Central European Briefing
May 2002

International home credit
David Swann

PROVIDENT FINANCIAL

International home credit

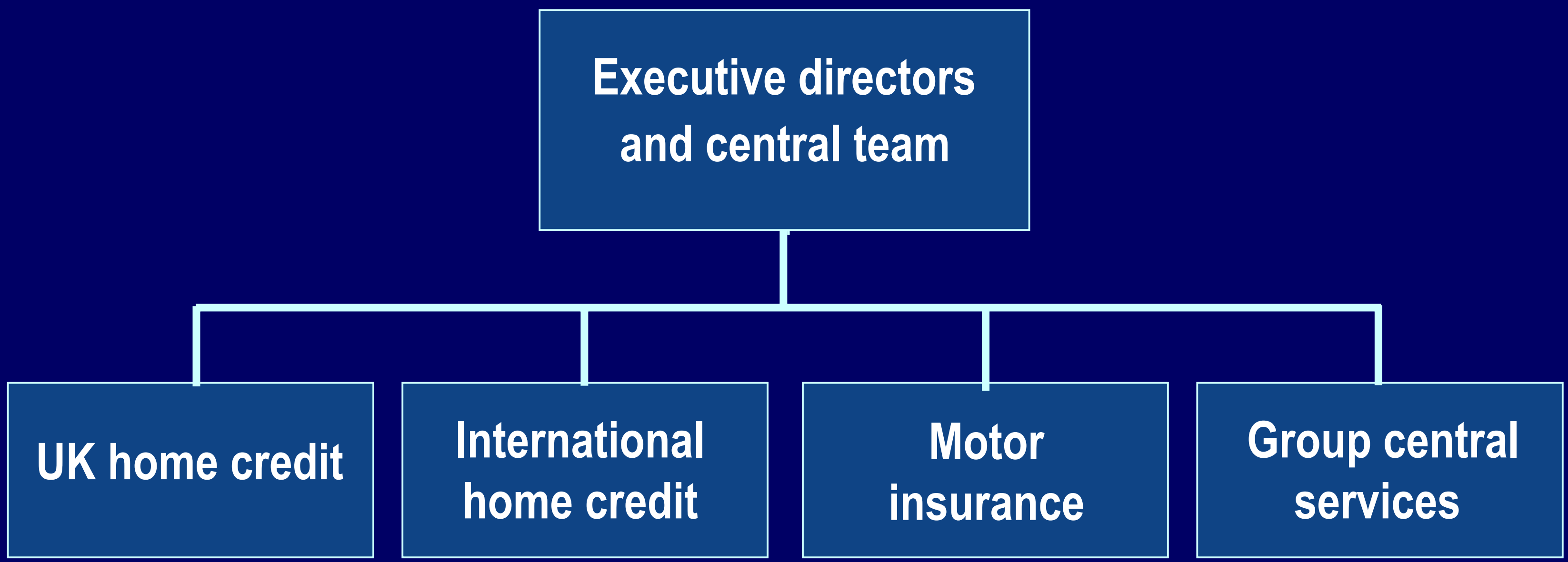
Itinerary

> 15 May – Warsaw
  - Provident Polska sa head office
  - Warsaw “Blue Point” branch office
> 15 May travel to Prague at 14.00 hrs
  - Provident Financial sro head office
  - Dinner with Czech and Slovakian teams
> 16 May travel to Budapest at 08.00 hrs
  - Provident Financial rt head office
> 16 May depart Budapest 15.30 hrs: arrive Stansted 16.55 hrs

Personnel

> Robin Ashton, Chief Executive
> John Harnett, Finance Director
> David Swann, MD International Home Credit Division
> Nick Illingworth, MD International Investments Ltd
> Simon Shaw, Treasurer
> David Stevenson, Communications Manager
> Rachel Brown, PR Manager

Structure of Provident Financial plc



Structure of International home credit

Managing Director
David Swann

- **Provident Polska sa** — Poland — Steve Ford
- **Provident Financial sro** — Czech Republic — Mark Bardsley
- **Provident Financial rt** — Hungary — Eddie Lawrenson
- **Provident Financial sro** — Slovakian Republic — Kenny McPartland
- **Central team**

International home credit

Central team

- **Managing Director**
  David Swann
  - Finance, admin., security, IT and projects
    Nick Illingworth
  - Human resources
    Catherine Gardner
  - Research and development
    Dave Morgan
  - Marketing
    Tim Jones

Central team

> Overall development of the international businesses (67 people)

> Functional support

> All functions except Development matched by strong in-country resource

> Intellectual property retained at centre

Finance

> Biggest team - 36 people (13 qualified)
> Financial reconciliation, control and compliance
> Management accounting
  – modelling
  – budgeting
> Management information

Human resources

> Human resources policies and planning (including ex-pats)
> Recruitment and development of staff and agents
> Training programmes
  – translation
  – adapt to local culture
  – train trainers

International home credit

Security and administration

> Based on UK model
> Standard working practices
> UK fraud detection package tailored to individual countries experience
> Guides and monitors in-country anti-fraud activity
> Security directly controlled from UK

Information technology

> Use same systems as developed for UK (limited tailoring for language and currency)

> Pay for resources within UK home credit IT team

> Dedicated management information computer system (separate computer) in UK

> New field system being developed for UKHC and IHC - roll out commences in late 2003

Marketing

> Co-ordinate and support in-country activity
  – public affairs and public relations
  – communications
  – advertising
  – community relations

> Market research

Research and development

> New country selection model
> Desk and in-country research
  – financial
  – legal
  – culture
  – market
> Use own resources plus professional advisers and researchers
> Next new country - 2003

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International home credit

Divisional profit/(loss) before tax (£m)

	2001	2000	change
Poland	6.7	(2.8)	+9.5
Czech	2.5	0.1	+2.4
Hungary	(2.3)	-	-2.3
Slovakia	(1.3)	-	-1.3
Central costs	(4.8)	(3.2)	-1.6
Profit / (loss) from ongoing ops.	0.8	(5.9)	+6.7
South Africa	(3.6)	(0.8)	-2.8
Reported loss	(2.8)	(6.7)	+3.9

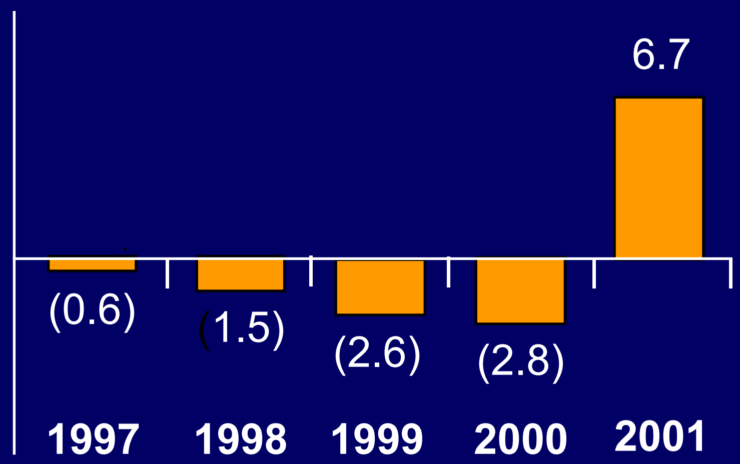
(Investment) / returns by country (£m)

	Year 1	Year 2	Year 3	Year 4	Year 5
Poland	(0.6)	(1.5)	(2.6)	(2.8)	6.7
Czech	(0.2)	(1.1)	(2.7)	0.1	2.5
RSA	(0.7)	(0.7)	(0.8)	(3.6)	
Hungary	(2.3)				
Slovakia	(1.3)				

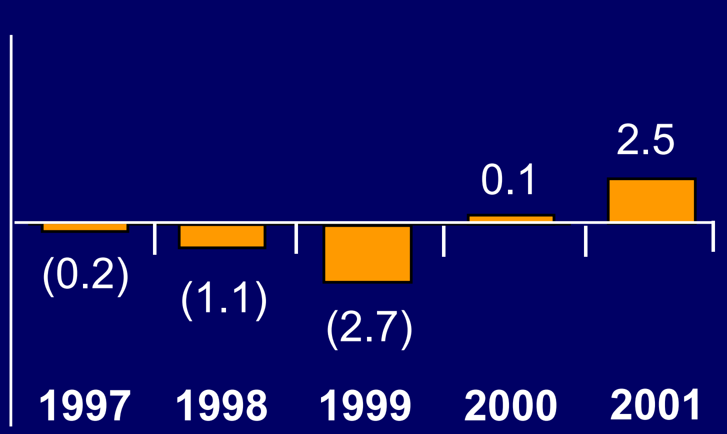
International home credit

Poland and Czech Republic move strongly into profit in 2001

Poland (£m)



Czech Republic (£m)



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International home credit

Full year results

How does the profitability of Poland and the Czech Republic compare to that of the UK home credit division?

Relative profit performance

% of turnover	Poland	Czech	UK
Commission	13.2	13.0	23.2
Expenses	47.6	45.0	23.8
Bad debt charge	15.9	24.0	16.4
Interest payable	14.2	8.1	4.3
Pre tax profit	9.1	9.9	32.3
Adj. Pre tax profit	14.2	13.9	30.4
Post tax return on av. receivables	12.5%	10.6%	19.2%

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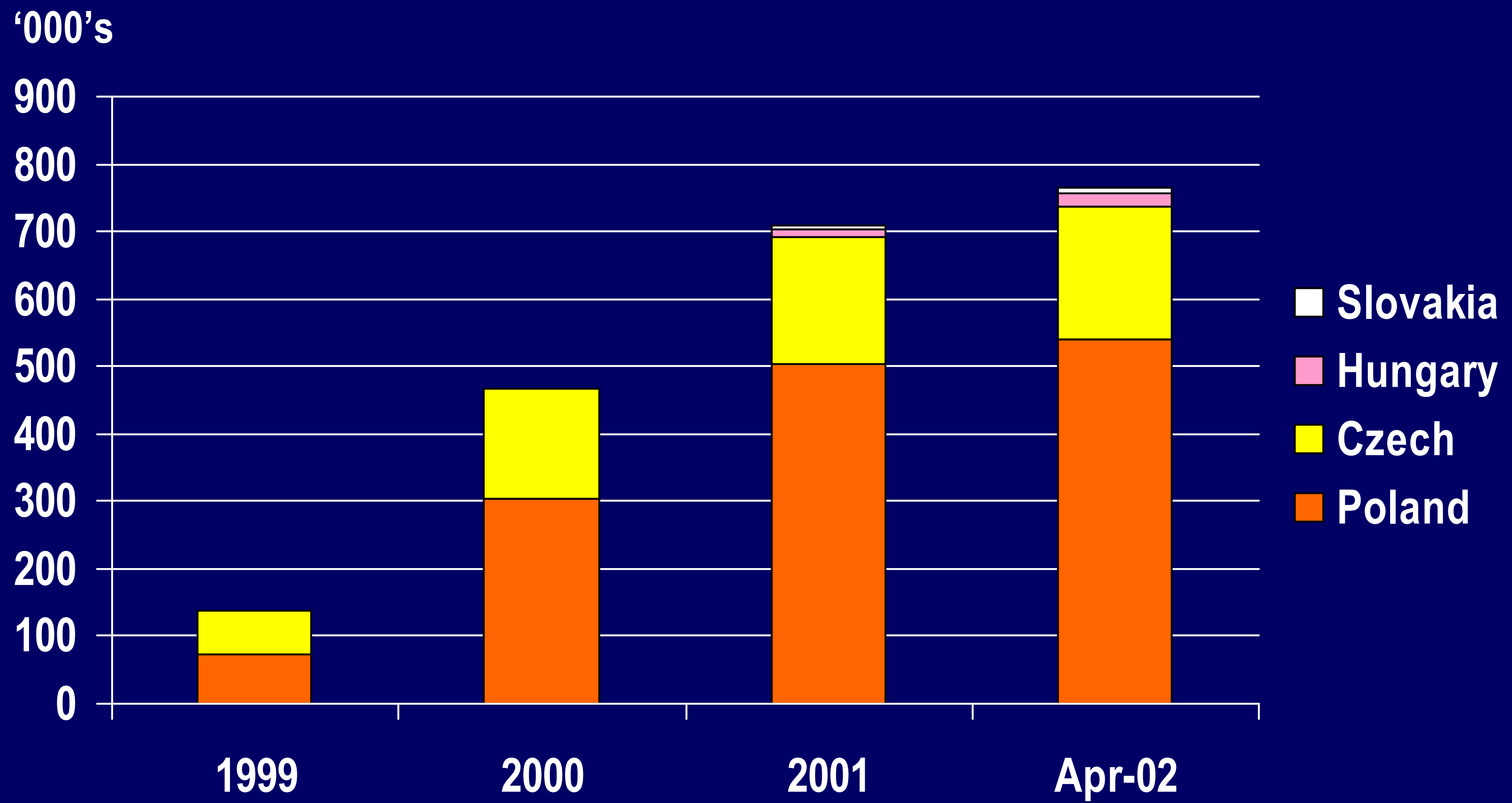
Strong customer growth continues



International home credit

New country selection

> Ongoing research
> Criteria

- politically and economically stable
- secure local currency funding
- urbanised economy
- safe to operate
- financially attractive