US ROADSHOW PRESENTATION

PFG | Provident Financial Group

Highlights

CONTINUED GOOD PROGRESS

- Profit before tax up 12.2% to £162.1m and EPS up 14.0% to 89.6p
- Total dividend per share up 8.7% to 69.0p, 1.30 times covered and supported by strong capital generation
- Cautious approach to extending credit has continued to yield favourable impairment trends in both businesses
- Strong growth at Vanquis Bank backed by continued investment in customer acquisition programme
- Renewal of core bank facilities and retail deposits programme provide funding into 2015

Market conditions and business positioning – Home-collected Credit

MARKET CONDITIONS

- Competitive landscape unchanged
- Household disposable incomes under pressure from food, fuel and utility price increases
- Relatively cautious agent and customer behaviour is moderating the demand for credit
- Increase in unemployment less relevant to Home-collected Credit customer base as bias is towards more casual, temporary and part-time employment

BUSINESS POSITIONING

- Tighter credit standards applied to underwriting new customers and re-serving existing customers has improved credit quality and moderated growth
- Changes to agents' commission scheme has reinforced collections performance and focus on serving good-quality existing customers
- Business continues to seek opportunities for growth and greater operational efficiency

Market conditions and business positioning – Vanquis Bank

MARKET CONDITIONS

- Vanquis Bank remains the most active participant in the underserved non-standard credit card market
- Strong flow of applications from both direct mail and internet channels
- No discernable impact to date from rising UK unemployment

BUSINESS POSITIONING

- No change to tight underwriting and credit line increase criteria which is supporting record low delinquency and above target returns
- Higher growth driven by more intensive customer acquisition programme since mid-2010
- Credit standards will remain unchanged in a weakening employment market
- 2012 business plan assumes unemployment will rise to 3 million with some moderation in margins

Group – Profit before tax

Year ended 31 December	**2011 £m**	*2010 £m	Change £m
CCD:			
Home-collected Credit	**127.5**	**129.1	(1.6)
Real Personal Finance	**-**	(1.8)	1.8
Total CCD	**127.5**	127.3	0.2
Vanquis Bank	**44.2**	26.7	17.5
Central:			
- costs	**(10.2)**	(8.1)	(2.1)
- interest receivable/(payable)	**0.6**	(1.4)	2.0
Total central	**(9.6)**	(9.5)	(0.1)
Profit before tax	**162.1**	144.5	17.6
Earnings per share	**89.6p**	78.6p	+14.0%

* 2010 stated prior to an exceptional cost of £2.5m

** Home-collected Credit's 2010 financial year included a 53rd trading week which contributed approximately £2m to reported profit

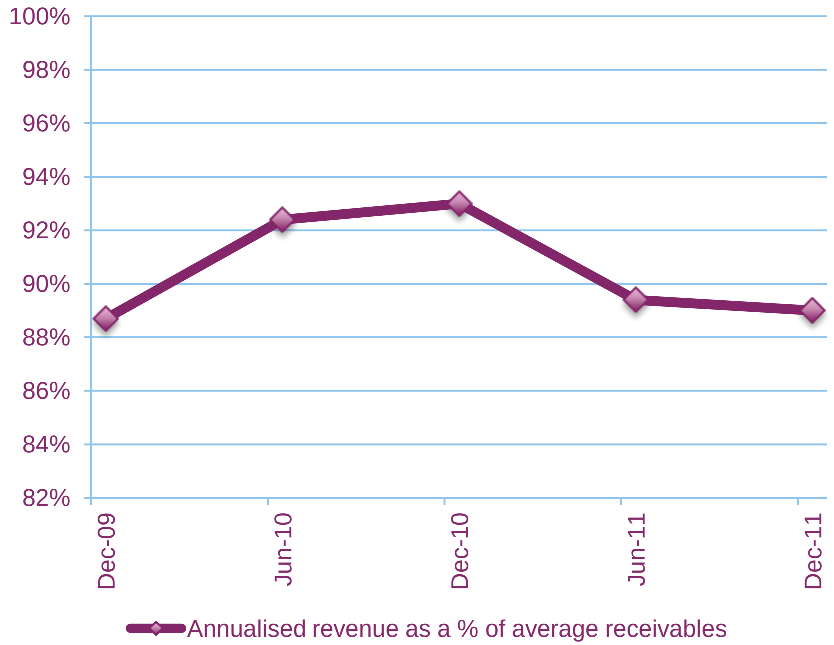
Home-collected Credit – Income statement

Year ended 31 December	**2011 (52 weeks) £m**	2010 (53 weeks) £m	Change %
Customer numbers ('000)	**1,825**	1,861	(1.9%)
Year-end receivables	**876.7**	867.2	1.1%
Average receivables	**783.4**	753.6	4.0%
Revenue	**697.1**	701.1	(0.6%)
Impairment	**(223.8)**	(230.6)	2.9%
Revenue less impairment	**473.3**	470.5	0.6%
*Revenue yield**	***89.0%***	*93.0%*	
*Impairment % revenue***	***32.1%***	*32.9%*	
Costs	**(298.8)**	(292.3)	(2.2%)
Interest	**(47.0)**	(49.1)	4.3%
Profit before tax	**127.5**	129.1	(1.2%)

* Revenue as a percentage of average receivables for the year ended 31 December

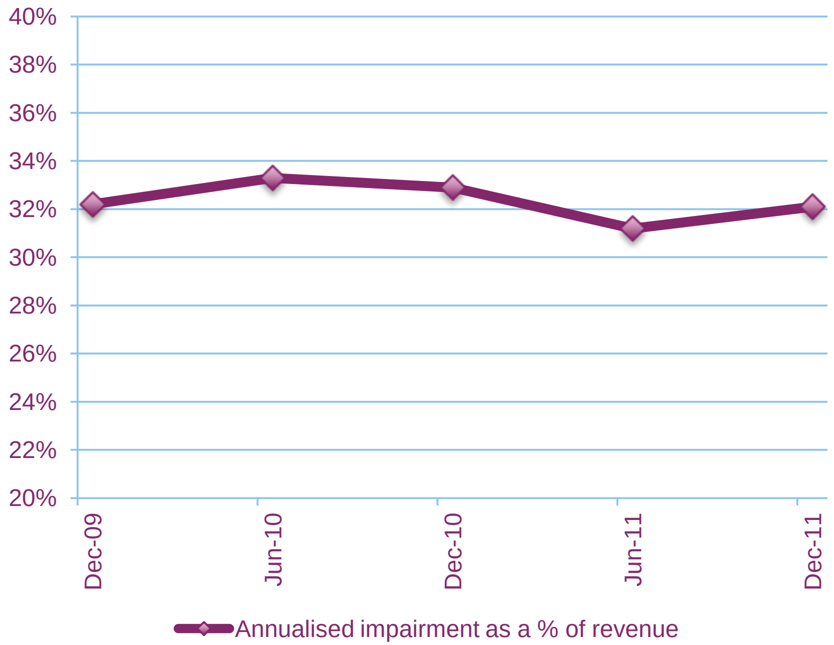
** Impairment as a percentage of revenue for the year ended 31 December

Home-collected Credit – Revenue yield



- Revenue yield moderated during first half of 2011 reflecting business plan to focus on serving good-quality existing customers who tend to be served with slightly longer term products
- Yield not expected to change significantly during 2012

Home-collected Credit – Impairment % revenue



- Improvement in impairment rates due to:
  - Tighter credit standards applied to new customers and re-serving existing customers
  - Enhanced arrears management from changes to agents' commission scheme
  - Emphasis on serving good-quality existing customers rather than new customer recruitment
- Collections performance and impairment rates are expected to remain stable

Home-collected Credit – Impairment policy

- Based on last 12 weeks payment performance
- Loans deemed impaired if more than 1 contractual weekly payment missed in previous 12 weeks
- 95%+ provision against loans for which no payment received in last 12 weeks
- **Timely, realistic provisioning which has been applied consistently and reinforces the right behaviour amongst agents and employees**

Home-collected Credit – IFRS 7 disclosures

As at 31 December	2011 %	2010 %
In order	**35.2**	36.1
In arrears:		
- past due but not impaired	**15.8**	16.1
- impaired	**49.0**	47.8
Total	**100.0**	100.0

- Based on contractual arrears
- Past due but not impaired includes customers who have missed 1 payment in last 12 weeks
- Marginal shift in profile reflects lower customer recruitment during seasonal peak

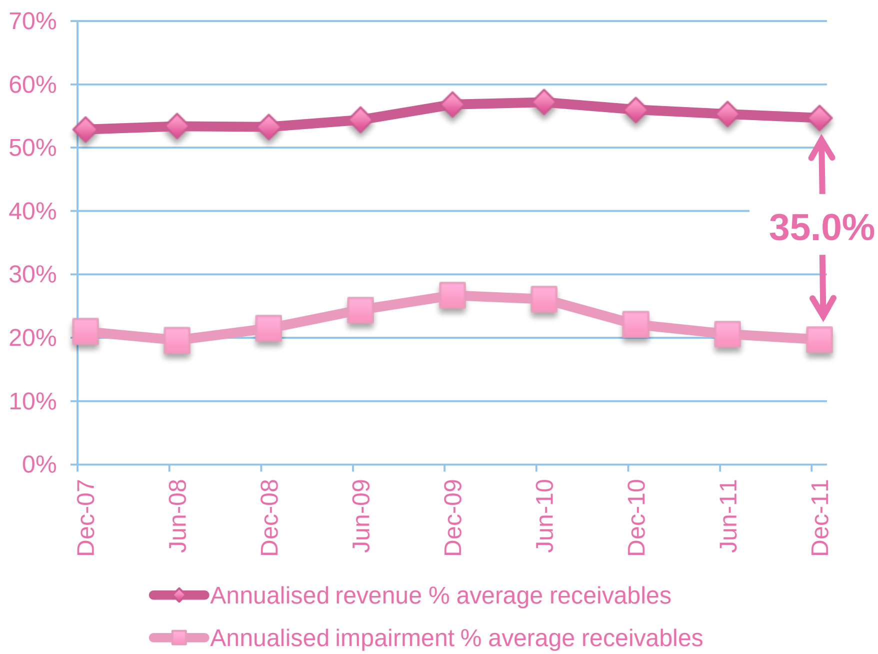
Vanquis Bank – Income statement

Year ended 31 December	2011 £m	2010 £m	Change %
Customer numbers ('000)	**691**	544	27.0%
Year-end receivables	**453.4**	345.0	31.4%
Average receivables	**391.2**	289.2	35.3%
Revenue	**213.7**	162.0	31.9%
Impairment	**(76.9)**	(63.9)	(20.3%)
Revenue less impairment	**136.8**	98.1	39.4%
*Risk-adjusted margin**	***35.0%***	*33.9%*	
*Impairment % revenue***	***36.0%***	*39.4%*	
Costs	**(69.4)**	(52.9)	(31.2%)
Interest	**(23.2)**	(18.5)	(25.4%)
Profit before tax	**44.2**	26.7	65.5%

* Revenue less impairment as a percentage of average receivables for the year ended 31 December

** Impairment as a percentage of revenue for the year ended 31 December

Vanquis Bank – Above target risk-adjusted margin



- Risk-adjusted margin inherently stable due to active management of:
  - Credit line utilisation to minimise contingent undrawn exposure (‘low and grow’)
  - Managing revenue yield through appropriate pricing for risk
- Risk-adjusted margin of 35.0% in 2011, well above minimum target of 30% due to:
  - Stable employment market in 2010 and 2011
  - Improvement in underlying quality of receivables book from consistently tight underwriting stance over last 2 years
- Reduction in delinquency rates has added £7m (2%) to risk-adjusted margin in 2011
- 2012 business plan assumes some moderation in risk-adjusted margin from unemployment rising to 3 million

Vanquis Bank – Impairment policy

- Loans deemed to be impaired as soon as 1 contractual monthly payment is missed
- Provision of over 80% made against accounts that are 90 days in arrears*
- **Realistic accounting policy applied consistently which is prudent when benchmarked against other card issuers**

* Subject to estimated realisations from central/third party recovery processes

Vanquis Bank – IFRS 7 disclosures

As at 31 December	**2011** **%**	2010 %
In order	**89.0**	86.5
In arrears:		
- past due but not impaired	**-**	-
- impaired	**11.0**	13.5
Total	**100.0**	100.0

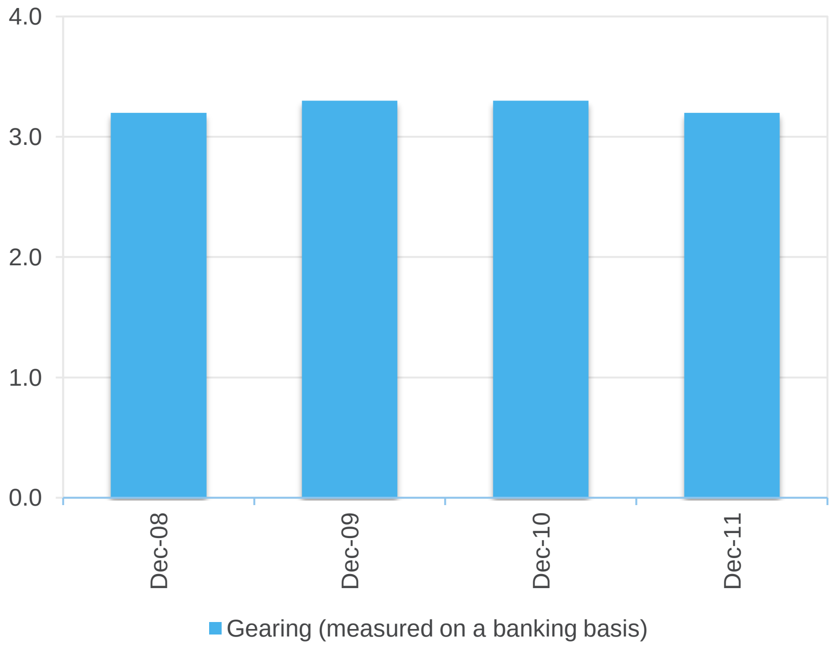
- Favourable change in profile reflects record low delinquency

Strong balance sheet

As at 31 December	**2011 £m**	2010 £m
Receivables:		
- Home-collected Credit	**876.7**	867.2
- Real Personal Finance	**2.6**	7.1
- Vanquis Bank	**453.4**	345.0
Total receivables	**1,332.7**	1,219.3
Pension asset	**13.5**	41.0
Liquid assets buffer	**17.5**	10.0
Debt funding	**(909.9)**	(964.9)
Retail deposits	**(139.7)**	-
Other	**12.1**	4.0
Net assets	**326.2**	309.4
Gearing* (times)	**3.2**	3.3

* On a banking basis equity excludes the pension asset and the fair value of derivatives both net of deferred tax

Modest gearing levels



- Gearing at December 2011 of 3.2 times versus a banking covenant of 5.0 times
- Strong capital generation has funded dividends and growth leaving gearing unchanged

Funding programme

- Executed 3-year strategic plan to establish a diversified, sustainable funding base
  - → New medium-term bond and private placement funding totalling £465m with an average remaining period to maturity of 7 years
  - → Retail deposits programme established to fund Vanquis Bank and its future growth with over £200m raised to date and current capacity of over £360m
  - → Renewed bank facility with core relationship banks of over £380m through to May 2015
- Over 90% of current funding put in place over last 30 months
- Debt facilities and retail deposits programme provide sufficient funding into 2015

Diversified funding base

As at 31 December 2011		Originated	£m	Post-renewal £m
Banks				
Core bank group		2010/2012	420	383
Non-extending overseas banks		2007	197	-
			617	**383**
Bonds and private placements				
Senior public bond		2009	250	250
M&G term loan		2011	100	100
Other sterling/euro medium term notes		2011	40	40
Retail bonds	- Issue 1	2010	25	25
	- Issue 2	2011	50	50
US private placements		Pre-2006	87	87
Residual subordinated loan notes		2005	6	6
			558	**558**
Vanquis Bank retail deposits		2011	**140**	***363**
Total committed facilities/funding capacity			**1,315**	**1,304**
Headroom			**288**	****266**

* Capacity to take retail deposits based on 80% of Vanquis Bank receivables of £453.4m at 31 December 2011

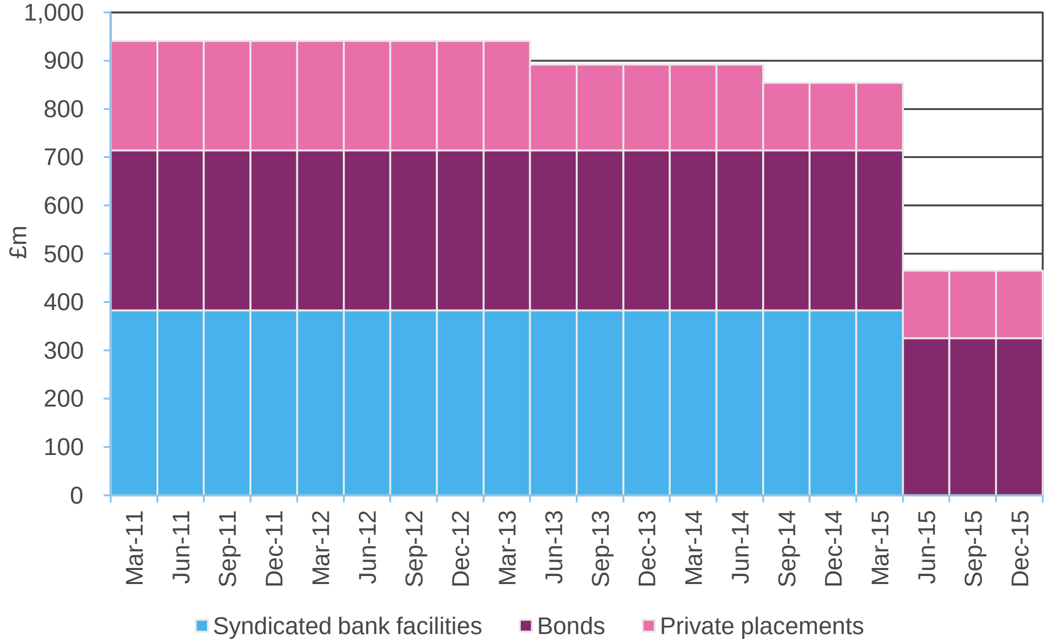
** After setting aside the liquid asset buffer - calculated as 15% of the additional deposits capacity multiplied by the FSA's transitional rate of 30%

Renewal of core bank facility

- Syndicate comprises group's core relationship banks
- All-in cost of funds very similar and terms, conditions and covenant package are consistent with previous facility

Covenant		**Limit**	**Performance in 2011**
Gearing		< 5.0 times	3.2 times
Interest cover		> 2.0 times	3.3 times
Net worth	- Group	> £220m	£323m
	- Excluding Vanquis Bank (new)	*> £140m*	*£221m*
Cash cover		> 1.1 times	1.34 times

Maturity profile of debt



- No further maturities in 2012
- 2013 and 2014 maturities restricted to £87m of private placements
- Headroom on committed facilities together with Vanquis Bank retail deposits programme provides funding into 2015
- Funding capacity through retail deposits grows in line with growth in Vanquis Bank’s receivables
- Continuing with programme to further diversify funding base as well as extend maturity profile of debt

Retail deposits programme

- Programme commenced in July
- Fixed term deposits of 1, 2, 3 and 5 years
- Redeemable only in the event of death or mandated legal reasons
- Target to build funding up to 80% of Vanquis Bank's receivables
- Offered through internet best-buy tables (e.g. moneyfacts.co.uk, moneysupermarket.com, moneysavingexpert.com)
- Depositors covered by the FSCS up to £85,000
- Platform outsourced to Newcastle Building Society

Fixed maturity profile

Profile and maturity of retail deposits

	Jul-11 £m	Aug-11 £m	Sep-11 £m	Oct-11 £m	Nov-11 £m	Dec-11 £m	Jan-12 £m	Feb-12* £m	Total £m	Rates %
Product										
1 year	0.1	7.8	18.5	1.7	0.5	4.0	5.3	2.4	40.3	3.15-3.45
2 year	-	0.3	19.4	2.9	6.3	45.6	11.6	4.8	90.9	3.49-3.98
3 year	-	-	-	2.1	7.0	9.2	12.8	9.1	40.2	3.88-4.15
5 year	-	-	-	1.0	5.9	7.4	11.1	7.7	33.1	4.46-4.65
Total	0.1	8.1	37.9	7.7	19.7	66.2	40.8	24.0	204.5	
Cumulative	0.1	8.2	46.1	53.8	73.5	139.7	180.5	204.5		

- Retail deposits programme initiated with 1-year product followed by 2-year product and then 3 and 5-year products
- Weighted average period to maturity of 24 months at December 2011 consistent with target when fully funded
- Deposits issued at rates of between 3.15% and 4.65%, consistent with previous guidance of an all-in average cost of less than 6%
- Full deposit funding of 80% of receivables requires monthly volumes of between £20m-£30m through the remainder of 2012

* As at 17 February 2012

Alignment of dividend policy, gearing and growth

High ROE businesses

Dividend Policy	**Gearing**	**Growth**
Cover ≥ 1.25x	3.5x versus covenant of 5.0x	Supports £110m+ receivables growth p.a

- Minimum retention of 20% of profits supports receivables growth of £110m at 3.5x gearing
- Current gearing of 3.2x within target

Strong capital generation

	2011 £m	2010 £m	2009 £m	2008 £m
Consumer Credit Division	**107.3**	93.3	67.6	66.9
Vanquis Bank	**14.8**	6.3	5.1	(5.0)
Central	**(12.0)**	(19.2)	(17.0)	1.6
Capital generated	**110.1**	80.4	55.7	63.5
Dividends payable	**(93.2)**	(84.9)	(84.5)	(84.0)
Capital retained/(absorbed)	**16.9**	(4.5)	(28.8)	(20.5)
Dividend cover (times)	**1.30**	*1.24	1.12	1.12
Gearing (times)	**3.2**	3.3	3.3	3.2

* 2010 stated prior to an exceptional cost of £2.5m.

- Group absorbed capital between 2008 and 2010 whilst dividend cover built to minimum target of 1.25 times
- Business generated sufficient capital in 2011 to fund growth, pay the group's dividend in respect of 2011 and retain surplus capital of £16.9m
- Gearing has remained stable since demerger

Vanquis Bank – Capital generation

	Capital generation £m	Equity £m	Receivables £m	Equity to receivables %
At 31 December 2010		70.5	345.0	20.4%
Profit before tax	**44.2**	44.2		
Tax	**(11.7)**	(11.7)		
Profit after tax	**32.5**	32.5		
To fund growth in receivables (20% x £108.4m)	**(21.7)**			
Other movements	**4.0**	3.5		
Surplus capital generated	**14.8**			
Dividends – July 2011	**(5.0)**	(5.0)		
Dividends – March 2012	**(5.0)**	(5.0)		
At 31 December 2011	**4.8**	96.5	453.4	21.3%

- Vanquis Bank is generating sufficient capital to fund its own growth and maintain its regulatory capital base
- Remitted first dividend of £5m to Provident Financial plc in July with a further £5m in respect of 2011 due to be paid in March 2012

Dividends

- 2011 full-year dividend of 69.0p per share (£93.2m)
- Increase of 8.7% on historical rate of 63.5p per share

  → 14% increase in 2011 EPS

  → Exceptionally strong capital generation of £110m

  → Strength of group’s funding and liquidity positions

  → Cover of 1.30 times versus minimum of 1.25 times

Regulatory update

- Implemented relevant parts of Irresponsible Lending Guidance for Creditors and the EU Directive on Consumer Credit by February 2011
- On 1 November 2011, FSA and OFT issued a joint consultation on proposed guidance in relation to payment protection products
  - Builds on high level guidance from FSA and reaffirms previous OFT guidance
  - Covers both insurance products (FSA regulated) and non-insurance products (generally OFT regulated) such as ROP product at Vanquis Bank
  - Final guidance expected in summer 2012
- On 21 November, Government published its response to HMT/BIS review of consumer credit and personal insolvency
  - Bristol University's Personal Finance Research Centre appointed to carry out research into impact of introducing a variable cap on total cost of credit
  - Update expected in spring 2012 and findings due summer 2012
- On 27 January 2012, Government published draft Financial Services Bill enabling creation of new regulatory architecture for financial services and transfer of responsibility for regulating consumer credit from OFT to FCA

Outlook

- Both businesses enter 2012 with benefit of very sound credit quality
- Credit standards will remain unchanged whilst pressure on customers' disposable incomes continues in an employment market that is displaying some weakness
- Group's funding position is extremely robust with renewal of core syndicated bank facility and Vanquis Bank's deposits programme providing headroom to meet all contractual debt maturities and execute in full on growth plans into 2015
- Focus in 2012 is to maintain tight credit standards whilst:
  - Developing opportunities for growth and greater operational effectiveness in CCD
  - Continuing to invest heavily in customer acquisition programme in Vanquis Bank
- First two months of 2012 has seen a robust collections performance in CCD and continued strong performance from Vanquis Bank

Investment case – Vanquis Bank potential

- Vanquis Bank has the potential to accrue significant value for shareholders
- Strong investment in developing the customer base:
  - Should support continuing receivables growth at a similar level to recent years (c.£75m-£100m p.a.)
  - Whilst maintaining tight underwriting and a post-tax ROE of 30-35%
- We believe that Vanquis Bank has the potential for:
  - 1.0 to 1.2 million customers with
  - An average balance of between £800-£1,000
  - Generating £1bn of receivables
  - Development of further revenue streams
- Progress will be dictated by:
  - Economic conditions
  - Emergence of competition
  - Maintaining targeted return on equity of at least 30%

Investment case – Group

- Non-standard credit market will remain the domain of specialists
- An attractive business model:
  - Home-collected Credit business with opportunities for growth
    - Growing agent capacity
    - Expanding the footprint
  - Strong, profitable and capital generative growth in Vanquis Bank
- Resilient to current market conditions and regulatory environment
- High ROE businesses which are very capital generative
  - Supports a high payout ratio and a progressive dividend policy
- Strong balance sheet and prudent funding

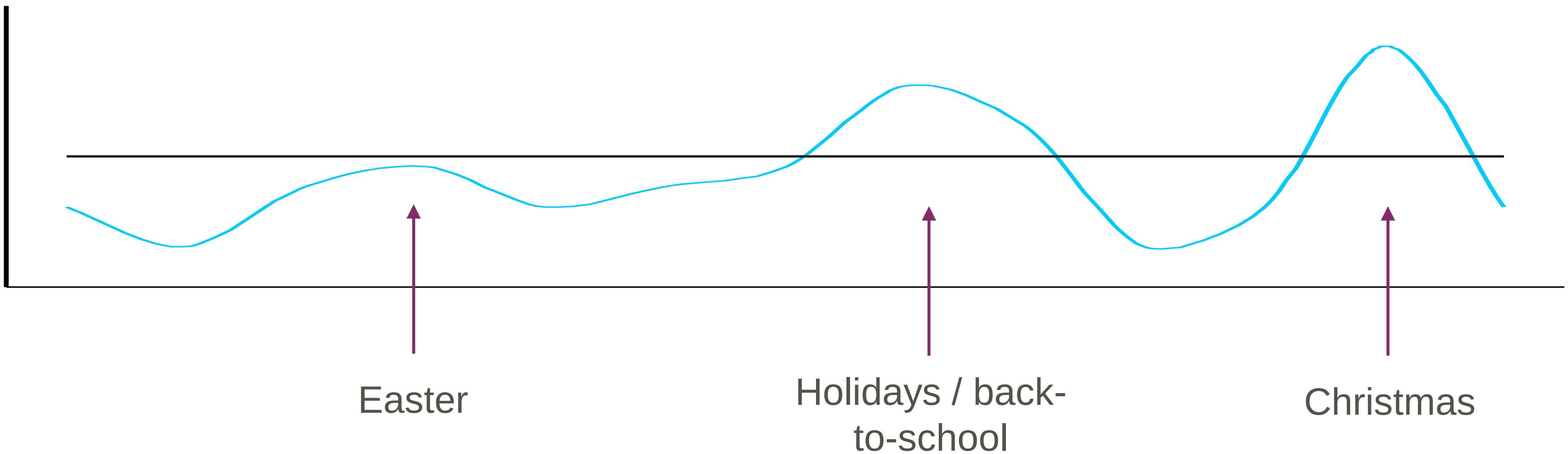
APPENDIX

Home-collected Credit – Providing a valued community service

- Community based model – business conducted face-to-face by agents who typically live in the communities they serve
- Provides access to credit for those who might otherwise be financially excluded
- Endorsement from key regulatory bodies
- Over 90% of customers are satisfied or very satisfied with Provident’s Home-collected Credit service
- Member of the Dow Jones Sustainability World Index, the Dow Jones STOXX Sustainability Index and the FTSE4Good Index
- Received maximum rating score of 100 and ranked joint first globally amongst financial services companies in the FTSE4Good Index Series

Meeting the needs of the community with exceptionally high levels of customer satisfaction

Home-collected Credit – Providing a valued community service



<u>Typical uses of Home-collected Credit:</u>

- Seasonal expenditure ✓
- One-off purchases ✓
  (e.g. major appliances or unexpected car repairs)
- Day-to-day living expenses ✘

Home-collected Credit – Business dynamics

Simple, transparent financial products	• Small (typically £500), short-term (typically 1 year) and affordable (typically £17 per week) unsecured loans • Fixed weekly repayments that do not change, even if payments are missed. No hidden charges, arrangement fees or penalties • Products are priced appropriately to reflect in particular the size of the loans, the method of collection and the risk of default
Strong customer relationships	• Weekly face-to-face visits between agent and customer (90 million visits each year) build strong and trusted relationships, which drives robust underwriting, customer satisfaction and collections performance
Market-leading position	• c.60% market share allows our 10,500 agents to have enormous knowledge of the local environment, but also with a national support and credit systems framework
Operational structure	• Hierarchical field structure provides a robust framework to control and manage the network of agents with weekly review meetings • Important to ensure sufficient operational resource to manage collections, through the cycle, for lending made • Extremely responsive to changes in local economic environment
Strong control environment	• Agent commission almost entirely based on collections and not lending • Managed and operated as a cash-based business • Extensive independent audit checks on agents and field network

Vanquis Bank – Revolving, VISA-branded credit card

- Developed organically, rolled-out in 2005
- Holds a banking licence and regulated by the FSA
- Broke even in 2007
- Strong profits growth through the economic downturn
- Over 700,000 UK customers
- Small credit lines focussed upon customers with limited over indebtedness
- High levels of credit utilisation
- Typical APR 39.9%
- Yield on receivables book >50%
- Commenced retail deposit taking in July 2011
- Potential to grow to 1m – 1.2m customers with a receivables book of £1bn

Vanquis Bank – Business dynamics

Low and Grow strategy	• Customers are introduced with a small credit limit (typically £250) • Growth in balance, dependent upon performance, to average credit line of circa £950
Targeted customer profile	• Typical customers are non homeowners with an annual income of £15k to £30k with low levels of other indebtedness • Customer segment is well understood and the risk is priced accordingly (typical APR 39.9%)
Sophisticated underwriting techniques and high quality MI	• Balanced scorecard with credit reference information for all applications • Low and grow strategy means that behavioural scorecard is used for large portion of the exposure
Conservative approach to risk	• 80% decline rate reflects the desire to maintain quality and specific target market • Relatively low average balances (c.£650) and minimum monthly repayment (c.£30) • Proactive management of card utilisation (75-80%) and undrawn line exposure
Competitive position	• Mainstream competitors have exited the market and, therefore, customers typically have limited other sources of credit available • Potential to grow to 1m – 1.2m customers with a receivables book of £1bn

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