What is home credit

- Customers appreciate and value the home credit service:
  - simple and convenient
  - small loans, most customers want £200 - not £2,000
  - self-employed agents visit customers’ homes, every week
  - a different approach - friendly and personal
  - agents have unique insight into customers’ ability to repay
- Product well-suited to customers’ circumstances:
  - affordable repayments help customers stay in control of their credit
  - flexible repayment arrangements and no extra charges
Provident Financial

The team

**International head office**

- Nick Illingworth
  Managing Director UK

- Dave Broadbent
  Finance Director

- Fred Forfar
  Development Director

- John Williams
  Director of Credit

- John Mitra
  Marketing & Comms Director

- Catherine Gardner
  Human Resources Director

**Country Managers**

- Eddie Lawrenson
  Poland

- Balazs Pap
  Hungary

- Kenny McPartland
  Czech Republic & Slovakia

- Dave Morgan
  Mexico

- Steve Rice
  Romania

- Mark Bardsley
  New markets

**John Harnett**
Managing Director
Eddie Lawrenson
Country Manager: Poland

- DMS
- Joined Provident Personal Credit, 1972
- Appointed as operations manager, Poland, 1997
- Appointed as country manager, Hungary, 2001 to establish our new pilot
- Assumed additional responsibility for overseeing operations in Slovakia, 2004
- Assumed additional responsibility in 2005 for overseeing the launch and establishment of our new business in Romania during 2006
- Moved back to Poland, June 2006
Kenny McPartland  
Country Manager, Czech Republic & Slovakia

- DMS, MBA
- Joined Provident Personal Credit in 1984 and progressed through various operations roles
- Appointed as field development manager, Czech Republic, 1998 to support the new pilot.
- Appointed as operations director, Czech Republic, 1999
- Appointed as country manager, Slovakia, 2001 to establish our new pilot
- Promoted to country manager, Czech Republic, November 2002
Balazs Pap
Country Manager, Hungary

- Economics degree
- MBA
- Joined Hungary at the start of the pilot as national operations manager, 2001 from G.E. Budapest Bank
- Appointed as operations director, 2003
- Appointed as country manager, Hungary, January 2006
<table>
<thead>
<tr>
<th>1) Maximise returns from established Central European home credit through:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer growth</td>
</tr>
<tr>
<td>Issue per customer growth</td>
</tr>
<tr>
<td>Cost efficiencies / economies</td>
</tr>
<tr>
<td>Profit per customer growth</td>
</tr>
<tr>
<td>2) Mexico to reach its potential via additional regions beyond Puebla and Guadalajara-Leon:</td>
</tr>
<tr>
<td>Monterrey</td>
</tr>
<tr>
<td>Northern territories</td>
</tr>
<tr>
<td>Mexico City</td>
</tr>
<tr>
<td>3) Extend the product range beyond home credit:</td>
</tr>
<tr>
<td>Personal loans</td>
</tr>
<tr>
<td>Credit cards</td>
</tr>
<tr>
<td>4) Build profile from new countries: 2006 focus on Romanian market:</td>
</tr>
<tr>
<td>Countries in research are Russia</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Ukraine</td>
</tr>
</tbody>
</table>
Initial market entry:
- Poland - 1997
- Czech Republic - 1998

Second phase:
- Slovakia - 2001
- Hungary - 2001

Third phase:
- Mexico - 2003

Fourth phase:
- Romania - 2006 (pilot)
International success

A significant and profitable business established

Customer numbers ('000)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>466</td>
<td>1,777</td>
</tr>
</tbody>
</table>

Credit issued (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>116</td>
<td>545</td>
</tr>
</tbody>
</table>

Profit before tax (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-3</td>
<td>51</td>
</tr>
</tbody>
</table>
The market
Competition
Country metrics
Targets and progress
The market

- Population of 64 million about equal to that of the UK
- Fast growing economies
- Growing demand for consumer credit
- Consumer credit market remains underdeveloped
- 90%* of consumers find borrowing acceptable

Source: *Internal market research commissioned
Competition

- Store credit
- Copycat home credit operators
- Remote, consumer finance companies
- Mainstream banks
## Central Europe

### Country metrics: 2006

<table>
<thead>
<tr>
<th></th>
<th>Poland</th>
<th>Hungary</th>
<th>Czech Republic</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>38.2</td>
<td>10.1</td>
<td>10.2</td>
<td>5.4</td>
</tr>
<tr>
<td>GDP per capita (PPP) US$</td>
<td>$12,994</td>
<td>$17,405</td>
<td>$19,478</td>
<td>$16,041</td>
</tr>
<tr>
<td>Economic growth rate (GDP)</td>
<td>4.9%</td>
<td>4.5%</td>
<td>7.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Inflation</td>
<td>0.9%</td>
<td>2.8%</td>
<td>3.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Interest rate</td>
<td>4.0%</td>
<td>6.2%</td>
<td>2.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Consumer spending growth (est)</td>
<td>3.3%</td>
<td>5.5%</td>
<td>4.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Moody’s aggregate rating</td>
<td>A</td>
<td>A+</td>
<td>A+</td>
<td>A</td>
</tr>
</tbody>
</table>

Data to May 2006 and Q1 2006. Sources: Euromonitor; WMRC; FXConverter; EIU; Wikipedia
Provident Financial
Central Europe

Progress

Customer numbers ('000)
- 2000: 466
- 2005: 1,646

Credit issued (£m)
- 2000: 116
- 2005: 522

Profit before tax (£m)
- 2000: -3
- 2005: 64
**Targets for home credit**

<table>
<thead>
<tr>
<th></th>
<th>12 months to Dec 2005</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers (000)</td>
<td>1,646</td>
<td>1,625</td>
</tr>
<tr>
<td>Annual credit issued per customer (£)</td>
<td>334</td>
<td>390</td>
</tr>
<tr>
<td>Annual profit per customer (£)</td>
<td>41</td>
<td>58</td>
</tr>
<tr>
<td>Annual profit (£m)</td>
<td>64</td>
<td>95</td>
</tr>
</tbody>
</table>
Current performance

- Hungary, Slovakia and Czech Republic growing well
- In aggregate, customer numbers and credit issued achieved double digit growth during the five months ended May over the prior year
Current performance

- Poland recent performance below our expectations
- Significant management focus on two key issues in 2005
  - new rate cap compliant product
  - increase in impairment
- Actions taken to tighten credit control and improve arrears
- Unchanged longer-term prospects and targets
Romania

- Researched well
- Significant potential
- 22 million population
- Low level of unemployment
- Good economic prospects
Romania: the team

Country Manager
Steve Rice

FDM
Marek Bigajski

Operations Manager
Adrian Lipolit

Finance Manager
Roxana Simption

National Administration Manager
Daniela Grigore

National Security Manager
Cristian Molesag

Purchasing Manager
Claudiu Crivineanu

HR Manager
Liana Petre

Training Manager
Liliana Bizau

Marketing Manager
Vlad Vasiliu

Corporate Affairs Manager
Simona David

Legal Manager
Dragos Marinescu
Steve Rice
Country Manager, Romania

- DMS, MBA
- Joined Provident Personal Credit in operations, 1978
- Appointed as field development manager, Poland, 2001
- Appointed as country manager, Slovakia, January 2005
- Appointed as country manager, Romania, January 2006 to establish our new pilot
Romania: metrics

- Population: 22.3 million
- GDP per capita (PPP) US$: $9,446
- Economic growth rate (GDP): 6.9%
- Inflation: 7.3%
- Interest rate: 8.5%
- Consumer spending growth: 4.1%
- Moody’s aggregate rating: BB+

Sources: Euromonitor International; WMRC; FXConverter; EIU
Romania: the market

- Home credit model new to Romania
- Credit is currently delivered to upper end of the market through:
  - banks (c. 40%)
  - family and friends (c. 50%)
  - retailers such as Flanco, Altex and Domo (c. 10%)
- High degree of proof from consumers in order to qualify for credit
- Credit usage is lower than Central Europe
Nick Illingworth
Managing Director, (UK) International
Nick Illingworth
Managing Director (UK) International

- BSc (Hons) Economics and Accountancy, ACA, MBA
- Joined Provident in 1986 and held various senior finance and operations roles
- Became managing director of Provident Insurance, 1998
- Appointed as managing director, UK international, August 2001
Criteria for overseas expansion

- Large population
- Income levels
- Economic performance
- Political environment
- Safety and security
- Funding
Developing a new market

- Desk research
- Detailed in-country research
- Pilot operation
- Roll-out
Pilot operation

- Minimise financial risk
- Introduce core ex-pat team of two to four people
- Recruit and train future managers
- Create local training materials
- Design and test advertising materials
Pilot operation

- Build administrative capability
- Recruit and train agents and customers
- Learn to operate in local culture
- Prove or amend business model
- Formal ‘go’ or ‘no-go’ decision at conclusion of pilot
Developing a new market

Roll-out

- Pilot offices divided into two - one team open a new location
- Local advertising supports brand awareness and staff and agent recruitment
- Train employees, then train agents
- Advertise to recruit customers
- Lend small amounts at first and re-serve with larger loans
- Build customer base
- When ready, split team to open a new office
Developing a new market

Lessons learned

- Home credit model can be successfully introduced overseas
- Customer and agent relationship similar in all countries
- Good quality, well educated management team essential
- Key early skills - recruitment, training, advertising, brand building
- Simple, distributed IT systems a strength
- As arrears work builds, added support and training required
- Statistical credit assessment techniques benefit performance
- Need to balance growth, costs and bad debt
New country development

Target list under research

Russia  India  Brazil  Ukraine
Russia
The market

- Large geographic country, 145 million population
- 14 cities with at least 1 million population
- Income levels around 85% of Poland
- Credit market developing
- Consumer credit as % of GDP reported as 3.3%
- Market size potential estimated at in excess of two million
- Local currency funding available
Provident Financial

Russia

Current status

- Desk research completed and positive
- Working with advisors
- Plan to meet Central Bank of Russia to determine PF legal status
- Checking agent safety and security
- Conducting detailed market research
- Financial model to be completed
The market

- Safe environment for foreign investors
- Fast growing economy
- Per capita income US $3,300 p.a.
- Sizeable attractive segments in:
  - Mumbai, New Delhi, Chennai, Kolkata, Bangalore
  - 22 cities with populations over 1 million
- Market size potential estimated at in excess of three million
Provident Financial

India

Current status

- Market research complete
- Safe for agents to operate
- Local currency funding available
- Further work on fiscal and legal regulation
- Financial model to be finalised
- Further three to four months work
Brazil
The market

- Per capita income US $8,600
- 19 cities have a population over 1 million
- Initial market size potential in excess of two million customers
Current status

- Desk research complete
- Detailed market research to be commissioned
- Fiscal and regulatory issues to be investigated
- Agent safety to be confirmed
- Financial model to be constructed
- Further six to nine months work
The market

- 75% of the population live in urban areas
- Per capita income US $7,800
- No obvious factors preventing entry
Current status

- Desk research underway
- Next steps to commission:
  - market research
  - detailed fiscal and regulatory work
- Local currency funding available
- Agent safety to be confirmed
- Financial model to be constructed
- Further 12 months work
New countries: overview

- Russia and India
  - evaluations to be complete in H2 2006
  - attractive markets
  - rough estimate of home credit potential at least five million
- Brazil and Ukraine
  - evaluations to be complete in 2007
- Other countries, such as Turkey, to follow
- Overall, excellent prospects for future growth
Credit and arrears processes

- Two credit areas:
  - application scoring for new customers
  - behavioural scoring for existing customers
- Key decisions:
  - to serve or not
  - amount of loan
  - term of loan
  - Affordable repayment
- Agent knowledge and experience essential
- “Low and grow” strategy supported by new decision support systems to aid less experienced agents
- Arrears process being refined in Poland before divisional roll out
Credit teams

- Work with 3rd party supplier
- Leverage off credit work from UK home credit
- Polish director of credit appointed, July 2005
- Polish credit team recruited
- Divisional director of credit appointed, August 2005
- Central credit team recruited
- Local credit teams to be recruited in each market
Agent decision taking

- Credit guidelines:
  - maximum and minimum amount for a loan, by term
  - maximum weekly rate
  - maximum balance in any one household
  - maximum and minimum age of customer

- Agent coaching and support
  - coached by shadowing a development manager (employee) or “buddy agent”
  - coached on the use of income and expenditure assessment
  - write the first 10 loans with a DM

- Learn by experience
<table>
<thead>
<tr>
<th>Country</th>
<th>Application</th>
<th>Behavioural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>February 2006</td>
<td>Phase 1 - May 2005</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phase 2 - February 2006</td>
</tr>
<tr>
<td>Czech</td>
<td>In development</td>
<td>Phase 1 - June 2006</td>
</tr>
<tr>
<td>Slovakia</td>
<td>In development</td>
<td>Phase 1 - June 2006</td>
</tr>
<tr>
<td>Hungary</td>
<td>In development</td>
<td>Phase 1 - in development</td>
</tr>
<tr>
<td>Mexico</td>
<td>Data too immature</td>
<td>Data too immature</td>
</tr>
<tr>
<td>Romania</td>
<td>Data too immature</td>
<td>Data too immature</td>
</tr>
</tbody>
</table>
Poland: application scoring

- Past data analysed
- Lending criteria developed
- Key factors:
  - gender, age, socio-demographics, previous loan experience with Provident
- New process:
  - agent collects data and texts to decision support system
  - quick text response as to maximum lending decision and term
  - agent knowledge to determine loan size (subject to max)
- Mix of business expected to move shorter-term, thus reduce risk
- 52 week new door pilot rolled out to lower risk customers
Proportion of new business (volume) by product terms

January 06

42% 41% 17%

May 06

46% 33% 21%
Poland: behavioural scoring

- Scorecard developed in phases
  - phase 1 - basic model - May 05
  - phase 2 - improved model - February 06
- Each customer ‘scored’ weekly
  - predicts the likelihood of ‘bad debt’ for each customer
  - customers grouped into similar scores
  - groups with higher scores receive higher offers
  - groups with lower scores receive no repeat offers - agent advised “do not sell”
  - rules within the system to stop offers if a customer has had a recent loan
- Agents still need to ensure that the customer can afford the loan
- Exceptions to system generated offers are sent to development manager on a weekly basis
Poland: behavioural scoring

- Results since the introduction of behavioural scoring:
  - Phase 1
    - sales to higher risk customers have decreased
    - sales to lower risk customers have increased
    - ‘exceptions’ have reduced
  - Phase 2
    - changes made to high, medium and low risk bandings and speed of reserve rules
    - sales to higher risk customers have decreased further
    - sales to lower risk customers have increased further
    - early signs of less customers moving into arrears
Poland: behavioural scoring

The proportion of lending (by volume) to “higher risk customers”

Phase 1 - reduced from 4% to 2%

Phase 2 - reduced from 2% to 0.5%
Poland: behavioural scoring
Proportion of reserve customers in arrears (missed 2 or more payments in the last 13 weeks)
Structured arrears management

- New process being implemented in Poland to manage field arrears:
  - customers visited weekly by the agent, the DM gives support on difficult accounts
  - new “Focus” IT system generates weekly lists of customers for the DM to visit
  - visit to establish reasons for arrears and to manage the customer through any difficulties
  - field activities supplemented by centralised telephone calls and letters and specialist field collectors
  - accounts not collected in the field are sent to central debt recovery where further action is taken
  - processes amended from pilot experience in Poland are to be rolled out in all markets during 2007
John Mitra
Marketing and Communications Director
John Mitra  
Marketing & Communications Director, International

- BA (Hons) PPE, Certificate in Marketing Practice
- Joined the international business in 2004 as Marketing & Communications Director
- Previous roles include marketing manager, Eastern Europe for Rothmans International based in Russia; group marketing director for Sheaffer Pen International (USA) and group marketing director for BIC International (USA)
Agenda

- Our values and positioning
- How we acquire and retain customers in international markets
- How we measure performance
- Polish rate cap: an opportunity
- New brand strategies
International values provide key competitive edge

Accessibility  Professionalism  Empathy  Community

Essence

‘People helping People’

Personality

More than just a loan  Understanding  Inclusive  Human
Strategy: drive message through multiple channels

- Drive the agent channel
- Use multi-media approach to create awareness and brand value
- Target marketing to build loyalty
Agent as first customer

- Agent is the key business driver
- Developing a new approach: agents using CRM techniques & technology to create customer-centric approach to management
- Aim to treat agents as a wholesale channel with high levels of customer service and marketing support
- Agent communication highly personalised and response driven rather than generic and passive
- Research strategies ensure programmes are relevant and effective as they are for our end customers
- End game: higher retention and better channel delivery
Awareness, brand value and acquisition

- TV heavily employed: drives awareness, brand value and acquisition
- 2006 TV expenditure +£3.0 million achieving average ‘share of voice’ of 31%, reaching 45% in Hungary
- Brand awareness at 75%+ in Poland, 50%+ in Hungary and Czech Republic and 30%+ in Slovakia
- Outdoor, press & radio used tactically
- Benchmark cost per lead below £17 across Central Europe
Customer relationship management delivers retention

- Direct mail under-developed across all international markets
- Response rates at levels far in excess of UK norms which represents a major opportunity to drive down acquisition costs and improve retention rates

**Mailed Response Rates**

- Bespoke database developed to exploit the opportunity
- 2005: in excess of 4,500,000 direct mail pieces delivered
How we measure performance

- Benchmarks developed against key criteria
  - cost per call generated
  - cost per lead per marketing channel
  - cost per loan per marketing channel
  - incremental issues generated (against control cells)
  - incremental margin generated
  - brand differential metric
    - awareness x propensity x satisfaction x recommendation
## Provident response to rate capping

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-rate cap (52-week loan)</td>
<td>Zloty</td>
</tr>
<tr>
<td>Loan to customer</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Charge for credit</td>
<td>736.80</td>
</tr>
<tr>
<td>Total cost of loan</td>
<td>1,736.80</td>
</tr>
<tr>
<td>Weekly repayment rate</td>
<td>33.40</td>
</tr>
</tbody>
</table>
Polish rate cap: two versions: optional for customers

- **Money transfer**: remote repayment through bank or post office
  - interest charge
  - preparatory fee
  - creditor insurance
- **Home serviced**: agent collects repayments at customer’s home
  - interest charge
  - preparatory fee
  - creditor insurance
  - plus optional home collection charge
## New rate cap compliant product

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money transfer (52-week loan)</td>
<td>Zloty</td>
</tr>
<tr>
<td>Loan to customer</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Creditor insurance</td>
<td>120.00</td>
</tr>
<tr>
<td>Preparatory fee</td>
<td>56.00</td>
</tr>
<tr>
<td>Contractual loan value</td>
<td>1,176.00</td>
</tr>
<tr>
<td>Fixed interest*</td>
<td>123.42</td>
</tr>
<tr>
<td>Total charge</td>
<td>299.42</td>
</tr>
<tr>
<td>Weekly repayment rate</td>
<td>24.99</td>
</tr>
</tbody>
</table>

*The law allows a maximum of 4 times Lombard rate which is currently 5.50%
### New rate cap compliant product

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home serviced (52-week loan)</td>
<td></td>
</tr>
<tr>
<td>Loan to customer</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Creditor insurance</td>
<td>120.00</td>
</tr>
<tr>
<td>Preparatory fee</td>
<td>56.00</td>
</tr>
<tr>
<td>Contractual loan value</td>
<td>1,176.00</td>
</tr>
<tr>
<td>Fixed interest*</td>
<td>123.42</td>
</tr>
<tr>
<td>Home service fee**</td>
<td>468.58</td>
</tr>
<tr>
<td>Total charge</td>
<td>768.00</td>
</tr>
<tr>
<td>Weekly repayment rate</td>
<td>34.00</td>
</tr>
</tbody>
</table>

*The law allows a maximum of 4 times Lombard rate which is currently 5.50%

**Home collection fee of 9.02 zloty per week
New rate cap compliant product

Research shows:

- 67% of customers appreciate the added benefits of loan insurance
- 89% of customers are satisfied with the new products
- 81% liked the optionality offered by the new product
- 97% described their agent as helpful and understanding
- 81% of agents say the new product is easier to sell to new customers because of the added benefits
New rate cap compliant product: an opportunity

- Targeting high quality ex-customers and potential leavers with a new offer of a loan without the home service costs
- ‘Take another look’ cold market acquisition campaign
- New communications platform to pro-actively promote to stakeholders - ‘Provident is changing’
- Potential for new additional revenue streams
  - incremental insurance offers
  - value-added service offers
Brand product and strategy

- To develop a range of products, starting with unsecured loans, to grow the business by attracting new customers to new brands.
- To provide a strong retention incentive for customers who have proven payment capability.
- To increase loan category coverage by providing a range of products that appeal to the near prime market consumer as well as the existing sub prime target group.
- Multiple brands

Maximise market share & extend customer relationships
### Product strategy

<table>
<thead>
<tr>
<th>Brand</th>
<th>Strategic role</th>
<th>Target group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rapida</strong>&lt;br&gt;Consumer loans and credit cards</td>
<td>Access mainstream financial sector</td>
<td>Near prime &amp; 'discretionary' sub-prime looking for longer-term, lower repayment rate products</td>
</tr>
<tr>
<td><strong>Prospera</strong>&lt;br&gt;Monthly sub-prime cash loan</td>
<td>Acquisition tool for sub-prime market</td>
<td>Top-end sub-prime and long-term paid up customers who have not responded to other Provident offers</td>
</tr>
<tr>
<td><strong>Provident Plus</strong>&lt;br&gt;Monthly sub-prime cash loan</td>
<td>Retention tool for existing business to extend customer life span</td>
<td>Existing Provident customer base with proven payment capability who prefer monthly collections</td>
</tr>
<tr>
<td><strong>Provident</strong>&lt;br&gt;Weekly sub-prime cash loan</td>
<td>Key revenue driver &amp; core business element</td>
<td>Sub-prime market with limited access to mainstream financial products</td>
</tr>
</tbody>
</table>
## Product strategy

<table>
<thead>
<tr>
<th>Brand</th>
<th>Distribution</th>
<th>Repayment cycle</th>
<th>Issue values</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rapida</strong></td>
<td>Automated through call centre &amp; internet</td>
<td>Monthly remote through bank account</td>
<td>£500 &gt; £3,000</td>
<td>1, 2, 3 years</td>
</tr>
<tr>
<td>Consumer loans &amp; Credit Cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prospera</strong></td>
<td>Agent based but with front-end application scoring engine.</td>
<td>Monthly - home service or remote account management</td>
<td>£200 &gt; £2,000</td>
<td>12, 18, 24, 36 months</td>
</tr>
<tr>
<td>Monthly near-prime cash loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provident Plus</strong></td>
<td>Agent based but with front-end application scoring engine.</td>
<td>Monthly - home or remote collection</td>
<td>£200 &gt; £1,000</td>
<td>12, 18, 24 months</td>
</tr>
<tr>
<td>Monthly sub-prime cash loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provident</strong></td>
<td>Agent based</td>
<td>Weekly - home or remote collection</td>
<td>£100 &gt; £1,000</td>
<td>26 - 39 - 52 - 104 weeks</td>
</tr>
<tr>
<td>Weekly sub-prime cash loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provident Financial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product strategy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Brand strategy

Rapida Loans: the primary brand advertised above-the-line including class leading APR product.

Prospera: promoted largely below-the-line as an acquisition engine.

Provident & Provident Plus: promoted through-the-line to existing customers & paid-up’s.
Dave Morgan
Country Manager, Mexico

- DMS, MBA
- Joined Provident Personal Credit, 1976
- Progressed through various field and operational roles
- Appointed as development director in international, 1998
- Project-managed launch in Hungary and Slovakia
- Appointed country manager, Mexico, July 2003
墨西哥展示

- 大卫·摩根 — 团队
- 市场开发
- 客户
- 竞争
- 扩张
- 摘要
Management team based in Puebla

- Dave Morgan - Country Manager
- Filip Duchon - Operations Puebla region
- Chris Wheeler - Operations Guadalajara region
- Ivo Kalik - Field Development Manager - Guadalajara region
- Greg Green - Field Development Manager - Operational support
- Maximiliano Romero Malpica - Finance Manager
- Gabriela Gomez - Human Resources Manager
- Hans Martineau - Training Manager
- Joanna Hernández - Marketing & Communications Manager
- Ricardo Guevara - I.T. Manager
- Jorge Loyola - Purchasing Manager
Why Mexico?

• Preferred option from country selection process
• Large and underserved market
• Excellent opportunity: three million customer market
• Conducive legal and regulatory environment
• Government supportive of credit provision to target customers
• Economic situation encouraging
• £90 million per annum pre-tax profit target
The metrics

Source: Business Monitor International
Customer profile

- Men: 34%
- Women: 66%
- Average age: 37
- Married: 73%
Provident Financial
Mexico

Products and uses

- Model operates exactly as in the UK
- Cash loans: 13 and 26 weeks
- General domestic goods
- Household repairs
- School fees and expenses
- Medical and dental expenses
Provident Financial

Mexico

Marketing

- Simple, direct, visible and colourful
- Target recruitment locations
- Leaflets
- Events: public celebrations / bank holidays
- Stands in local shopping malls
- Local radio
- Mobile advertising
- Billboards
- TV banners during various football matches
Provident Financial

Mexico

Advertising
Competition

- Few competitors in the sub-prime market
- Cash loan providers focused on prime market
- Increasing competition in near prime market
- Store-based credit
Differentiation

- Most consumer lenders require customers to provide:
  - security and/or guarantor
  - history of formal employment
  - payment via local offices or at a bank
  - time to process application

- Provident customers value:
  - simple, transparent products
  - fast, personal application process
  - weekly visit from a representative
  - supportive approach
Our fastest growing business to date

Customer numbers at same stage of development

- **Mexico**: 171,000
- **Poland**: 154,000
- **Hungary**: 152,000
- **Czech Republic**: 128,000
- **Slovakia**: 60,000

Provident Financial
<table>
<thead>
<tr>
<th>Employees</th>
<th>Agents</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>863</td>
<td>3,217</td>
<td>171,000</td>
</tr>
</tbody>
</table>

As at 31 May 2006
Current and future locations
Summary

- Large market
- Little direct competition
- Plans for large scale expansion
- Excellent prospects
- Target £90 million pre-tax profit p.a.