

Serving our vibrant young market – the key to our success

The Blue management team of more than 40 people took a working weekend at Entabeni Game Reserve to explore our strategy and future developments with reference to the latest Blue market research. From the research it's clear that our customers want individualised, personalised products and services.

30 - 40% of our market is the younger generation, the future breadwinners of society. It's of paramount importance that all our staff members understand the younger generation and their wants and needs. Unique service and product offerings aimed at these young and upwardly mobile people will make or break any lender going forward.

As a result of our research and our conference discussions we are redesigning our products to tap into the need for education loans and asset-based finance.

We are also committed to rolling out all products in all branches in all countries by the end of the year. In South Africa specifically, by the end of August, all products and services must be available in all branches. Staff at those branches will sell the full basket of products and will be managed on the sale of all those products.

Find out on page 3 what the market research revealed about what our customers want. Please use this information to personalise your service levels when dealing with our clients.

Dave van Niekerk,
Blue Financial Services CEO

Women's Day? – maybe it's Women's Year!

9 August was Women's Day in South Africa. The media are now calling August "Women's Month".

However, our market research shows that women are getting more money-empowered, and use their money differently to men. More and more women are managing the family money. Women have proved to be the best poverty fighters.

Women use profits from their businesses to

- send their children to school,
- improve their families' living conditions
- improve family nutrition and
- expand their businesses.

We should be targeting women more and more, and using more pictures and stories about women in our marketing messages.



Blue blankets help keep out winter cold

In the middle of winter we need to think about the poor and homeless. To help people suffering in the cold, Blue donated R30 000 for blankets to the Jacaranda 94.2 Winter Warmer Corporate Challenge campaign. Radio Jacaranda is South Africa's largest independent radio station with over two million listeners. Our Blue donation paid for 750 blankets – one from each of us at Blue to make someone's life a little warmer. Thousands of blankets have been donated to local charities and struggling communities through this project, managed by Gift of the Givers Foundation.



Blue horsewoman rides again

Blue was well represented in the Subaru Fauresmith 200 - one of the toughest equestrian endurance races in the world. Our rider was **Nicolle Vorster** from **Group HO**, one of a record 395 riders. They started off at sunrise on 3 July 2007 to cover large expanses of the Southern Free State, but SA, but the bitter cold proved too much for many hopefuls. At five degrees below zero, riders warming carrots by the fire was not an uncommon sight at the start. Both horse and rider were tested to the limit, facing the elements and their own physical exhaustion. 35 entrants didn't even make it to the start. Day one was a gruelling 70km stretch with more of the same on day two. On the final day only had to be covered 53km, but only a handful of riders crossed the finish line. Nicolole finished 19th in her section, and plans to do the race again next year. "It was an amazing experience," she says. "I would like to thank Blue for their support."



100 lucky staff in SA selected for training

Johnson Matidza, Blue's training manager, has raised R300 000 from the Banking SETA for Blue to use for 100 staff learnerships in South Africa. This training runs for a full year, and graduates will have a recognised qualification at the end, which will not only look good on their CVs but will also open the doors to possible promotion and salary increases.

The course covers such modules as telephone etiquette, NCA, marketing and sales, fundamental arithmetic, communication, negotiation skills, fraud awareness and people diversity. The strict criteria for acceptance cover equity legislation, English fluency, basic computer literacy, drive and initiative and living the Blue values. The training is open only to SA citizens at Blue branches (not HO).

All those selected will receive welcome letters, Bank SETA contracts and BFS clawback contracts. Launches will be held in **Cape Town, Maritzburg, Bloemfontein and Pretoria**, where the lucky staff members will be briefed and sign contracts. For more information contact Johnson at 082 303 5361.

The month in review

1. Our market research findings have given us firm guidance on who our customers are and what they want.
2. We have finalised the staff share allocations. You'll be given information about how it will work.
3. AIG have converted their preference shares to ordinary shares. This means that instead of guaranteed dividend payments, they want to benefit from our rising share values. This is a huge vote of confidence in Blue.
4. As a result our market capitalisation has gone up to ZAR1.4 billion.
5. We broke all previous Blue records in July, lending out ZAR27 million.
6. All our collections are running well except in Uganda.
7. Lesotho and Malawi kicked off with a bang. Lesotho did ZAR3 million and Malawi did ZAR1.5 million turnover.
8. The MDP (Management Development Programme) started and is going very well.
9. The banking SETA gave us ZAR300 000 for learnership training, and 100 staff have started on the year-long qualification.



What our market research shows

Blue commissioned the research company Mind Over Matter to find out more about our market. What do our customers think? How do they want to be treated? Here is some of that vital information. It can help all of us in our daily interactions with customers.

The research shows that

1. The African money culture is based on poverty and debt.
2. Most people need money now, to survive and for emergencies.
3. There is a lack of culture of saving and future planning.
4. There is generally a low skill level in personal financial management.
5. Women are nurturers and advisors, and loans are often family issues.
6. People are wary of insurance and don't understand insurance/investment packages.
7. Most people don't see the possibility of wealth. They need to be made more aware of ways out of poverty.

Things we need to watch:

1. People have been ripped off with false claims on 'death benefits'.
2. People think they own things when they are delivered even if they're not yet paid for. Possession is confused with ownership.

3. There is heavy competition for their business from other lending groups.
4. They want personal attention and product choice rather than packaged benefits.

The key

1. People want the service or product NOW. They need access and availability.
2. Once we have helped them, they trust us. But it comes AFTER we have helped them. We have to earn it.
3. They want
 - accountability from us
 - credible advice
 - a partnership with us
 - product choices
 - respect and friendship

Remember

1. Our customers are discerning. They spot a win-lose situation better than the previous generation.
2. Our input can help people see a new use for loans. We can help people move from poverty to security through good credit choices.

We should be telling our customers that Blue Financial Services is a trustworthy partner that offers dynamic and sound financial solutions to meet their changing financial needs.

Blue – a new era in personal finance.



Uganda

Uganda customer gets kick-start for business

Josephine Adrapia is a primary school teacher in **Arua** District. She heard about Blue when our field agent visited her school for a presentation programmed in May, which prompted her to visit our office and apply for our emergency loan, amounting to 400,000

She couldn't believe the speed at which the money was transferred to her account and applauded us for that. She invested the money into a charcoal business, where she buys each bag of charcoal in the village, and re-sells them in town at a profit.

She made enough profit to offset her loan in July. And as I speak now, her business has been given a kick start by Blue!

She says she is very happy for Blue to have come on board at the right time, because we have reduced the burden, not only for her, but for many Ugandans. She is looking forward to accessing another loan soon. She had this to say: "Long Live Blue, I will always owe you."

Arua Manager, Uganda



Excited about our product range

South Africa is alive and well and breaking records, according to Country Manager Christo Klopper. He says, "We provided R12 million in personal loans in July. And now we are going to be selling all Blue products at all our branches."

Christo adds, "We want all our staff to know and understand all our products – personal finance, home finance, insurances and cellular products. Our product rollout is in full swing and I personally expect every staff member in every branch to be able to answer questions and sell each one of these products. We have a performance culture, and from August, all staff will be measured on sales across our entire range."

The Blue Card for building materials has been tested and is working well.

Customers can activate their blue cards at any of our branches. Blue ZAR is targeting 20 new blue card clients per month per branch. Christo says, "It won't be difficult because most people are interested in upgrading their homes and making home improvements. It's a massive market."

Why is Blue such an important part of people's lives? "Because we are offering such an amazing range of products to help to ordinary people," he says. "Just take our home loan products - a better home adds value to a person's life. Adding a room to your home helps to create wealth. You can rent it out and get income. You can give your family a better lifestyle, your kids can have more comfort as they study. It's a privilege to be able to offer such useful products to our customers, it's really exciting."

Pietermaritzburg Selgro Centre opens

Pietermaritzburg's new Blue branch opened with a bang. Here are photos from the grand opening of the offices at Selgro Centre. Business has picked up and we are looking forward to more productive months in the future.

Jasper Slabbert, Provincial Manager ZAR



Soup and bread build team spirit



ZAR national office allocates some time every month to build team spirit. In July, the staff got together to have soup and bread at the ZAR "soup kitchen" dressed as hobos. It was pretty cold outside as the sun set, reminding people what it's like to sleep outdoors in winter. It was also a good chance for everyone to socialise around the fire, warm their hands and fill their tummies, and wear their oldest clothes. Hopefully those clothes and many others will be donated to the really poor and needy in the future. Johan van Niekerk from IT won the prize as being the most appropriately dressed (we can't say 'best dressed' actually).

Meet the collections management team

Collections are a key element in our business. A failure to manage defaulters leaves us very vulnerable. So it makes sense to put determined, goal-driven staff and effective systems into this division. Under the able direction of **Jacques van Wijk**, Collections Manager Africa, **Anton Gerber** is managing collections in South Africa, and **Priscilla Adam** is the payroll collections manager for the rest of Africa. Anton and Priscilla talked to Blue Bulletin about their excitement with new systems, and how they can help all Blue branches to be more successful.

Anton says, "SA and Botswana are incorporated into our new call centre. We were handling 7 000 clients in two centres with 10 staff. With our new "Presence" system from Inovo, only five staff can now handle 10 300 accounts, a 40% increase in productivity in the first month, despite teething problems."

We can also get much more detailed information about clients and improve our client service to branches.

We can give you

- better data
- better follow-ups on e-mails
- faster responses to requests from branches
- speeded up turnaround time and
- help with client retention

Priscilla says, "In Botswana we have implemented a new process for all 'Realpay fails' and have asked each branch manager to give feedback on their loans so we can increase our collections. We are handing over control of performance to the branches.

This information helps the regional managers evaluate the cost of operating the branch and gives them a way to manage, control and minimise bad debt, so each branch can be more profitable". Priscilla will be implementing new payroll processes on a centralised model for all African countries.



Priscilla Adam and Anton Gerber



Tanzania

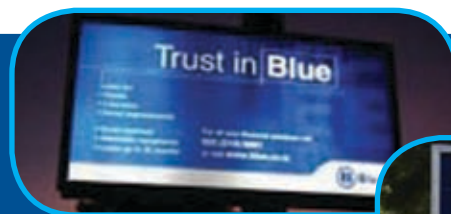
Blue in lights in Tanzania

A new concept of marketing in Tanzania is to use billboards and road signs. Blue and Clear Channel took hands and came up with billboards all over Tanzania to get the word out there. Our sales have increased dramatically!

We have appointed a new Area Manager. **Johnson Mwambaya** has a good track record and will be working closely with the Branch Managers. On behalf of Blue we would like to welcome him to our team.

Production

July was a tough month for us and we set new goals in Blue. Congratulations to Mbeya and Arusha for their production. Well done guys!!!



In July we increased sales by more than 50%.

Highest Sales: 1 - Mbeya,

2 - Arusha

3 - Dar Es Salaam

Target Reached & Best new branch: Mbeya

Best Established Branch: 1 - Arusha

2 - Dar Es Salaam



Malawi

Blue Lilongwe explodes

“Malawi suddenly exploded!” reports **Deon Verster**, Assistant country manager, **Zambia**. He says, “Lilongwe started off with only two approved loans on the first day... but things just went wild. Malawi has exceeded our expectations in the very first month of operation”, Deon adds, “Derek and I had to visit Lilongwe only three weeks after opening to get them a bigger fax/ copy machine as the first machine couldn’t accommodate the huge volume of applications.

We received a lot of positive feedback from clients as well as the public.



We will soon open four more branches to assist more people in Malawi. Branches will be opened in **Mzuzu, Zomba, Blantyre and Karonga**. We have a very good team in the branch that works very hard and we are all committed to make Blue in Malawi a huge success.”

It’s certainly going that way, Deon.

Congratulations to the Blue Malawi team.



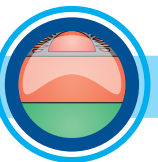
Botswana

Botswana branch near to Okavango

As a settled and long-term Blue country, it’s good to hear that Blue Botswana is also expanding its footprint. Country Director Andre Heunes tells us the latest new branch is **Shakawe**, 1300 kms from Gaborone, and only 60 kms from the Angola border, right by the Okavango Delta. It’s a small town, serving many small villages for their monthly supplies. There is a defence force camp and a number of government departments.



The branch has two consultants and three field agents, who will visit the villages to deliver services.



Zambia

Blue Zambia trumpets their help

Blue(Z) recently rescued St.Johns Secondary School Band in **Mongu** by donating two brand new trumpets to the school. They lacked these instruments to enable them to enter a new competition at the recent National Agricultural Show in Lusaka. The children travelled 400kms from Mongu in the Western Province of Zambia through the Kafue National park hoping to find the trumpets ready, otherwise they would have been disqualified.



True to the Blue tradition, the vital items were ready for them and were handed over to the delighted bandmaster by Godfrey Ngula. The Band proudly displayed a large Blue banner around the show grounds to the delight of spectators and the whole event was shown on National TV. What a quid quo pro!

Charmaine Wolfe, Blue Lusaka, Zambia



Congratulations to our July Blue Stars!

Zambia Blue Star winners

- Mulenga Chimfwembe (Kitwe) 2 Stars for best service, beating target, team work, initiative
- Charmaine Wolfe (National H/O) 2 Stars for best service and team work
- Robert Mwansa (Lusaka) 2 Stars for best service, team work and initiative.
- Munshya Musonda (National H/O) 3 Stars for best service and team work.

RSA Blue Star winners

- Pearl Lolwana (Midrand) 2 Stars for best service and initiative
- Zyl Tait (Pretoria) 2 Stars for initiative and innovation
- Lettie Mashau (Giyani) 2 Stars for beating target and team work
- Alida Engelbrecht (Musina) 2 Stars for initiative and innovation
- Patricia Muedi (Musina) 2 Stars for team work
- Victor Matodzi (Group H/O) 2 Stars for best service
- Annelise van Niekerk (Group H/O) 2 Stars for team work and initiative
- Johan van Niekerk (National H/O) 2 Stars for best service
- Anneline van Staden (National H/O) 2 Stars for best service ad team work
- Michelle McClean (National H/O) 2 Stars for sales support and initiative
- Gerda du Preez (National H/O) 2 Stars for team work and initiative
- Loreal Swartz (National H/O) 2 Stars for team work
- Elmary Samuel (National H/O) 2 Stars for team work
- Donnevin Raath (National H/O) 2 Stars for team work
- Nico Diedericks (National H/O) 2 Stars for team work
- Kefilwe Masilo (Jhb) 3 Stars for beating target and team work
- Tshililo Mainganye (Jhb) 3 Stars for beating target and team work
- Frieda Hatting (Louis Trichardt) 3 Stars for beating target and team work
- Elsje Jordaan (Louis Trichardt) 3 Stars for team work and initiative
- Sharleen van Wyk (Elim) 3 Stars for beating target
- Wayne Moodley (National H/O) 4 Stars for sales support & initiative
- Charlene van der Schyff (National H/O) 4 Stars for team work and initiative.

RSA Employee of the month

- Wessel van Wyk (National H/O) for best service, team work, sales support, initiative.

All Blue staff in all Blue countries can nominate a co-worker or staff member for a Blue Star award. Nominations should reach the HR Department before the 5th of every month. Please send a photograph and a detailed motivation to acknowledge those performers who live our Blue values. Read more about the Blue Star Recognition Scheme on the intranet or contact HR.



Pearl Lolwana



Charlene vd Schyff



Nico Diedericks



Elmary Samuel



Gerda du Preez



Wessel van Wyk



Robert Mwansa



Elsje Jordaan



Wayne Moodley



Donnevin Raath



Loreal Swartz



Anneline van Staden

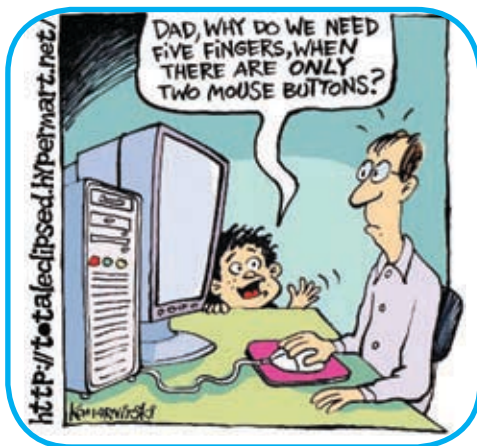


Branches of the Month - July

Congratulations to the following branches that made it to the top of the pops in their country. Your country's top branch could also be listed! Get your August winning branch to Bronwen at beckstein@icon.co.za before 8th September to be included.

- Botswana** - Mahalapye
- Uganda** - Arua
- Zambia** - Kabwe

More computer headaches



A woman customer called the Canon help desk with a problem with her printer.

Tech support: Are you running it under 'Windows'?

Customer: No, my desk is next to the door, but that is a good point. The man sitting in the cubicle next to me is under a window and his printer is working fine.

Tech support: OK Bob, let's press the control and escape keys at the same time. That brings up a task list in the middle of the screen. Now type the letter "P" to bring up the programme manager.

Customer: I don't have a P.

Tech support: On your keyboard, Bob.

Customer: What do you mean?

Tech support: "P"... on your keyboard, Bob.

Customer: I'M NOT GOING TO DO THAT!

This month's competition CUSTOMER SERVICE – WIN YOURSELF ZAR 250!

We are looking for ways your branch lives the Blue values. Send us an actual example from your branch or office to explain how your team delivers customer service (true stories please). Send the name of the customer and contact details so we can verify the story.

The usual prize of ZAR250 will go to the best real-life example. E-mail your answer to Bronwen at beckstein@icon.co.za or fax it to Werner Pretorius at +27 086 520 1595. Don't forget to put your name, branch name and country on your entry.

Competition closes on 10th September 2007. The winner will be paid in local currency at current rate of exchange. Go for it!

You can still enter...

Did you enter last month's two competitions? There is still time to enter. We have extended the cut-off date to 10th September, because the newsletters were delivered so late. So there's a chance to win ZAR250 x 3. Enter all three competitions before 10th September to qualify. Entries already received for August competitions will all go into the lucky draw.