

Provident Financial

Interim results to 30 June 2002

Provident Financial Overview

- > UK home credit – steady growth
- > Motor insurance – better than expected
- > International home credit – excellent performance

Provident Financial

Divisional results

Half year ended 30 June	2002	2001	change
	£m	£m	£m
UK home credit	62.0	61.3	0.7
International	1.1	(1.6)	2.7
Motor insurance	18.0	17.9	0.1
Businesses sold or closed*	1.0	(1.0)	2.0
Central costs	(7.5)	(6.4)	(1.1)
Pre-exceptional profit before tax	74.6	70.2	4.4
Pre-exceptional earnings per share	21.76p	20.52p	6%
Interim dividend	12.46p	11.75p	6%

*includes Provident balance, South Africa and Colonnade Insurance Brokers

Motor insurance

2002 interim results



Motor insurance

2002 interim results

Profit before tax (£m)

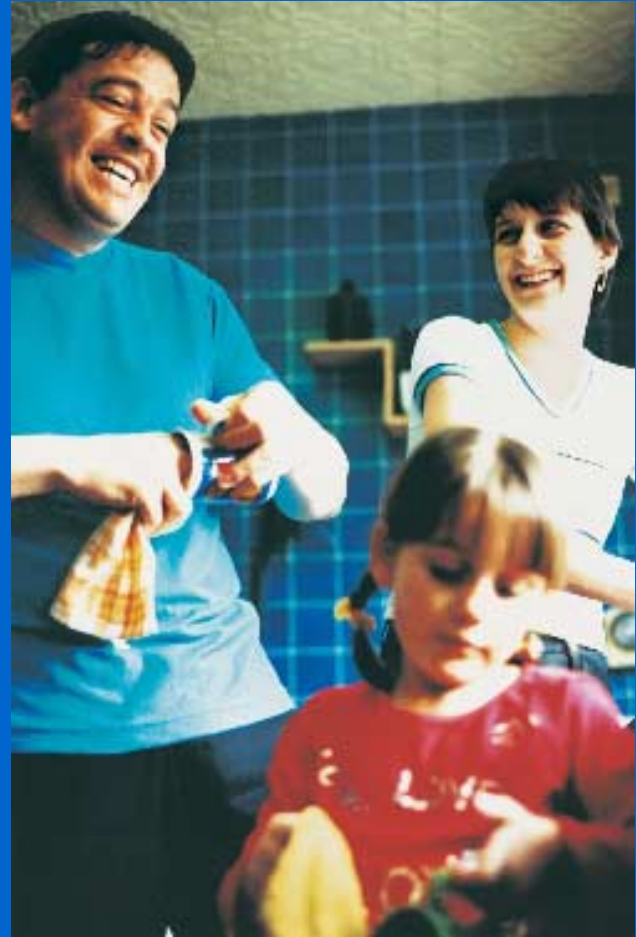
	2002	2001	change
Underwriting profit	6.2	6.8	(7.9%)
Investment income	11.8	11.1	5.6%
<hr/>			
Profit from motor underwriting	18.0	17.9	0.5%
<hr/>			

Motor insurance

Highlights

- > Market premium rates up 3%, our premium rates up 5%
- > Policyholders up 3% to 855,000
- > Gross written premiums up 18% to £147m
- > Claims inflation up an average of 7% (H1, 2001 8%)
- > Combined ratio at 96% (H1, 2001 94%)
- > Investment fund up 20% to £462m
- > Investment yield down 0.8% to 5.4%
- > Pre-tax profit margin down 2% to 14%
- > Profit up £0.1m to £18m (H1, 2001 £17.9m)

UK home credit 2002 interim results



UK home credit

Results for H1, 2002

	2002	2001	change
Agents	12,642	12,111	4.4%
Customers (m)	1.574	1.540	2.2%
Credit issued (£m)	396.2	390.6	1.4%
Collections (£m)	651.1	634.1	2.7%
Turnover (£m)	232.0	224.3	3.5%
Bad debt (£m)	46.7	41.0	14.1%
Bad debt % credit issued (MAT)	8.9%	8.2%	
Operating costs (£m)	113.6	111.4	2.0%
Interest (£m)	9.7	10.6	(8.8%)
<hr/> Profit (£m) <hr/>	<hr/> 62.0 <hr/>	<hr/> 61.3 <hr/>	<hr/> 1.1% <hr/>

6 months to 30 June

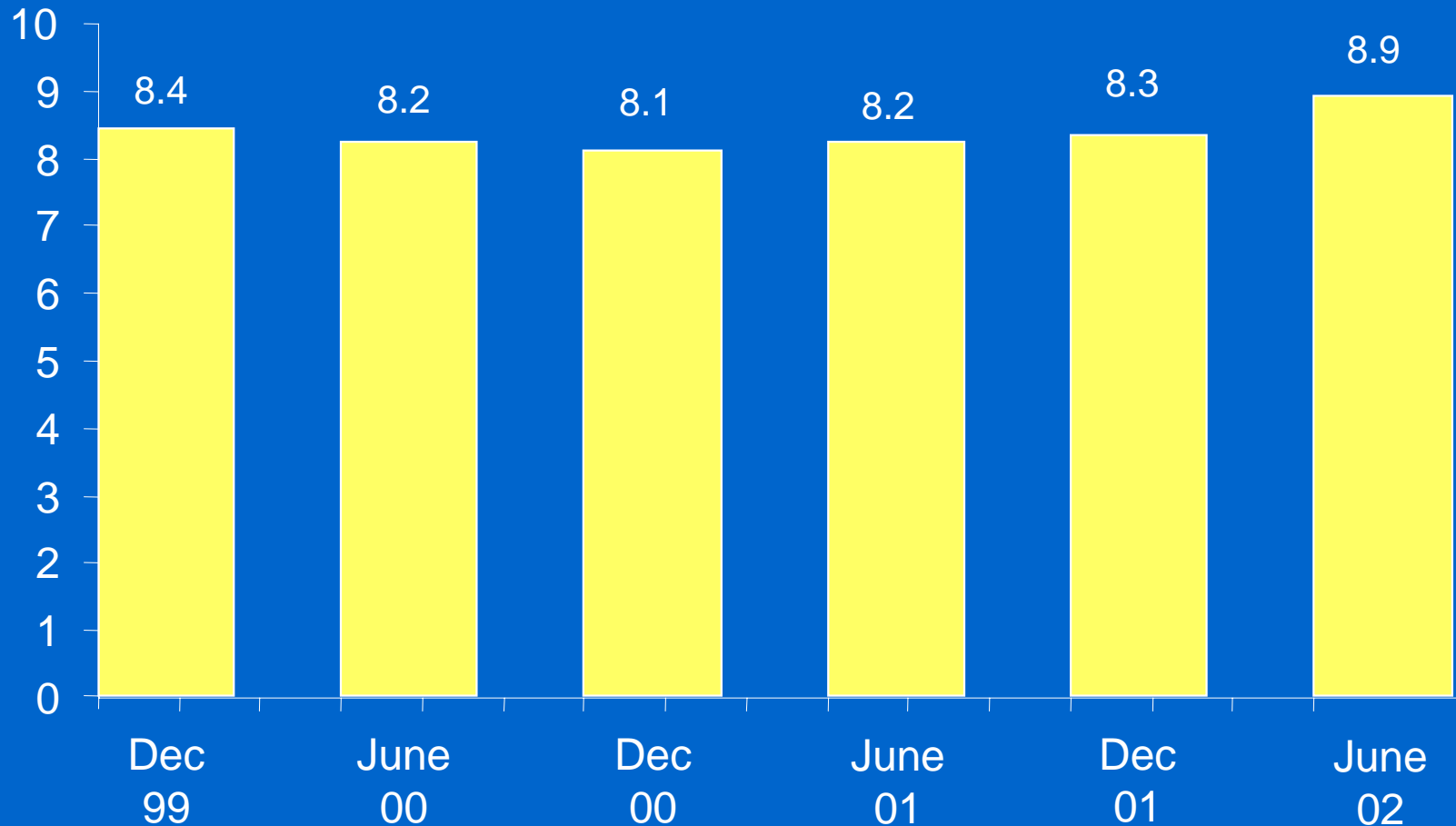
UK home credit

Catalogue produces good results

- > 44,000 new customers recruited in last 12 months
- > £10.5m extra sales in last 12 months
- > Systems improved in H1, 2002
- > Re-launched in May 2002
- > Further growth expected in H2, 2002

UK home credit

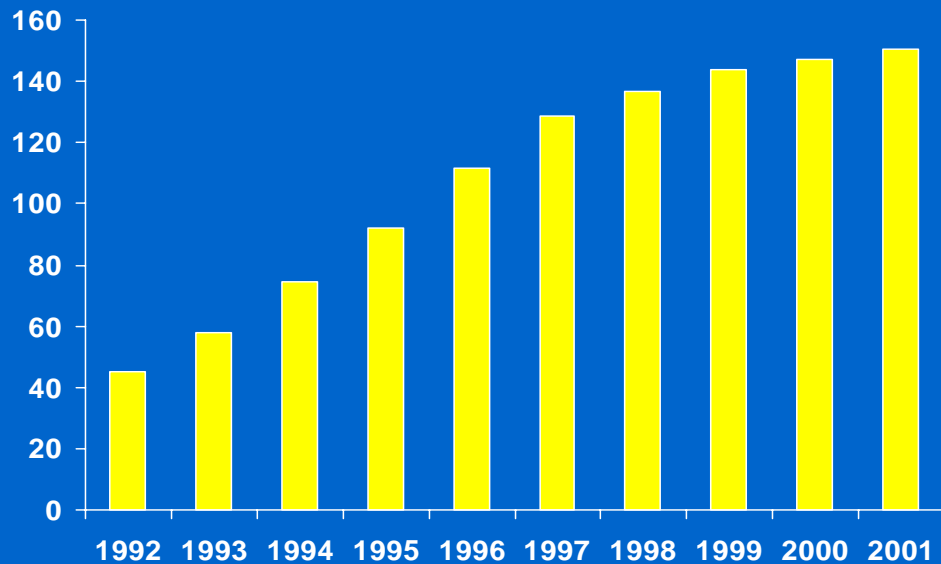
Bad debt as a percentage of credit issued (MAT)



UK home credit

A market leading business generating steady, reliable growth

Pre-tax profit (£m)



- > Long record of profit growth
- > Strong market position
- > Excellent returns
- > Highly cash generative

12 months to 31 Dec

International home credit 2002 interim results

- > 12,600 agents
- > 806,000 customers
- > Quarter of group's credit issued



International home credit

Highlights

	2002	2001	% change
Customers at 30 June	806,000	602,000	34%
Credit issued	£125m	£104m	21%
Collections	£162m	£113m	44%
Turnover	£65m	£45m	45%
Pre-tax profit/(loss)	£1.1m	£(1.6)m	-

6 months to 30 June

International home credit

Profit/(loss) before tax (£m)

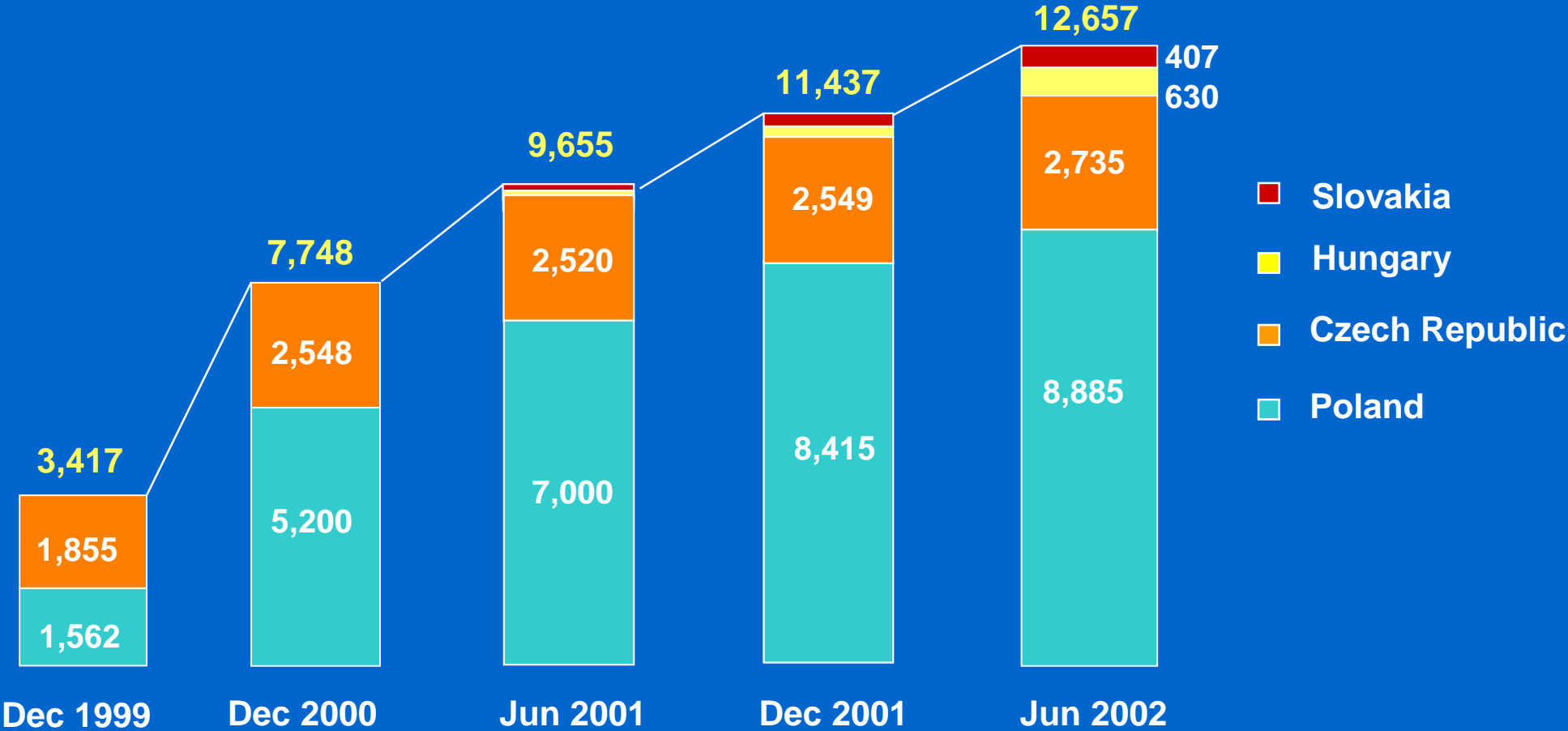
	2002	2001	change
Poland	4.4	0.9	3.5
Czech Republic	1.9	0.8	1.1
Hungary	(1.6)	(0.8)	(0.8)
Slovakia	(1.0)	(0.5)	(0.5)
Divisional overhead	(2.6)	(2.0)	(0.6)
Profit/(loss)	1.1	(1.6)	2.7

6 months to 30 June

International home credit

Rapid agent growth

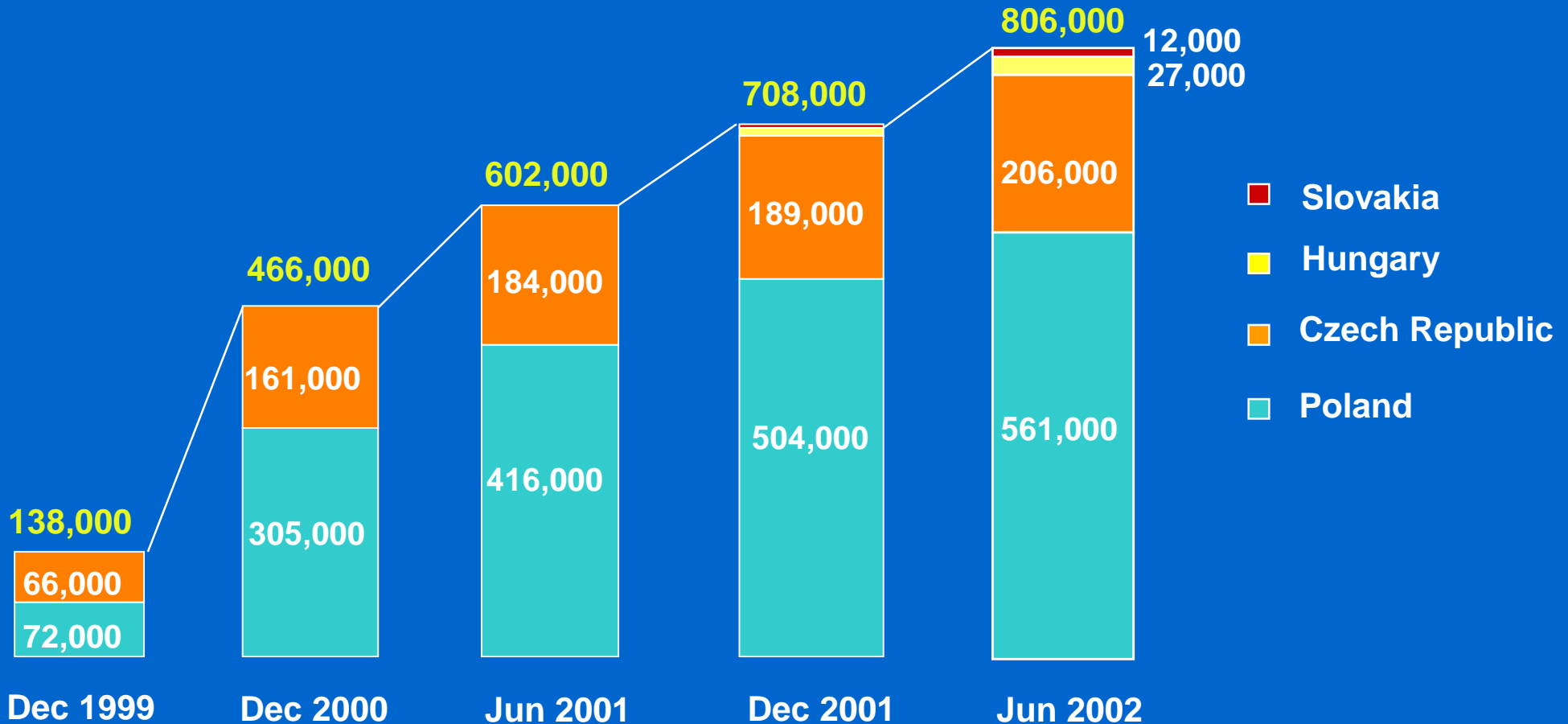
Agents



International home credit

Strong customer growth continues

Customers



International home credit

Growth in net receivables (£m)



International home credit

Poland : key statistics (£m)

	2002	2001	change
Credit issued	87.9	76.7	15%
Collections	116.5	80.0	46%
Turnover	47.6	33.0	44%
Operating costs	26.6	21.6	23%
Bad debt	9.8	5.8	68%
Bad debt % credit issued (MAT)	9.3%	6.0%	
Interest	6.8	4.7	45%
Profit	4.4	0.9	
Margin	9.3%	2.7%	

6 months to 30 June

International home credit

Czech Republic : key statistics (£m)

	2002	2001	change
Credit issued	31.8	26.9	18%
Collections	40.1	32.4	24%
Turnover	15.5	11.8	31%
Operating costs	9.1	7.1	28%
Bad debt	3.5	2.9	21%
Bad debt % credit issued (MAT)	11.3%	7.2%	
Interest	1.0	1.0	-
Profit	1.9	0.8	
Margin	12.4%	7.0%	

6 months to 30 June

International home credit

Slovakia : key statistics (£m)

	2002	2001
Credit issued	1.5	0.1
Collections	1.4	-
Turnover	0.5	-
Operating costs	1.3	0.5
Bad debt	0.1	-
Bad debt % credit issued (MAT)	8.0%	2.3%
Interest	0.1	-
<hr/> Loss	<hr/> (1.0)	<hr/> (0.5)

6 months to 30 June

International home credit

Hungary : key statistics (£m)

	2002	2001
Credit issued	4.1	0.1
Collections	3.5	-
Turnover	1.5	-
Operating costs	2.6	0.8
Bad debt	0.3	-
Bad debt % credit issued (MAT)	8.0%	-
Interest	0.2	-
Loss	(1.6)	(0.8)

International home credit

Pilot operations successful

- > Roll out to national coverage in Hungary and Slovakia to commence in H2, 2002
- > Target full national coverage by 2005
- > Target to move into profit by 2006

Hungary

Provident Pénzügyi Rt



Hungary

Introduction – Eddie Lawrenson

- > 30 years experience in home collected credit
- > Provident Polska – 1997-2001
- > Managing Director of Provident Pénzügyi Rt – January 2001

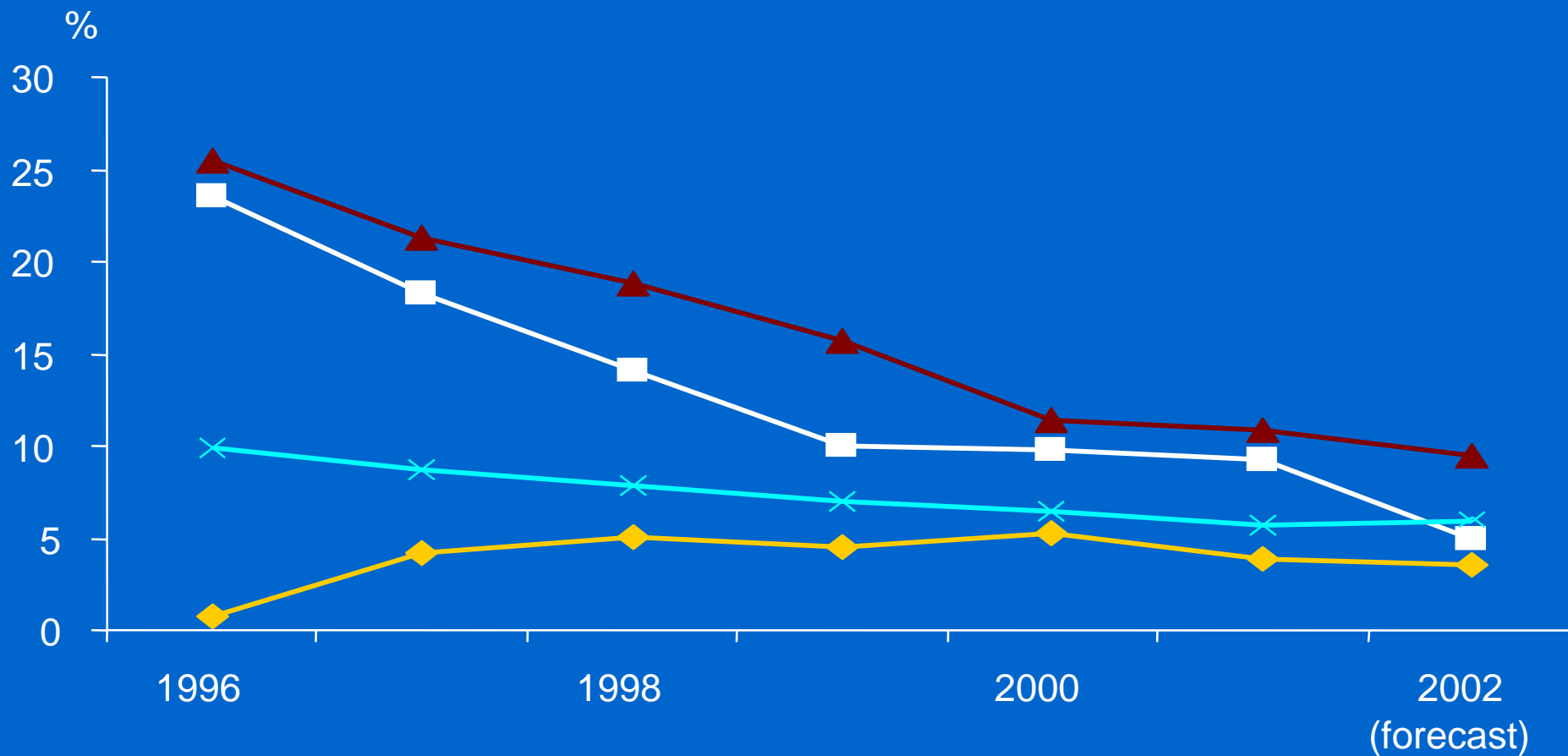
Hungary

Why Hungary?

- > Central Europe – attractive region
- > Emerging market – independence 1989
- > Aiming for EU entry in 2004
- > Strong, growing economy
- > Under-developed consumer market
- > Positive market research findings
- > 10 million population

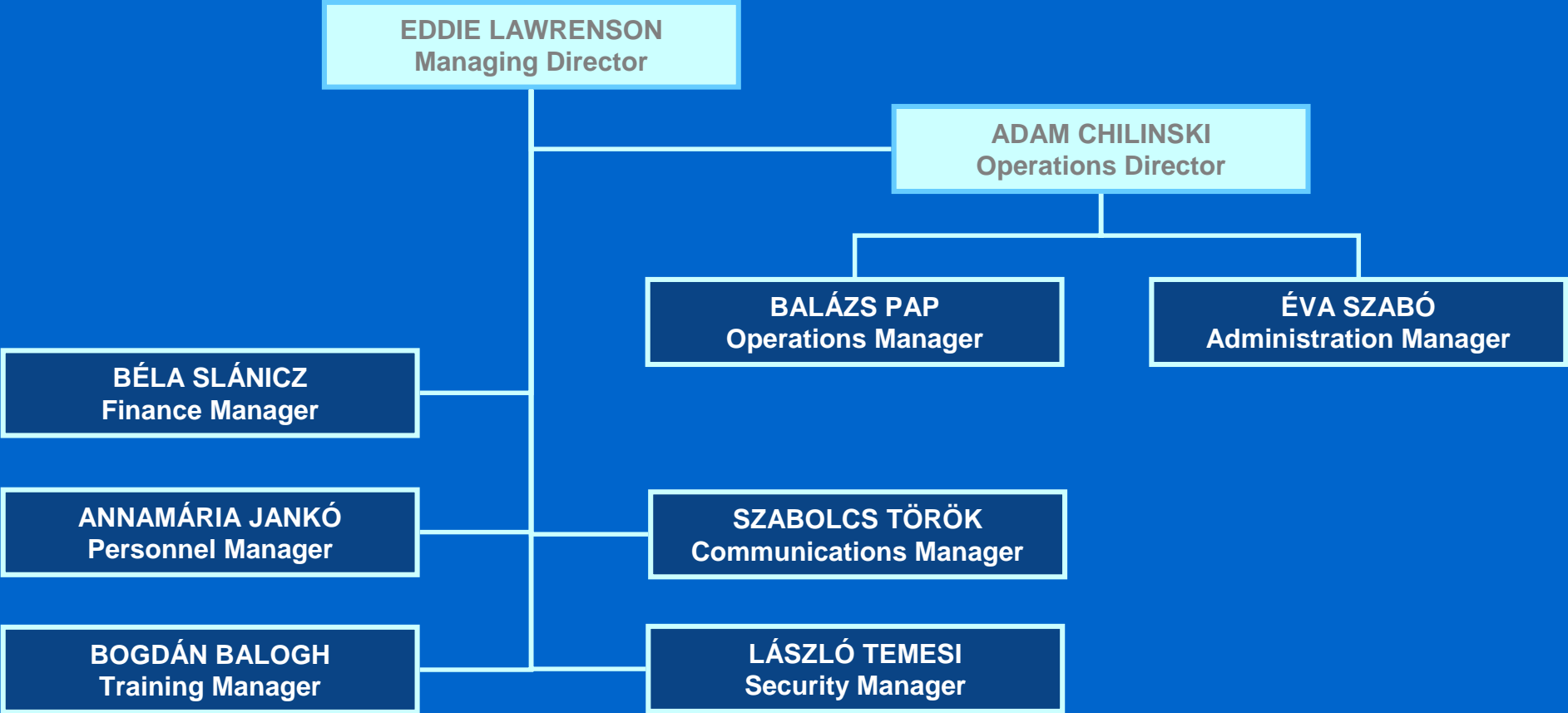
Hungary

A prosperous consumer economy



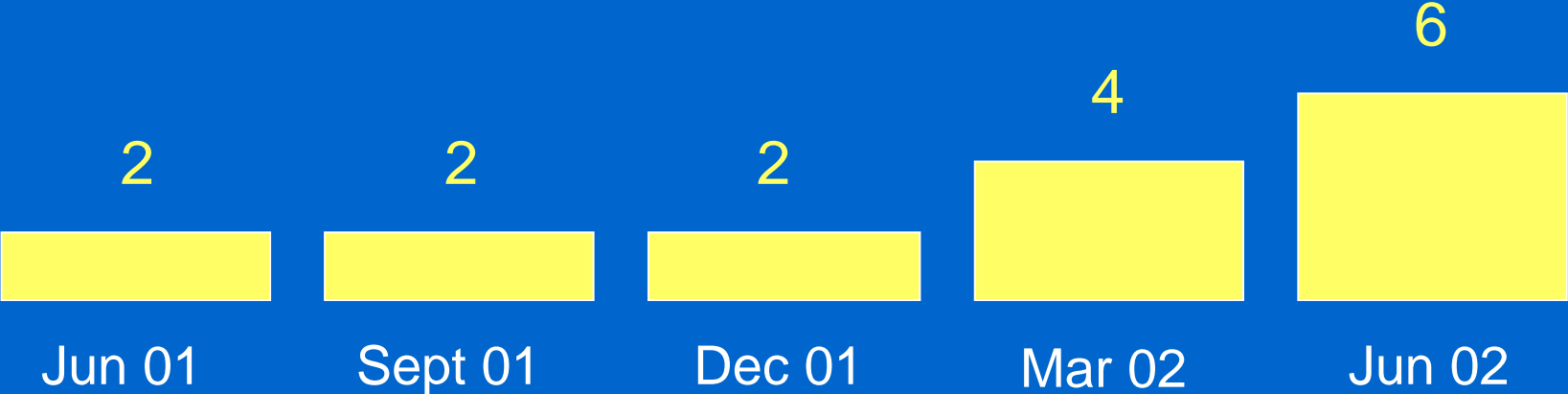
Hungary

Senior Management Team



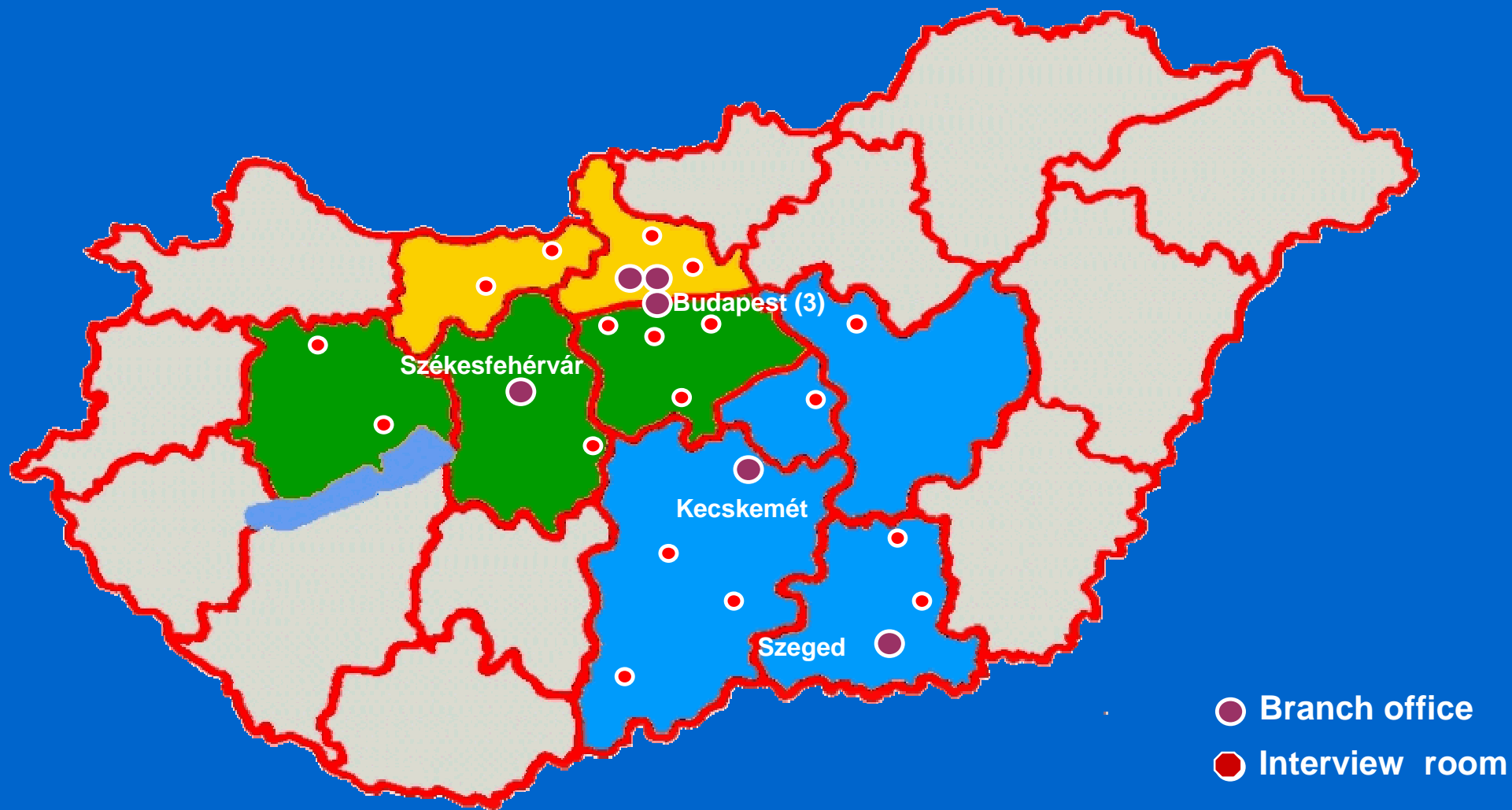
Hungary

Branches



Hungary

Locations – June 2002



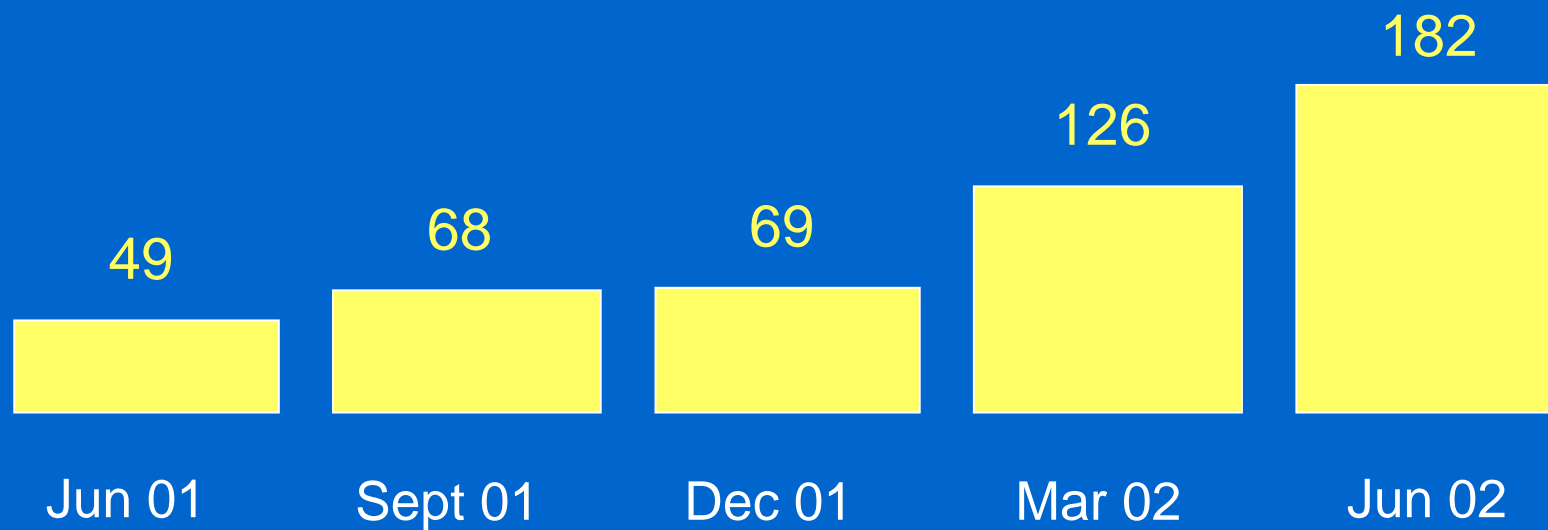
Hungary

Loan products

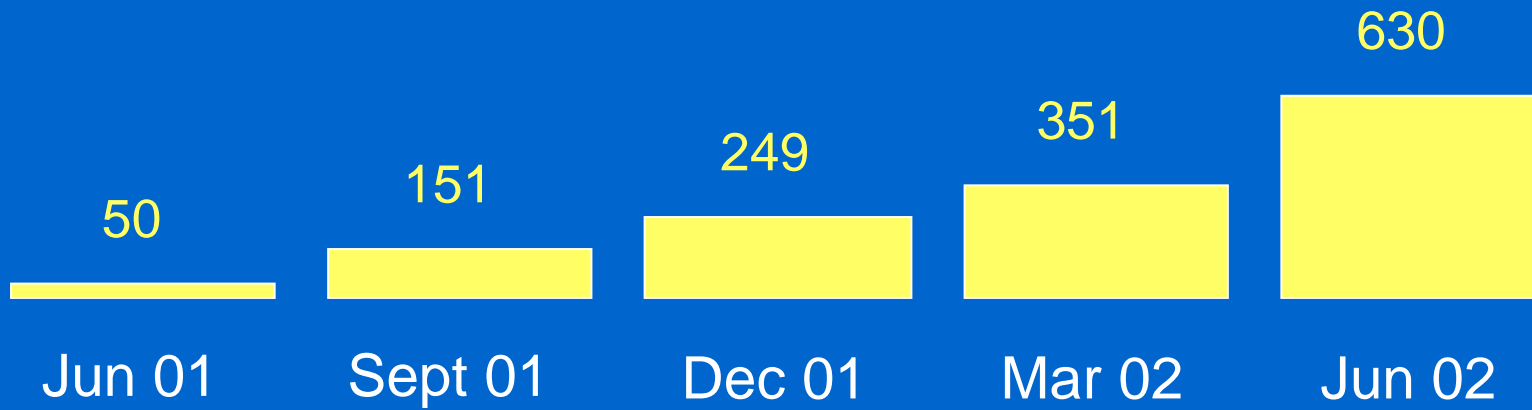
- > Current products are
 - > 26 weeks for new business
 - > 26 and 39 weeks for re-serves
- > Typical first loan issue value £140
- > Average re-serve issue value £200

Hungary

Employee numbers



Hungary Agents

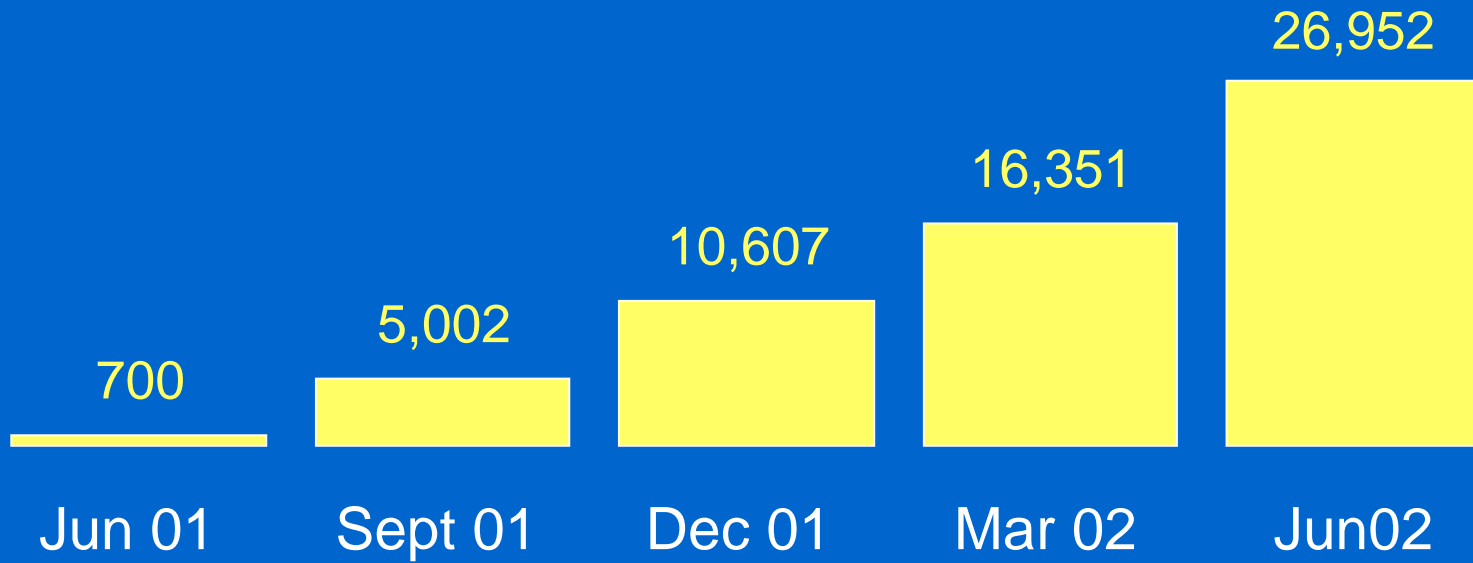


Hungary

Agent profile

- > Recruitment methods
- > Average age is 43
- > Female 69%
- > Commission structure

Hungary Customers



Hungary


Customer recruitment


Kölcsön?
ADUNK!

- *Döntés 48 órán belül*
- *Kezes nélkül*
- *Sorban állás nélkül*

A hitel felső határa 100 000 Ft. Egy példa a hitelkonstrukción: 60 000 Ft hitel felvétele esetén a heti törlesztés 3 408 Ft, 26 hetes futamidővel.

További információ:
Provident Pénzügyi Rt.

 270 02 40

PROVIDENT  **FINANCIAL**

1145 Budapest, Városház tér 10. 1145 Budapest, Városház tér 10. 1145 Budapest, Városház tér 10.

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További információ:
Provident Pénzügyi Rt. helyi tarifával
hívható **06 40 50 50 50**-es számán.

PROVIDENT  **FINANCIAL**

A hitelesítés nem mindeztől ajánlattehető, a Provident a kölcsönt a saját feltételei szerint bocsátja rendelkezésre.

Hungary

Market potential

- > Substantial value adding business
- > No existing competition
- > 500,000 customer home credit market at maturity
- > Target : 250,000 customers (50% market share)
- > Target : £60 pre-tax profit per customer per annum

Hungary

The future?

- > An attractive opportunity
- > Build on pilot success to date
- > National coverage by 2005
- > Controlled growth
- > Target to move into profit by 2006

International home credit

Central European market potential

	Poland	Czech	Hungary	Slovakia	Total
Population (million)	39	10	10	5	64
Estimated market size (000)	2,000	500	500	250	3,250
Target customers (000)	1,000	250	250	125	1,625
Current customers (000)	561	206	27	12	806
Target annual credit issued per customer (£)	400	400	400	270	390
Target annual profit per customer (£)	60	60	60	40	58

Provident Financial

Group prospects for 2002

- > Guidance for 2002 unchanged
- > UK home credit : growth similar to 2001
- > Motor insurance : 2002 started better than expected but further margin downturn likely in H2
- > International : stronger second half and excellent prospects