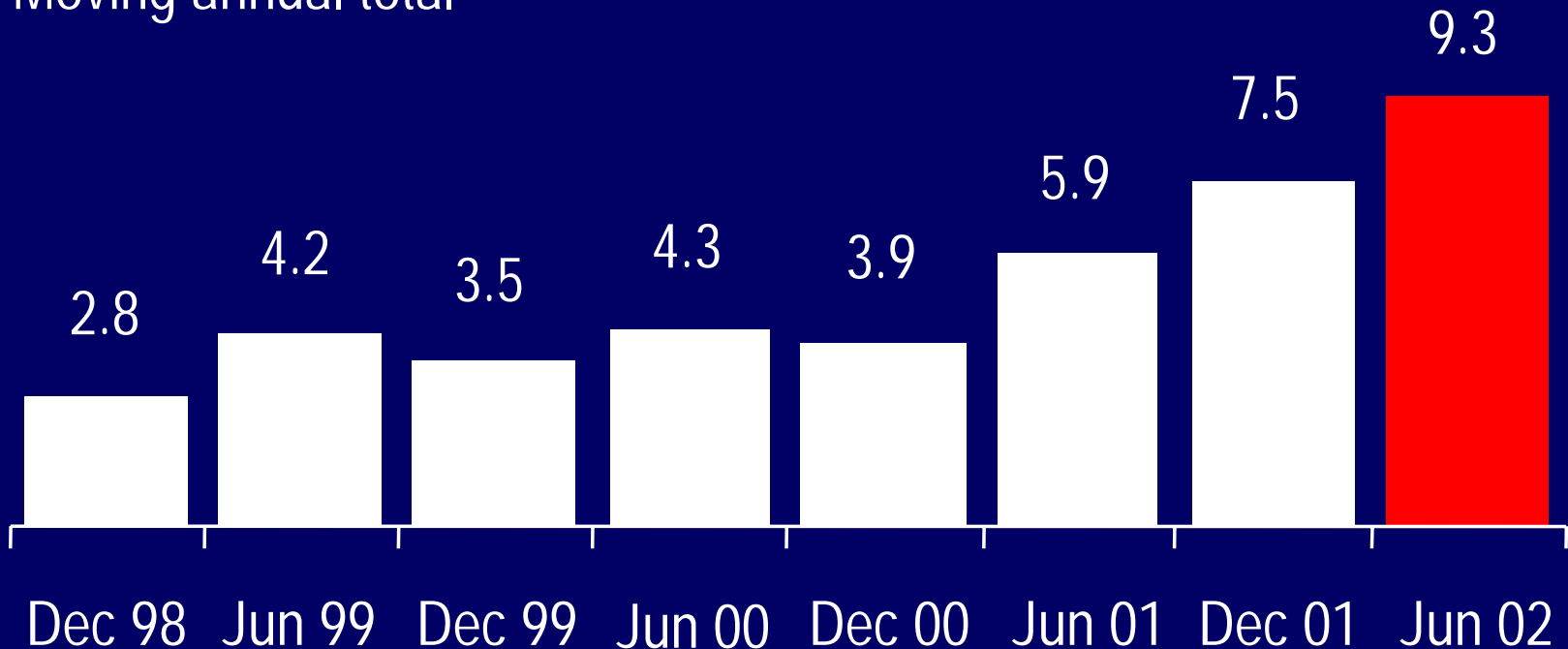
Commission

- > Commission structure
 - collecting commission of up to 5%
 - new door commission of 30 zloty (£5)
- > Representatives' commission at 16% of revenue compared with 23% for the UK
- > Reflects lower level of earnings

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Bad debt as a percentage of credit issued

Moving annual total



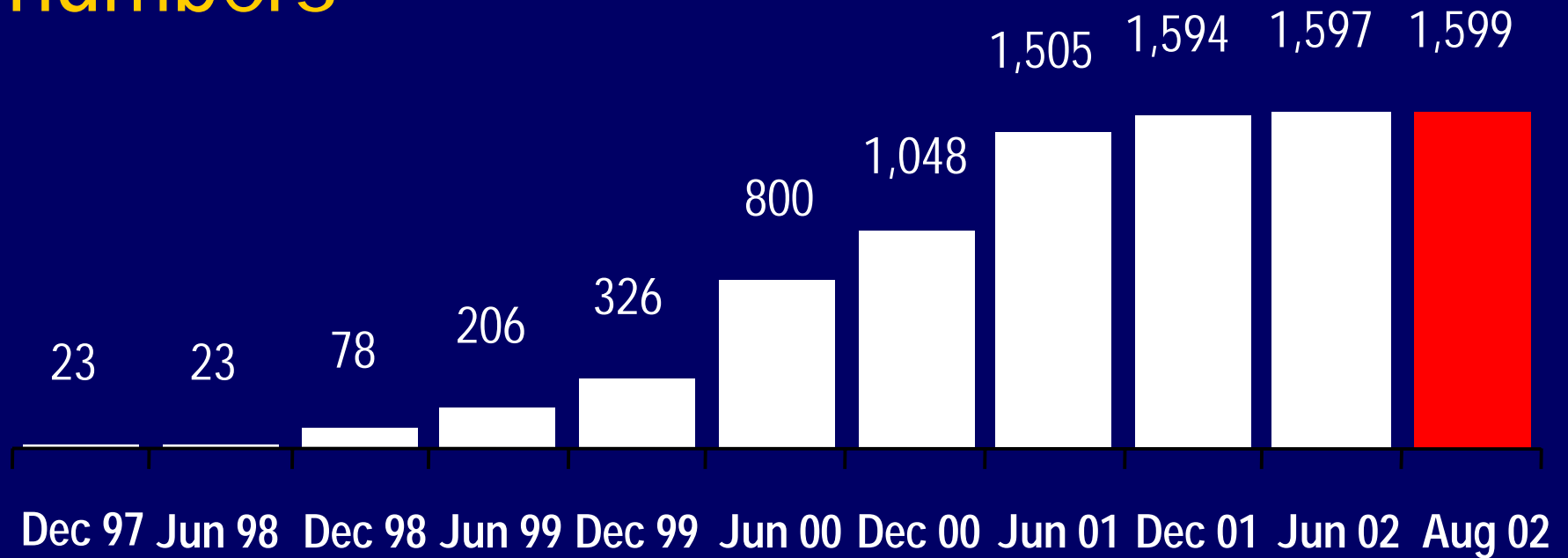
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Expenses

	%
Salaries and related costs	46
Travel and telephony	15
Employee related expenses	61
Marketing and PR	10
Property costs	10
Depreciation	4
Administration/other costs	15
Infrastructure costs	29
Total	100

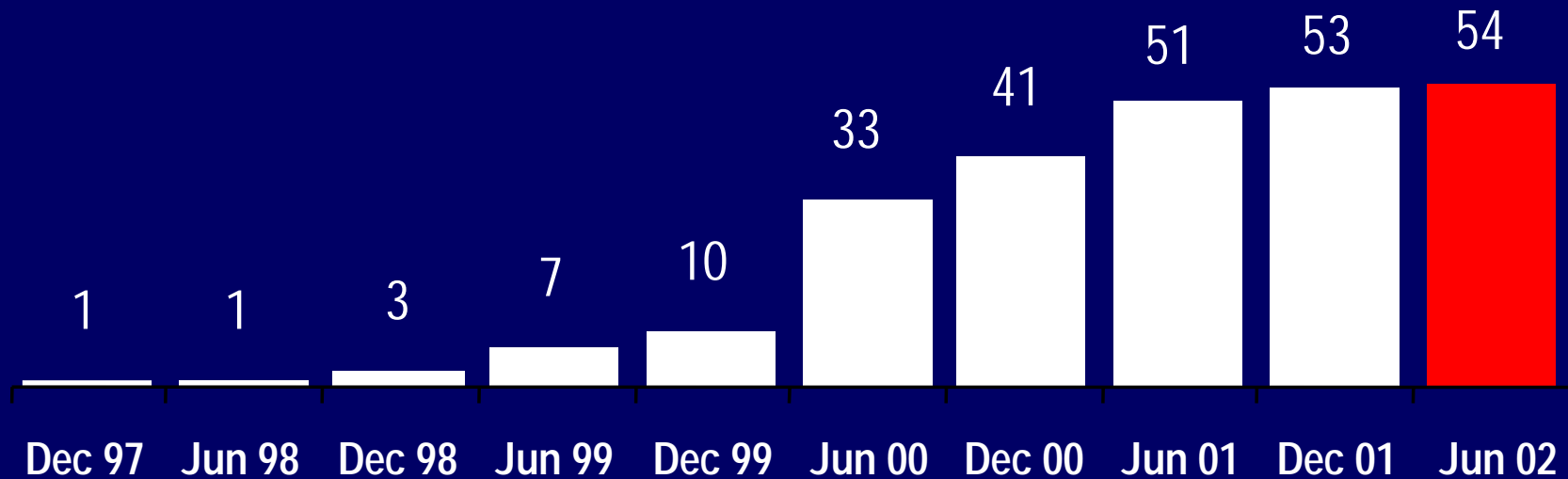
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Employee-related costs : employee numbers



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Infrastructure costs - branches



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Infrastructure costs - current locations



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Marketing and public relations

Achievements of the last 5 years

- > Product awareness
 - Home-collected credit sector recognized
- > Brand awareness
 - Spontaneous awareness 14%
 - Prompted awareness 36.5%
- > Company recognition
 - One of the largest British employers
 - One of the leading finance companies

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Marketing strategy

- > Mass communication
 - TV campaigns
 - Nationwide press and radio campaign
 - Heavy usage of leaflets, posters etc.
- > Product benefits
 - 48 hours, convenience, cost structure
- > Customer relations
 - Nationwide Infoline
- > Professional support

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Public relations strategy

- > Proactive and effective communication with the media
- > Well established contacts with British community
 - British Embassy, British Polish Chamber of Commerce
- > Recognised position within Polish finance sector
 - Credit Companies Association
- > Focus on Polish opinion leaders
 - Consumer Federation
 - Academics, students

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Public relations strategy

Community relations

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Marketing and public relations costs

- > 10% of overheads
- > Similar cost per customer going forward

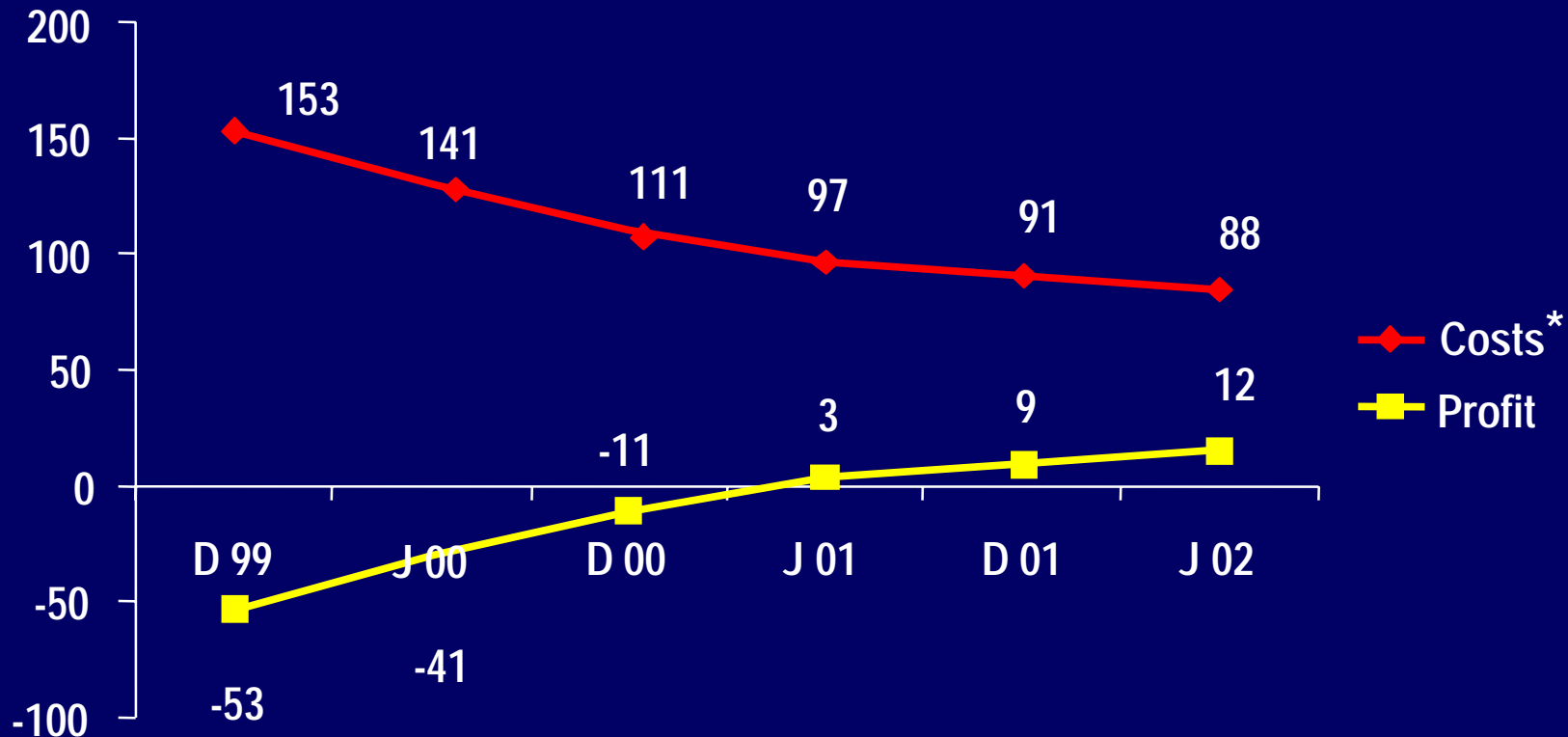
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Expenses summary

- > 40% of gross revenue
- > Nearly 80% relatively fixed in nature
- > Target of 73% of gross revenue

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Costs and profit as a % of revenue



* Commission, bad debt, interest, expenses

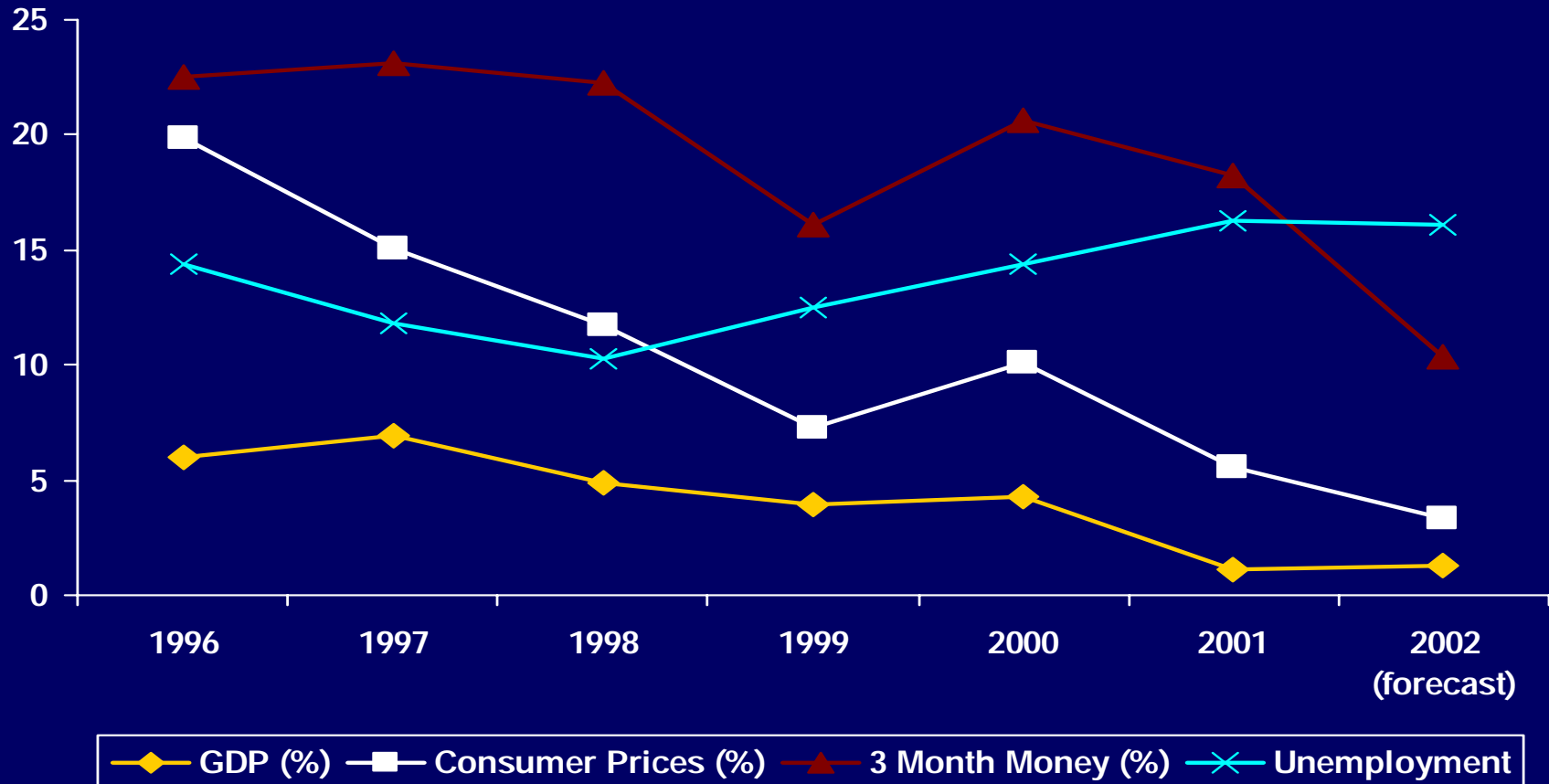
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Potential risks

- > Economic
- > Market estimates
- > Competition
- > Credit quality
- > Regulatory

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Potential risks : economic



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Potential risks : economic

- > Government and Monetary Council debate
- > Potential financial risks
- > Market fears
- > Finance Minister's resignation

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Potential risks : economic

- > Banking partners
- > Additional funds
- > Exchange rate management
- > Interest rate management
- > Current situation

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Potential risks

- > Economic
- > Market estimates
- > Competition
- > Credit quality
- > Regulatory

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The future

- > Build on successes
- > Target: 1 million customers
- > Target of £400 annual issue per customer
- > Controlled growth
- > 1m customers out of an estimated market of 2m
- > A target of £60 pre tax profit per customer per annum

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