Provident Polska SA
Agenda

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

Provident Polska SA board members

STEPHEN FORD
PRESIDENT

MIKE PALMER
VICE PRESIDENT

BEATA
SIKORA
OPERATIONS
DIRECTOR

JAROSŁAW
DĄBROWSKI
FINANCIAL DIRECTOR

RAFAŁ PALUCH
ADMINISTRATION & SECURITY DIRECTOR

ANNA KĄCKA
COMMUNICATIONS DIRECTOR

STEVE RICE
FIELD DEVELOPMENT DIRECTOR

EWA ZYGNIERSKA
HUMAN RESOURCES DIRECTOR

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### Poland

#### Targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>39m</td>
</tr>
<tr>
<td>Estimated market size</td>
<td>2m</td>
</tr>
<tr>
<td>Customers</td>
<td>1m</td>
</tr>
<tr>
<td>Annual credit issued per customer</td>
<td>£400</td>
</tr>
<tr>
<td>Annual profit per customer</td>
<td>£60</td>
</tr>
</tbody>
</table>
## Poland

### Progress towards targets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>June 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated market size</td>
<td>2m</td>
<td>2m</td>
</tr>
<tr>
<td>Customers</td>
<td>1m</td>
<td>561k</td>
</tr>
<tr>
<td>Annual credit issued per customer</td>
<td>£400</td>
<td>£346</td>
</tr>
<tr>
<td>Annual profit per customer</td>
<td>£60</td>
<td>£21</td>
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### Progress towards targets

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>2002</th>
<th>Gap</th>
</tr>
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<tbody>
<tr>
<td>Credit issued</td>
<td>400.0</td>
<td>169.1</td>
<td>230.9</td>
</tr>
<tr>
<td>Revenue</td>
<td>220.0</td>
<td>88.7</td>
<td>131.3</td>
</tr>
<tr>
<td>Agent commission</td>
<td>?</td>
<td>(14.2)</td>
<td>?</td>
</tr>
<tr>
<td>Interest</td>
<td>?</td>
<td>(12.6)</td>
<td>?</td>
</tr>
<tr>
<td>Bad debt</td>
<td>?</td>
<td>(15.8)</td>
<td>?</td>
</tr>
<tr>
<td>Expenses</td>
<td>?</td>
<td>(35.8)</td>
<td>?</td>
</tr>
<tr>
<td>Total costs</td>
<td>160.0</td>
<td>78.4</td>
<td>81.6</td>
</tr>
<tr>
<td>Profit</td>
<td>60.0</td>
<td>10.3</td>
<td>49.7</td>
</tr>
</tbody>
</table>
Poland

Key performance drivers

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

Customer growth: the market

> 2 million potential market
> Target segments
> Competition
Poland

Customer growth: representative numbers

Dec 97  |  Jun 98  |  Dec 98  |  Jun 99  |  Dec 99  |  Jun 00  |  Dec 00  |  Jun 01  |  Dec 01  |  Jun 02  |  Aug 02
50      |  70     |  263    |  900    |  1,562  |  3,220  |  5,200   |  7,000   |  8,415   |  8,885   |  8,972   

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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

Poland
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Customer growth: representative recruitment

> Representative support
> Super Success Club
Poland

Customer growth: customer numbers (000s)

Dec 97 | Jun 98 | Dec 98 | Jun 99 | Dec 99 | Jun 00 | Dec 00 | Jun 01 | Dec 01 | Jun 02 | Aug 02
0.4    | 3      | 10     | 32     | 72     | 164    | 305    | 416    | 504    | 561    | 576    

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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**
# Gross revenue margin

<table>
<thead>
<tr>
<th></th>
<th>26-week (zloty)</th>
<th>39-week (zloty)</th>
<th>52-week (zloty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical loan amount</td>
<td>750</td>
<td>1,100</td>
<td>1,600</td>
</tr>
<tr>
<td>Charges</td>
<td>379</td>
<td>723</td>
<td>1,179</td>
</tr>
<tr>
<td>Gross revenue margin</td>
<td>50.5%</td>
<td>65.7%</td>
<td>73.7%</td>
</tr>
<tr>
<td>Total amount payable</td>
<td>1,129</td>
<td>1,823</td>
<td>2,779</td>
</tr>
<tr>
<td>Weekly rate</td>
<td>43.43</td>
<td>46.75</td>
<td>53.44</td>
</tr>
<tr>
<td>APR</td>
<td>442</td>
<td>321</td>
<td>232</td>
</tr>
</tbody>
</table>
## Costs

### Costs as % of revenue

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>Poland</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12 months to June 2002</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission</td>
<td>23</td>
<td>16</td>
<td>?</td>
</tr>
<tr>
<td>Bad debt</td>
<td>17</td>
<td>18</td>
<td>?</td>
</tr>
<tr>
<td>Expenses</td>
<td>24</td>
<td>40</td>
<td>?</td>
</tr>
<tr>
<td>Interest - like for like*</td>
<td>4</td>
<td>11</td>
<td>?</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>68</td>
<td>85</td>
<td>73</td>
</tr>
</tbody>
</table>

*Interest - reported*

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Interest - reported</em></td>
<td>4</td>
<td>14</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Poland

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
Bad debt as a percentage of credit issued

Poland

Moving annual total

Dec 98: 2.8
Jun 99: 4.2
Dec 99: 3.5
Jun 00: 4.3
Dec 00: 3.9
Jun 01: 5.9
Dec 01: 7.5
Jun 02: 9.3

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<table>
<thead>
<tr>
<th>Expense</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related costs</td>
<td>46</td>
</tr>
<tr>
<td>Travel and telephony</td>
<td>15</td>
</tr>
<tr>
<td>Employee related expenses</td>
<td>61</td>
</tr>
<tr>
<td>Marketing and PR</td>
<td>10</td>
</tr>
<tr>
<td>Property costs</td>
<td>10</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4</td>
</tr>
<tr>
<td>Administration/other costs</td>
<td>15</td>
</tr>
<tr>
<td>Infrastructure costs</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
</tr>
</tbody>
</table>
Poland

Employee-related costs: employee numbers

<table>
<thead>
<tr>
<th>Date</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 97</td>
<td>23</td>
</tr>
<tr>
<td>Jun 98</td>
<td>23</td>
</tr>
<tr>
<td>Dec 98</td>
<td>78</td>
</tr>
<tr>
<td>Jun 99</td>
<td>206</td>
</tr>
<tr>
<td>Dec 99</td>
<td>326</td>
</tr>
<tr>
<td>Jun 00</td>
<td>800</td>
</tr>
<tr>
<td>Dec 00</td>
<td>1,048</td>
</tr>
<tr>
<td>Jun 01</td>
<td>1,505</td>
</tr>
<tr>
<td>Dec 01</td>
<td>1,594</td>
</tr>
<tr>
<td>Jun 02</td>
<td>1,597</td>
</tr>
<tr>
<td>Aug 02</td>
<td>1,599</td>
</tr>
</tbody>
</table>
Poland

Infrastructure costs - branches

Dec 97 Jun 98 Dec 98 Jun 99 Dec 99 Jun 00 Dec 00 Jun 01 Dec 01 Jun 02

1 1 3 7 10 33 41 51 53 54
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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
Poland

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
Poland

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
Poland

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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