



PROVIDENT FINANCIAL



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Interim results to 30 June 2003

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“Strong improvement in international division’s profit”

- > Operations in most central European towns and cities
- > 1.1 million customers
- > Poland and Czech Republic pre-tax profit of £31m in 12 months to June 2003
- > On course for medium term targets
- > Substantial shareholder value created

Provident Financial

Strategy

We aim to be a leading international provider of simple financial services

- > Serving customers earning moderate incomes
- > Growing by:
 - international expansion
 - broader range of credit products
- > Focus for next 18 months is on delivering value from existing businesses and from initiatives already announced

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Highlights: 2003 interim results

Performance in line with expectations

- > UK home credit: modest profit growth
- > Yes Car Credit: strong growth in sales and profit
- > Credit cards: successfully launched market test
- > Motor insurance: profits reduced in line with expectations
- > International: delivering excellent results

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Divisional results

Half-year ended 30 June

	2003 £m	2002 £m	change %
UK home credit	63.6	62.0	2.6
Yes Car Credit	4.5	-	-
Vanquis Bank	(3.4)	-	-
International	9.9	1.1	840.8
Motor insurance	14.7	18.0	(18.7)
Business sold*	-	1.0	-
Central costs	(7.3)	(7.4)	1.8
<hr/> Pre-exceptional profit before tax and goodwill	82.0	74.7	9.9
<hr/> Pre-exceptional earnings per share	22.89p	21.79p	5.0
Interim dividend	13.10p	12.46p	5.1

*Colonnade Insurance Brokers

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UK consumer credit: 2003 interim results



UK consumer credit

Home credit: overview

- > Progress in a mature market
- > Customers better off, borrowing less frequently
- > Working harder to recruit more customers
- > Balancing growth, costs and bad debt
- > Increase in bad debts, but optimum profit outcome
- > Modest profit growth: strong cash generation

UK consumer credit

Home credit: 2003 interim results

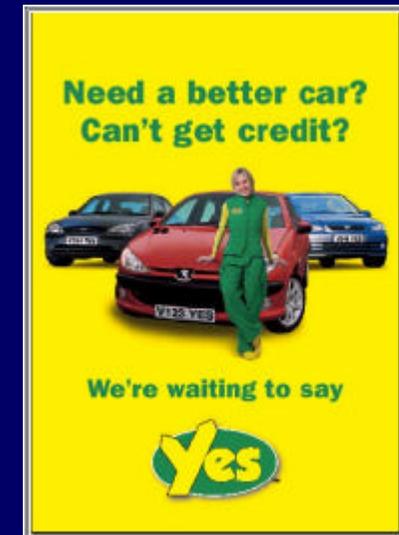
	2003	2002	change %
Customer numbers ('000)	1,608	1,574	2.2
Credit issued (£m)	390	396	(1.5)
Collections (£m)	660	651	1.3
Turnover (£m)	238	232	2.6
Bad debt (£m)	51.2	46.7	9.4
Operating costs (£m)	114.5	113.6	0.8
Interest (£m)	8.7	9.7	(9.8)
Profit before tax (£m)	63.6	62.0	2.6

6 months to 30 June

UK consumer credit

Yes Car Credit: overview

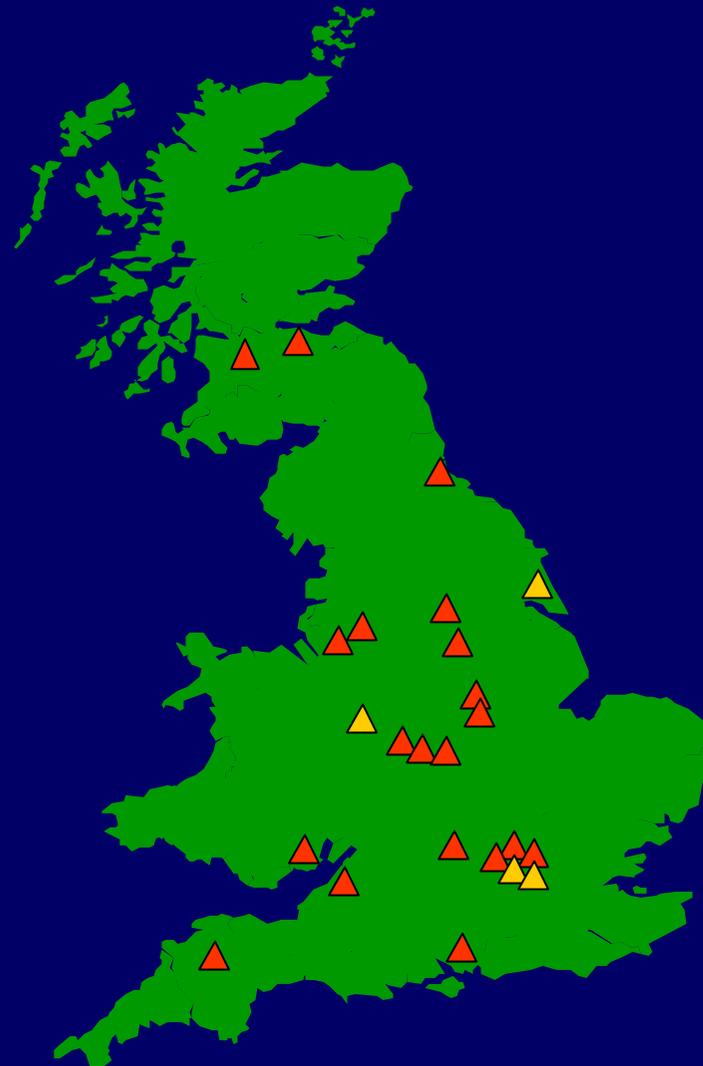
- > Successfully integrated into the group
- > Increase in % of car sales financed in-house
- > Increased branch network
- > Substantial growth in turnover
- > Substantial growth in profit



UK consumer credit

Yes Car Credit: branch network

- > New branch openings
- > Network increased to 24



UK consumer credit

Yes Car Credit: 2003 interim results

	2003	2002 Pro-forma	change %
Cars sold	17,600	15,716	12
Cars financed in-house	15,819	11,327	40
% financed in-house	90%	72%	18
Customer receivables (£m)	204	149	37
Turnover (£m)	123	101	23
Bad debt charge as % of average net receivables (MAT)	14.3%	15.3%	(1)
Profit before tax (£m)	4.5	3.4	35

6 months to 30 June

UK consumer credit

Vanquis Bank: overview

- > Market test commenced April 2003
- > Cards now in issue
- > Data is being collected to assess whether to roll-out



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International home credit: 2003 interim results



Poland



Czech
Republic



Slovakia



Hungary

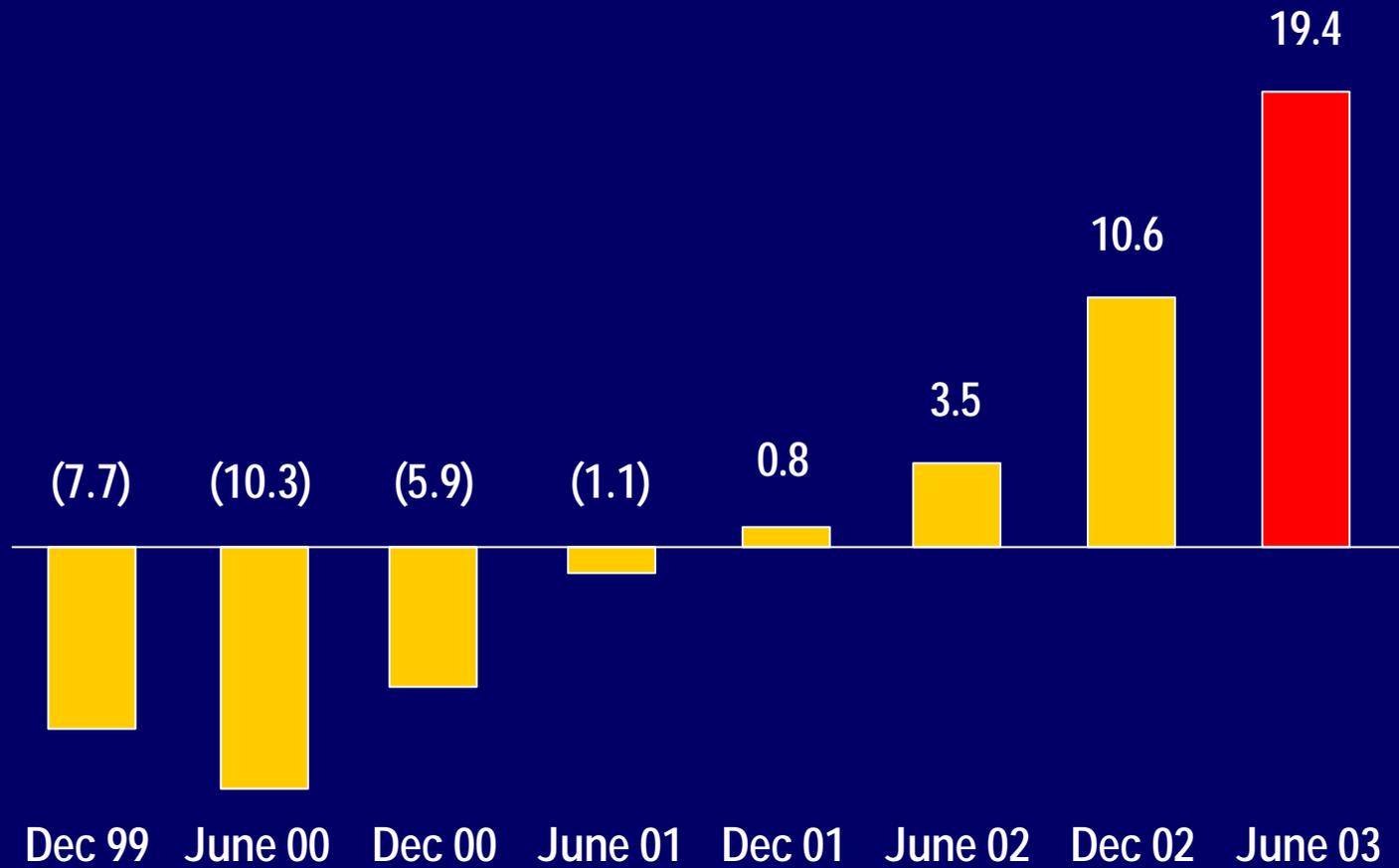


Mexico

- > Substantial growth in customers, credit issued and profit
- > Pilot home credit operation in Mexico, Q3 2003

International home credit

Annual profits/(losses) since 1999 (£m)



International home credit

International home credit: 2003 interim results

	2003	2002	change %
Customer numbers ('000)	1,081	806	34
Credit issued (£m)	162	125	29
Collections (£m)	221	162	37
Turnover (£m)	90	65	39
Bad debt (£m)	19.9	13.8	45
Operating costs (£m)	50.5	41.7	21
Interest (£m)	9.8	8.5	16
Profit before tax (£m)	9.9	1.1	841
% of turnover	11%	2%	9

6 months to 30 June

International home credit

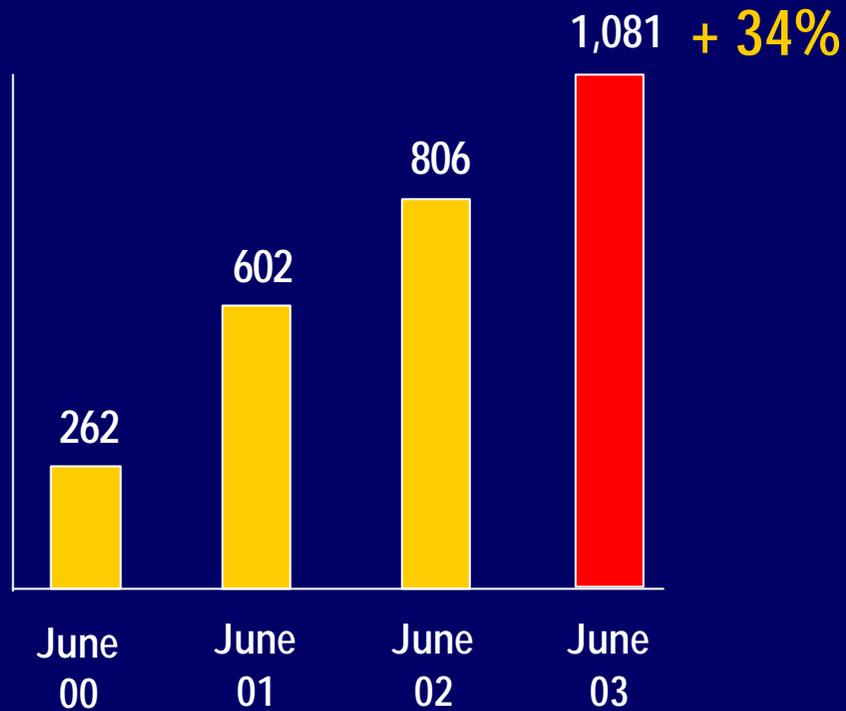
Profit/(loss) before tax

	2003	2002	change
	£m	£m	%
Poland	11.4	4.4	157
Czech Republic	4.0	1.9	108
Hungary	(1.6)	(1.6)	-
Slovakia	(1.0)	(1.0)	-
Divisional overhead	(2.9)	(2.6)	9
Profit	9.9	1.1	841

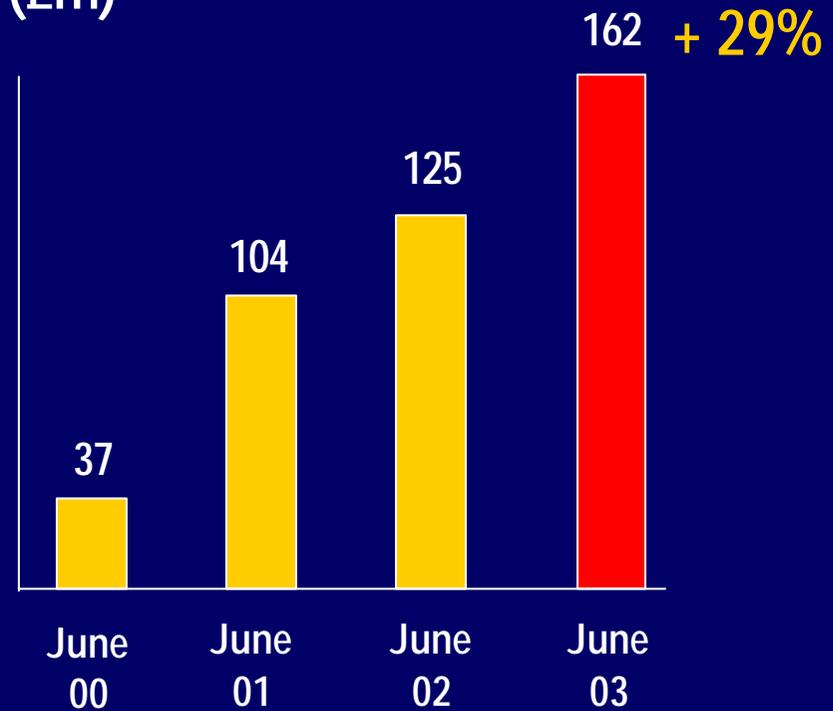
International home credit

Strong customer & credit issued growth

Customers at 30 June ('000)



Credit issued six months to 30 June (£m)



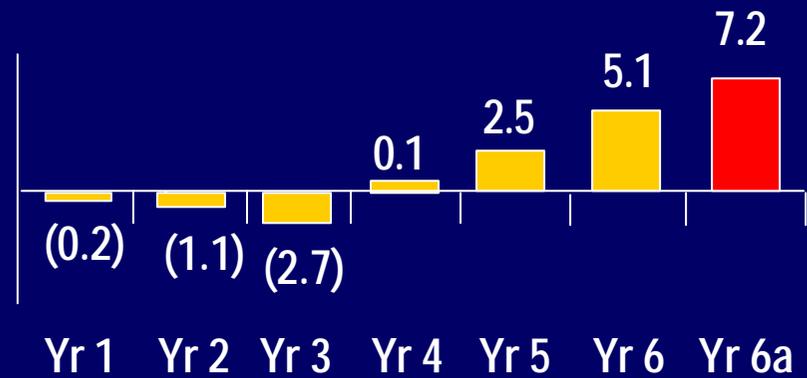
International home credit

Annual profits

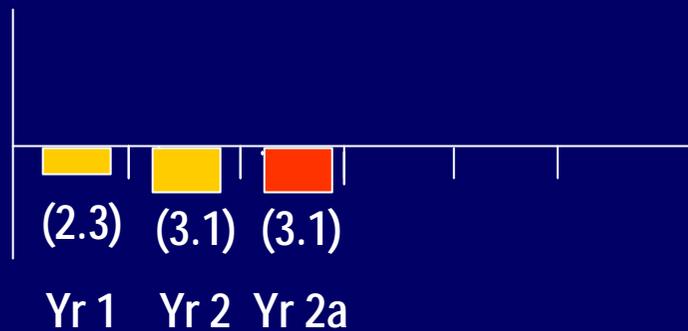
Poland (£m)



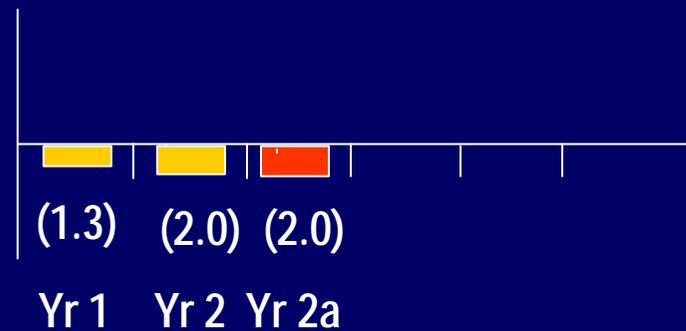
Czech Republic (£m)



Hungary (£m)



Slovakia (£m)



International home credit

Mexico: pilot commences Q3 2003

- > Preparations for pilot are well advanced
- > Expect to make first loan in Q3 2003



International home credit

Poland: targets and progress to date

> Profit target: £60m p.a.



International home credit

Poland: targets

- > Population 39 million
- > Customers 1 million
- > Annual credit issued per customer £400
- > Annual profit per customer £60
- > Annual profit £60m

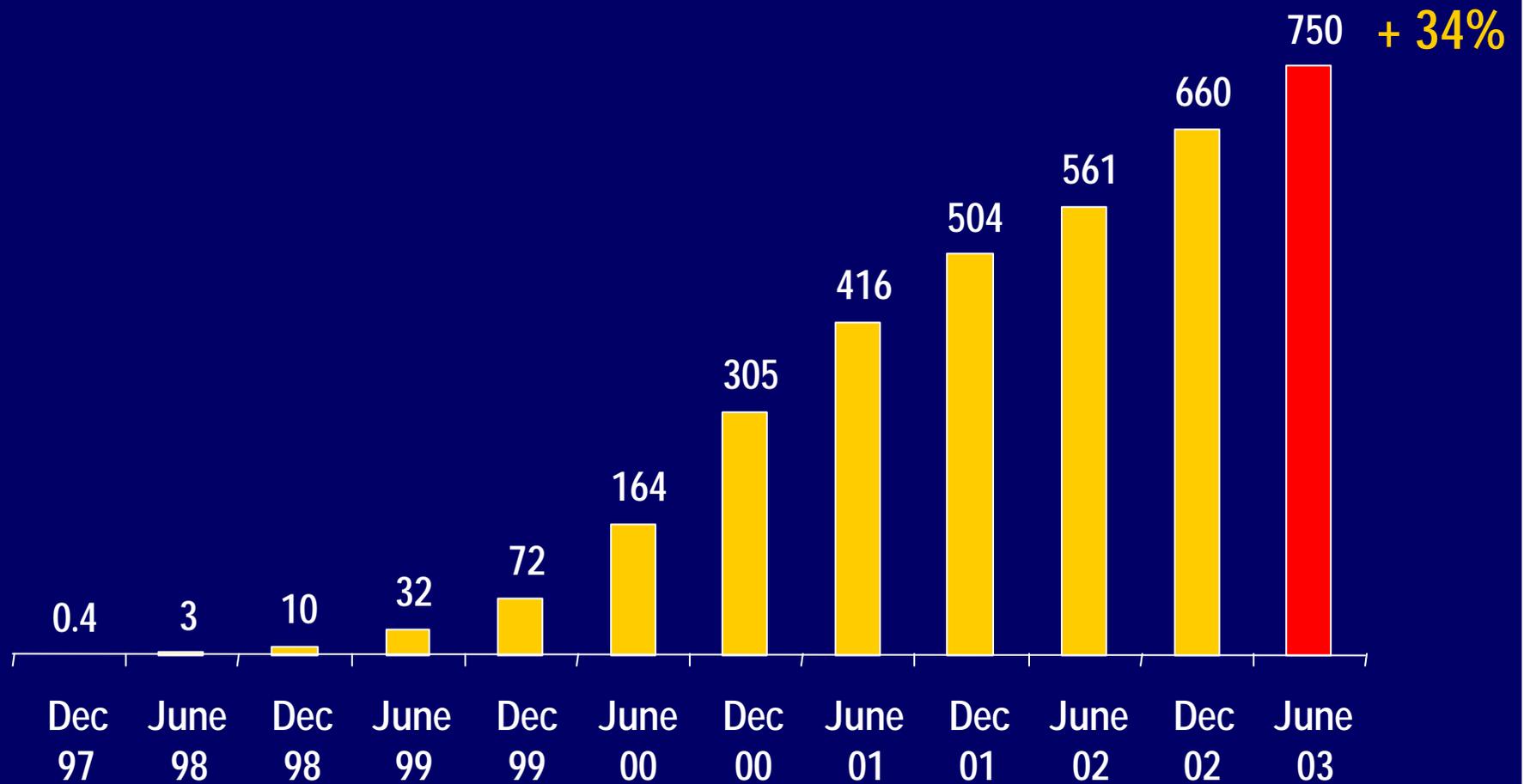
International home credit

Poland: key performance drivers

	12 months to 30 June 2003		Target
> Customer growth	750,000	⇒	1,000,000
> Issue per customer	£338	⇒	£400
> Gross revenue margin	54%	⇒	55%
> Costs as % of revenue	80%	⇒	73%
> Annual profit per customer	£37	⇒	£60
> Annual profit	£23.7m	⇒	£60m

International home credit

Poland: customers ('000)



International home credit

Poland: credit issued per customer

- > Target increase: £338 \Rightarrow £400
- > Loan sizes increase as customer base matures
- > Confident of reaching target

International home credit

Poland: gross revenue margin

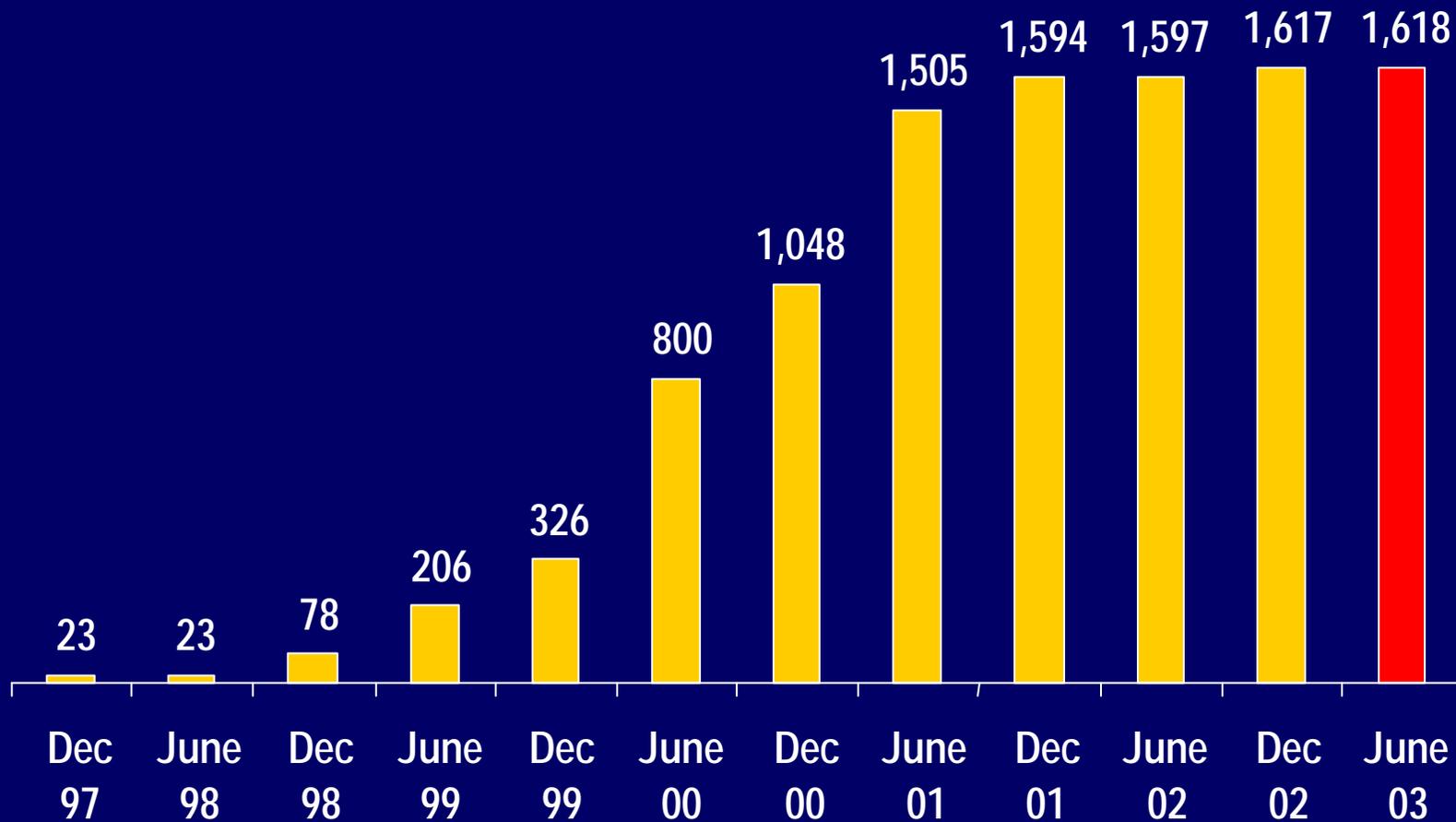
- > Target: 55%
- > Current: 54%
- > Margin to rise as customer base matures

International home credit

Poland: employee-related costs

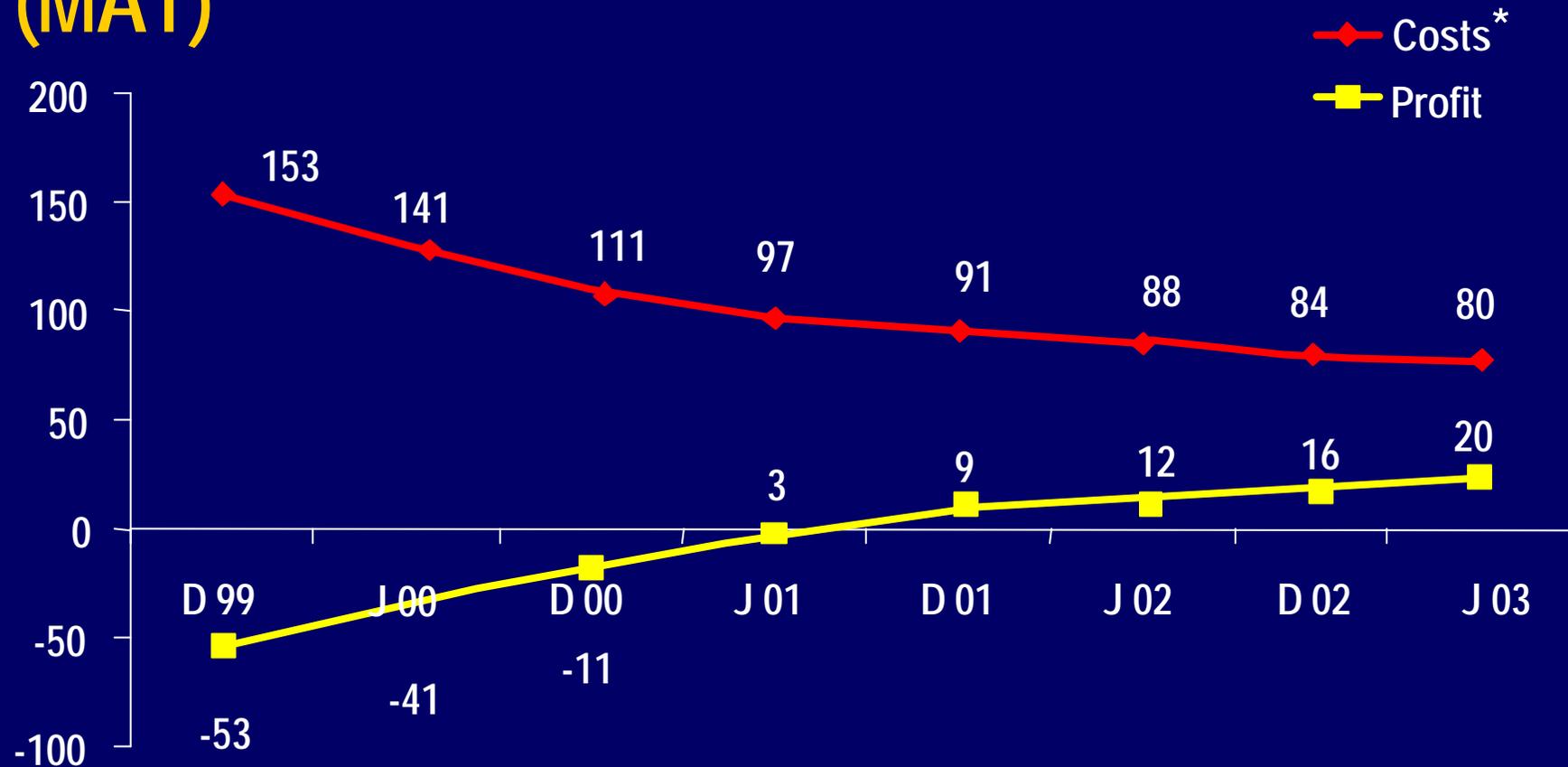
Employee growth

+ 1.3%



International home credit

Poland: costs and profit as a % of revenue (MAT)



* Commission, bad debt, interest, expenses

International home credit

Poland: profits

(£m)



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Regulation

- > Proposal for revision of EU Consumer Credit Directive
- > Review of UK Consumer Credit Act
- > Interest rate ceiling not favoured by DTI and not required by EU

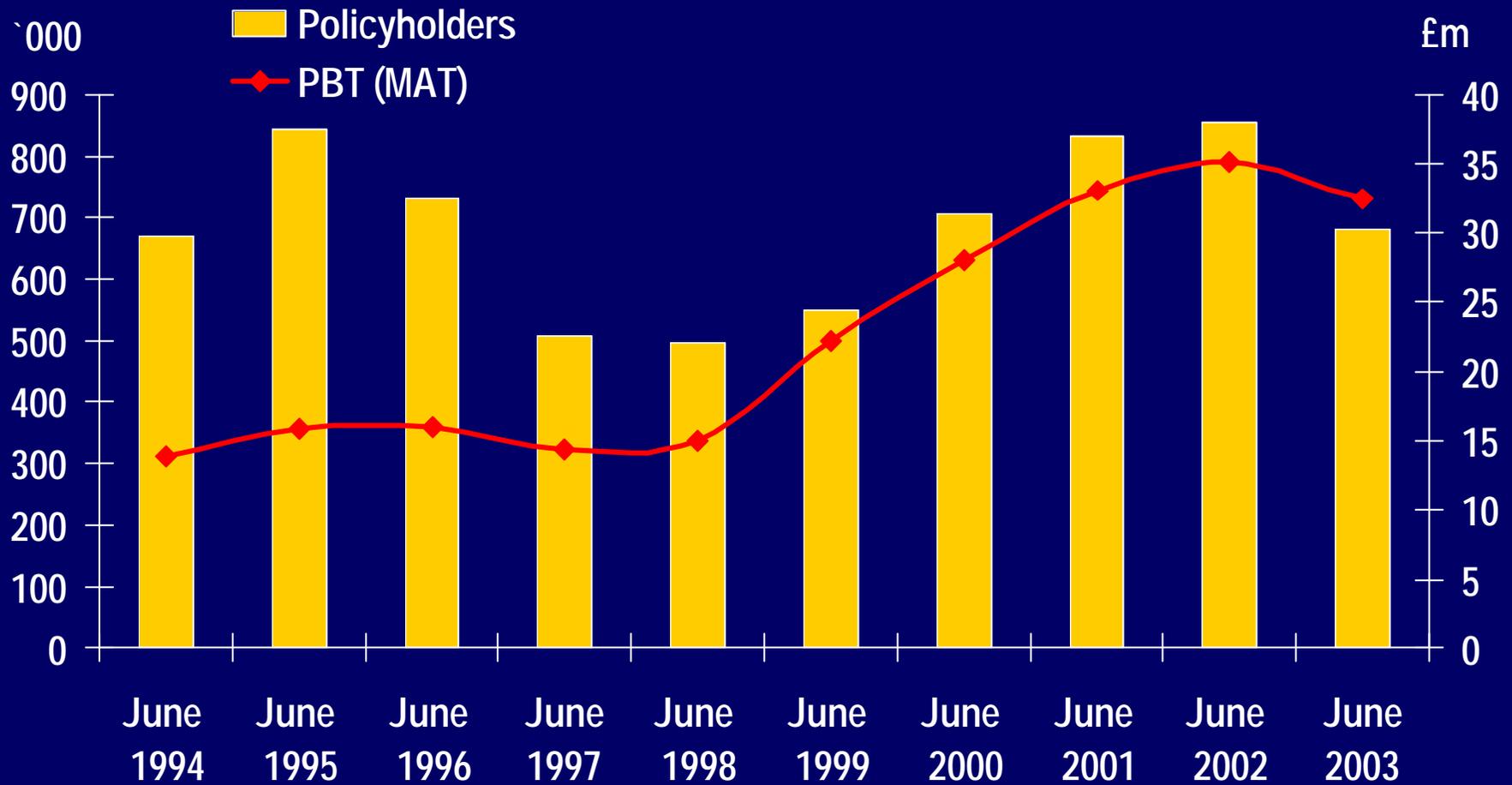
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Motor insurance: 2003 interim results



Motor insurance

The insurance cycle



Motor insurance

Motor insurance: overview

- > Cyclical downturn continues
- > Market premiums down, claims costs up
- > Continued with our policy of pricing for an adequate return
- > Fewer policies written
- > Reduced operating costs
- > Profits reduced in line with expectations

Motor insurance

Motor insurance: 2003 interim results

	2003	2002	change
	£m	£m	%
Gross written premium	107	147	(27)
Gross earned premium	116	133	(13)
Underwriting profit	2.4	6.2	(62)
Combined ratio (%)	98	95	3
Investment income	12.3	11.8	4
Profit before tax	14.7	18.0	(19)
Average investment fund	468	439	7
Investment yield	5.2%	5.4%	

6 months to 30 June

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Group prospects for 2003

- > Modest growth for UK home credit
- > Yes Car Credit to deliver planned growth
- > £8m full year cost for credit card test
- > Lower profits from motor insurance
- > Further substantial growth from international

“We have made good progress in the first half of 2003 and we expect this to continue during the second half of the year”



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International home credit

Appendix

Poland: key statistics

	2003	2002	change %
Customer numbers ('000)	750	561	33.8
Credit issued	£107.2m	£87.9m	22.0
Average credit issued per customer (MAT)	£338	£343	(1.5)
Collections	£150.0m	£116.5m	28.7
Net receivables at June	£119.5m	£89.6m	33.3

6 months to 30 June

International home credit

Appendix

Poland: profit and loss account

	2003 £m	2002 £m	change %
Turnover	62.5	47.6	31.2
Operating costs	30.0	26.6	12.5
Bad debt	13.8	9.8	41.5
Bad debt % of credit issued (MAT)	10.2%	9.3%	0.9
Interest payable	7.3	6.8	7.2
Profit	11.4	4.4	157.4
Profit margin	18.2%	9.3%	8.9

6 months to 30 June

International home credit

Appendix

Czech Republic: key statistics

	2003	2002	change %
Customer numbers ('000)	212	206	3.2
Credit issued	£33.5m	£31.8m	5.3
Average credit issued per customer (MAT)	£337	£310	8.7
Collections	£50.4m	£40.1m	25.6
Net receivables at June	£40.2m	£33.6m	19.6

6 months to 30 June

Czech Republic: profit and loss account

	2003 £m	2002 £m	change %
Turnover	19.1	15.5	23.3
Operating costs	9.4	9.1	3.4
Bad debt	4.4	3.5	25.0
Bad debt % of credit issued (MAT)	12.0%	11.3%	0.7
Interest payable	1.3	1.0	33.0
Profit	4.0	1.9	108.1
Profit margin	21.0%	12.4%	8.6

International home credit

Appendix

Hungary: key statistics

	2003	2002	change %
Customer numbers ('000)	80	27	196.2
Credit issued	£15.4m	£4.1m	271.6
Average credit issued per customer (MAT)	£485	£511	(5.1)
Collections	£15.5m	£3.5m	336.5
Net receivables at June	£11.6m	£2.9m	300.0

International home credit

Appendix

Hungary: profit and loss account

	2003 £m	2002 £m	change %
Turnover	6.3	1.5	335.8
Operating costs	6.1	2.6	136.9
Bad debt	1.2	0.3	267.2
Bad debt % of credit issued (MAT)	8.0%	8.0%	-
Interest payable	0.6	0.2	242.8
<hr/> Loss	<hr/> (1.6)	<hr/> (1.6)	<hr/> -

6 months to 30 June

International home credit

Appendix

Slovakia: key statistics

	2003	2002	change %
Customer numbers ('000)	39	12	220.3
Credit issued	£5.5m	£1.5m	276.6
Average credit issued per customer (MAT)	£359	£396	(9.3)
Collections	£5.5m	£1.4m	295.1
Net receivables at June	£4.3m	£0.8m	437.5

6 months to 30 June

International home credit

Appendix

Slovakia: profit and loss account

	2003 £m	2002 £m	change %
Turnover	2.2	0.5	357.8
Operating costs	2.5	1.3	90.8
Bad debt	0.4	0.1	276.3
Bad debt % of credit issued (MAT)	8.0%	8.0%	-
Interest payable	0.3	0.1	193.0
<hr/> Loss	<hr/> (1.0)	<hr/> (1.0)	<hr/> -

6 months to 30 June



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