

# investment teaser



## household budget support

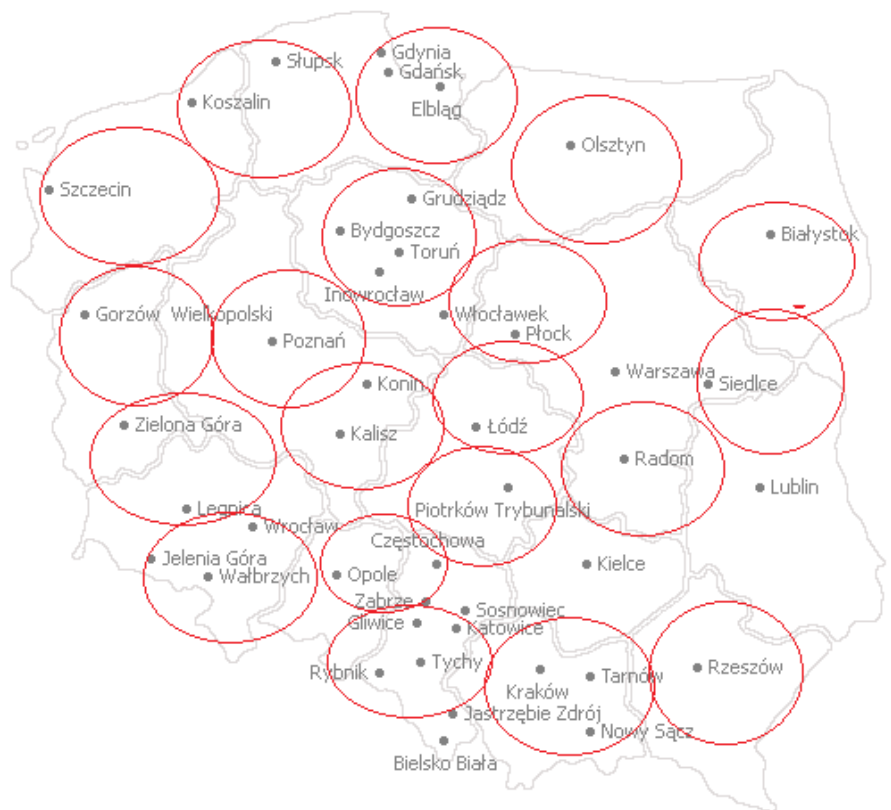
### Planned business entity:

A limited liability company

### The minimum share capital:

PLN 200,000

### Territorial scope:



**Main Office :** Kalisz

**Suggested branch locations in the areas indicated on the map.**

### Product:

Our managers are going to offer cash loans and deliver them to our customers' doors.

LOAN		
Amount / PLN	From 500	To 5000
Due date/week	From 18	To 52

The main aim of our business is to provide cash loans with the repayment on individual customer account number, which is mainly to optimise customer service costs. Under the new rules of **the Consumer Credit Act**, non-interest loan cost cannot exceed 55% per year. In the case of delayed payments, customers are additionally monitored by the Sales Team, which automatically generates additional costs borne by the customer.

New customers are offered loans for a maximum period of 28 weeks. Regular customers are offered loans with extended repayment due dates. **Loans have a weekly repayment schedule (monthly repayment are possible only in advance).** The sold capital starts to generate profits from the first weekday of the loan.

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## Characteristics of a model customer:

A natural person, including pensioners, small business owners, people claiming social benefits or child maintenance support, having a permanent source of income to ensure repayment of the total due amount, with Polish citizenship, aged between 21 - 75.

Once the customer is verified in the BIG database, they should demonstrate they don't have any debts in other loan companies, whereby moderate debts arising from other titles is accepted.

The customer is obliged to confirm the permanent residence in a city or an area where the company operates, and hold a valid ID card.

## Average Customer

Average age – 45,

Gender – female,

Person with average net income below PLN 1,350 after deducting living expenses,

More than 80% of good customers use the company services again.

## Company Management:

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### **Operations Director**

An effective leader and manager with 16 years of experience in the lending industry. He worked as the Sales Director for a lending company for the past 6 years.

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### **Head of Administration**

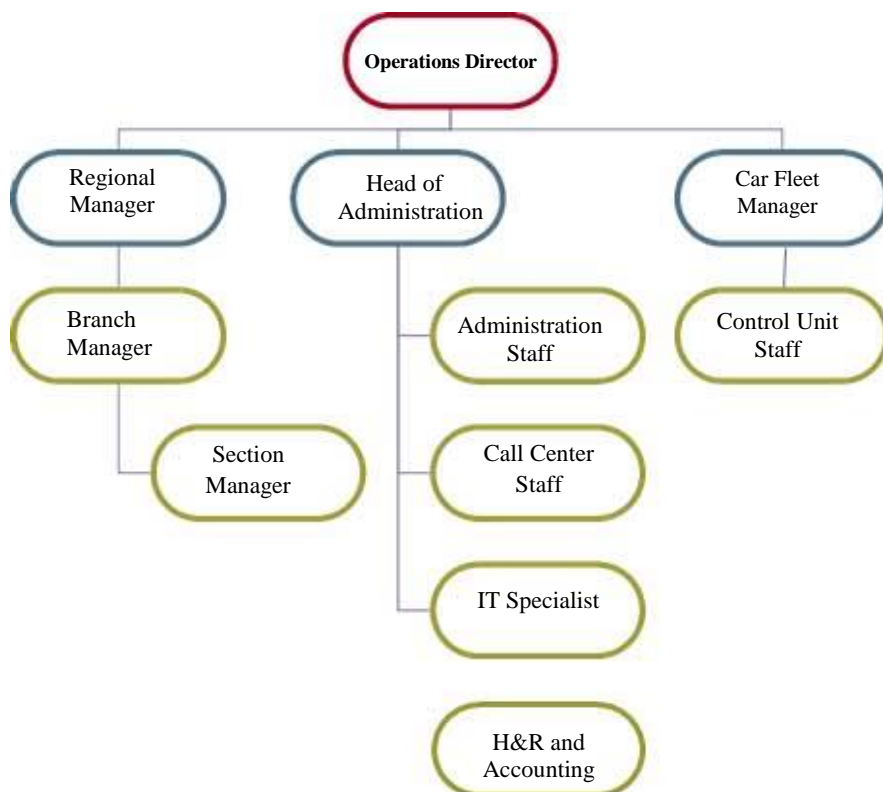
10 years of experience in administration at companies of similar profile. Head of Administration for 7 years at lending company

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### **Car Fleet Manager**

entrepreneur with many years of experience in banking, with lots of expertise in real estate and automotive industries

## Company Structure



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## Key Data – Anticipated State:

**60-70 thousand active customers**

**PLN 36m loan portfolio**

**125 staff at the Operations Unit (on**

**employment contracts) including:**

**1 Operations Director (DDO)**

4 Branch Managers (KO) 20

Regional Managers (COR)

100 Section Managers (KS)

**Additionally, after few months the company is operational,**

**contractor or part-time or employees:**

100 Deputy Section Managers

**33 staff at outside sales units (on**

**employment contracts) including:**

**1 Administration Director (DDA)**

20 Administration staff (PA) 2 IT

Specialists

5 Call Center staff

**1 Car Fleet and Purchasing Manager**

4 Control Unit staff

1 MONTH	2 MONTH	3 MONTH
2 Branch Managers	4 Branch Managers	6 Branch Managers
10 Section Managers	20 Section Managers	30 Section Managers

4 MONTH	5 MONTH	6 MONTH
8 Branch Managers	10 Branch Managers	12 Branch Managers
40 Section Managers	50 Section Managers	60 Section Managers

7 MONTH	8 MONTH	9 MONTH
14 Branch Managers	16 Branch Managers	18 Branch Managers
70 Section Managers	80 Section Managers	90 Section Managers

10 MONTH
20 Branch Managers
100 Section Managers

## Non-interest loan costs:

arrangement fee interest  
origination fee

Total cost of a 28-product is **40%**, max  
**55%** per year.

Additional costs for late payment **Six**  
**times the lombard rate – currently 24%**

## Market size and potential:

Analysis of the loan value provided by the companies associated in the Conference of Financial Companies in Poland (KPF) over recent years confirms stable growth of the consumer loan market.

Historical trends, as well as projected growth of loan business in Poland offering access to financial services to customers, for whom banking offer is either restricted for various reasons, or who don't find it attractive, allow for optimistic forecast of business growth.

Suggested branch location is based on market research (performance of other financial companies indicates these areas to be most profitable) as well as human resources available in these areas.

\* More details in the attached analytical report by the NWA1 brokerage house

## Development plan:

### Stage 1 - opening:

The company plans to develop the sales network at the rate of two branches a month, until we reach 20 locations. It is also the stage of ongoing development/customization of the operating system, a continuous recruitment, refining procedures and work tools.

**Stage 2** - after the planned sales network is built, weekly sales will vary between about PLN 1.5-1.7 million.

These data results from the equation:

The number of Section Managers x 10 new contracts per week (new customers) x average loan value (PLN 1000) + value of refinanced and recommenced loans of higher amounts and longer repayment periods. The target is 6 contracts per week.

**Stage 3 - higher sales - more Sections or the introduction of a new product, for example: for businesses (higher loans, other guarantees and repayment arrangements)**

Administration and system resources allow for further territorial expansion- the barriers here are capital restrictions. Establishing new locations within the next 2-3 years will grow both the portfolio, and ultimately the net profit.

## Brief SWOT analysis:

- experienced management
- experienced team - there are no accidental people on the team, everyone is a selected specialist
- considering our experience in developing new structures of a loan company in collaboration with programmer, we can create a functional system for the management of the portfolio of company customers.
- very high product profitability
- a large entry barrier - a capital intensive business and high fixed costs - at the initial stage
- changing legal environment affecting business operations (draft law)
- high competition

