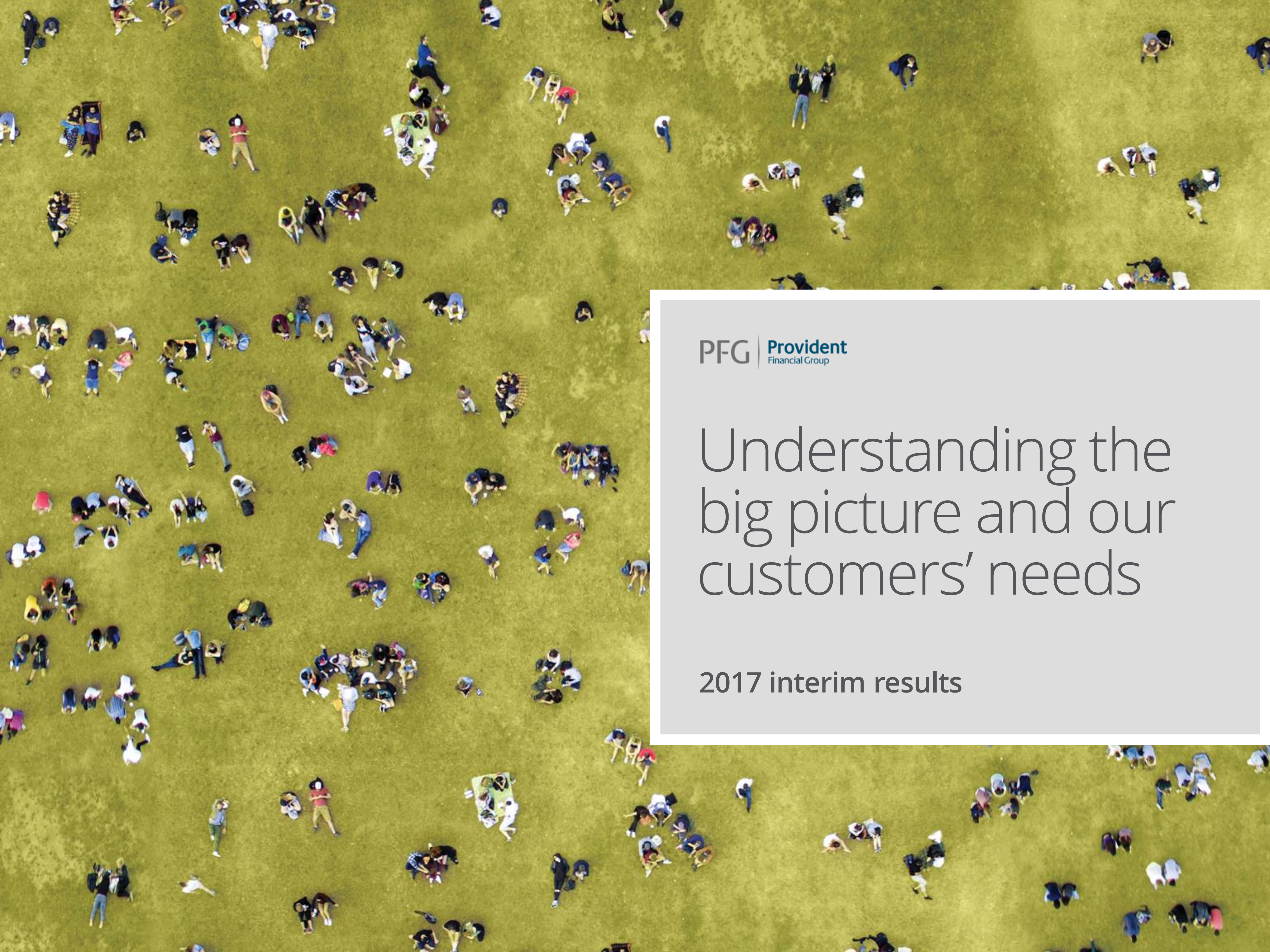


PFG Provident Financial Group

Understanding the big picture and our customers' needs

2017 interim results

Today's presentation

> Highlights and business overview	**Peter Crook**
> Financial review	**Andrew Fisher**
> Concluding remarks	**Peter Crook**
> Questions	

Highlights and business overview

Peter Crook – Chief Executive

Highlights

Dividend maintained recognising group's medium-term growth opportunities

- Adjusted profit before tax[1] reduced by 22.6% to £115.3m and adjusted basic EPS[1] down by 22.6% to 60.3p
- Reduction in home credit profits due to disruption from migration to the new operating model
- Interim dividend per share maintained at 43.2p
- Strong lift in Vanquis Bank's first-half new account bookings
- Moneybarn continues to deliver strong growth in new business
- Excellent progress in developing further lending and digital capability at Satsuma
- Vanquis Bank loans pilot is progressing well
- Continued strong discipline around credit with no observed changes in customer behaviour
- Headroom on committed facilities, including retail deposits capacity, sufficient to fund growth and contractual maturities until the seasonal peak in 2018

[1] Adjusted profit before tax is stated before the amortisation of acquisition intangibles of £3.7m (2016: £3.7m) and exceptional costs of £21.6m (2016: exceptional gain of £20.2m)

Vanquis Bank

VANQUIS BANK

Strong lift in Vanquis Bank's first-half new account bookings

Credit cards:

> There continues to be strong demand from developing the underserved, non-standard credit card market

> Marketing activity of competitors continues at similar levels

> 27% increase in new account bookings in the first half of 2017:

- Benefits of actions put in place during the second half of 2016 to develop the credit card proposition and enhance distribution, including Chrome and Express Check
- Continuing to work on opportunities to partner with other lending institutions, brokers and providers of retail finance

> Benefit of favourable UK employment market on delinquency trends is moderating:

- Credit standards remain unchanged

> Year-on-year uplift in the investment to augment medium-term growth:

- Mobile app recently launched and good progress being made on Customer Analytics and Value Management (CAVM) including development of the Provident Knowledge Universe (PKU)

Loans:

> Strong demand for larger, longer duration loans from a heavily underserved area of the non-standard market

> Loans pilot continues to make encouraging progress

> Focus on serving established credit card customers whilst first generation scorecards are developed

Home credit

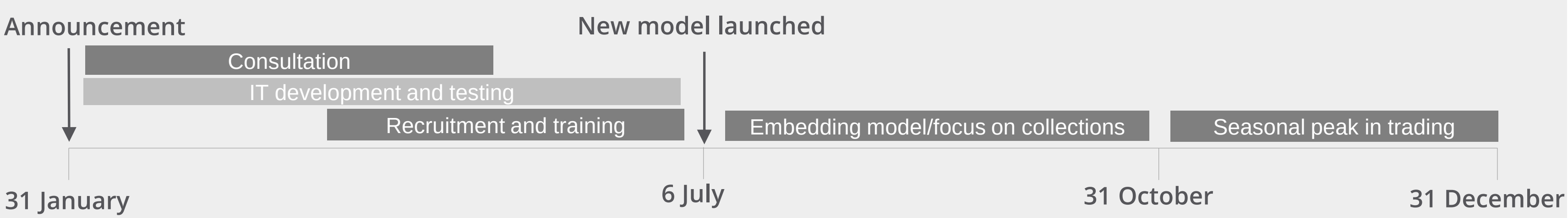
Provident EST. 1880
The loan that comes to you

Background to the change in the home credit operating model

> Repositioning of home credit since 2013 was successful in maintaining profits and increasing returns in a mature market:
  - Successful deployment of hand-held technology to the field force
  - Reduction in the number of self-employed agents from over 10,000 to 4,500 and field headcount by over 1,000
  - Development of sophisticated central underwriting and data analytics

> BUT continually increasing customer expectations and the development of technology led us to conclude that the current model needs to be updated to deliver a more efficient and effective business

> Proposed changes to home credit operating model announced on 31 January:
  - Period of workforce consultation
  - Recruiting 2,500 full-time Customer Experience Managers (CEMs) to replace 4,500 self-employed agents to own and manage all aspects of the customer relationship
  - Streamlining field management from 800 to 400 and the recruitment of 160 Customer Account Managers (CAMs)
  - Deploying further technology, including routing and scheduling software

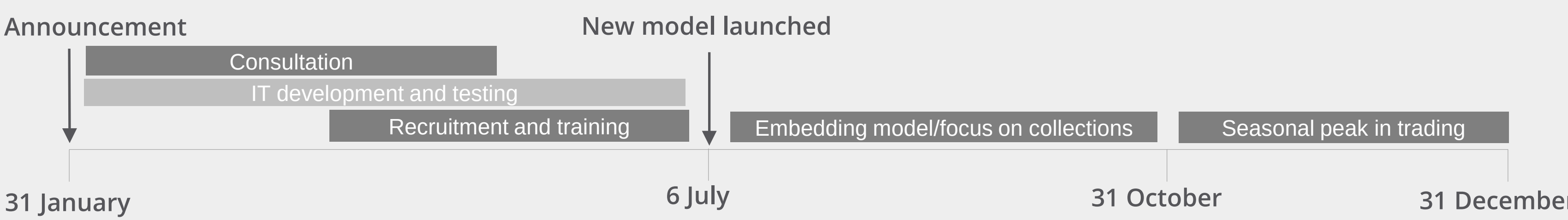


Home credit

Disruption during the transition to the new operating model

> Higher operational disruption than planned during the transition to the new operating model:

- Agent vacancies running at around 12%, more than double historic rate
- Reduced agent effectiveness
- Weaker collections and sales performance than planned
- New operating model was launched on 6 July 2017 with IT deployed and workforce in place
- Focus on customer service, embedding new operating model and improving collections performance through the third quarter ahead of the seasonal peak in trading
- CCD full-year profit guidance of £60m reflects £40m reduction in first-half profits (largely impairment) and £20m reduction in second half profits (largely sales)



Home credit

Strategic rationale for the change in operating model

Provident EST. 1880 The loan that comes to you

> Confident in the strategic rationale for the change in operating model:
  - Enhanced customer experience through owning and managing every aspect of the customer relationship
  - Improved sales conversion, improved collections and a more cost-efficient business

> Enhances regulatory standards:
  - More centralised control over a distributed workforce
  - Greater evidence of customer interactions

> Significantly enhances relationship between home credit and Satsuma:
  - CEMs can undertake collections/ID verification for Satsuma and promote Satsuma products to home credit customers
  - Development of digital interactions with home credit customers

> Fundamental part of the group's aim to provide a loan continuum for non-standard customers from home credit through to Vanquis Bank

Satsuma

Satsuma™ loans.co.uk

Excellent progress in developing further lending and digital capability at Satsuma

> Changing customer preferences and dislocation from payday regulation driving growth in online lending:

- Competitors investing heavily in above the line advertising but struggling to make positive returns
- Online small-sum, short-term loans market remains crowded
- Evidence that market consolidation is beginning

> Satsuma delivered a 40% increase in credit issued in the first half of 2017:

- Continued focus on cost effective channels such as digital, social media and brokers
- Monthly product launched towards end of 2016 is proving successful
- New channel specific underwriting engine deployed in early 2017
- Recent launch of new mobile app will further enhance the customer experience

> Achieved monthly break even result in June

> Pilot into lending larger amounts of over £1,000 and beyond a year in duration to commence towards the end of the second half

> Benefits from the new home credit operating model

Moneybarn

moneybarn credit you can trust

Moneybarn continues to deliver strong growth in new business

> Competitive environment remains unchanged with around 10 active competitors:
  - Market supply remains below levels in 2007
  - Demand for second-hand cars in the non-standard market has been strong in the first half of 2017

> Uplift in new business volumes of 15%:
  - Continued development of market-leading platform and operational capacity to support significant growth potential
  - Development of the digital and light commercial vehicles propositions
  - Further opportunities to develop product distribution

> Underwriting recently tightened on higher risk categories of business

> Business continues to invest in resources to support future growth and enhance the customer experience whilst generating modest benefits from operational gearing

Financial review

Andrew Fisher – Finance Director

Group

Results summary

	Six months ended 30 June		
	2017 £m	2016 £m	Change %
Vanquis Bank	**100.1**	99.8	0.3
CCD	**6.3**	43.5	(85.5)
Moneybarn	**16.9**	13.6	24.3
Central costs	**(8.0)**	(8.0)	-
Adjusted profit before tax[1]	**115.3**	148.9	(22.6)
Effective tax rate (%)	**24.2**	24.4	
Adjusted basic earnings per share[1] (pence)	**60.3**	77.9	(22.6)
Annualised return on assets[2] (%)	**13.1**	15.7	
Interim dividend per share (pence)	**43.2**	43.2	-

1 Adjusted profit before tax is stated before the amortisation of acquisition intangibles of £3.7m (2016: £3.7m) and exceptional costs of £21.6m (2016: exceptional gain of £20.2m)
2 Adjusted profit before interest after tax as a percentage of average receivables for the 12 months ended 30 June

Vanquis Bank

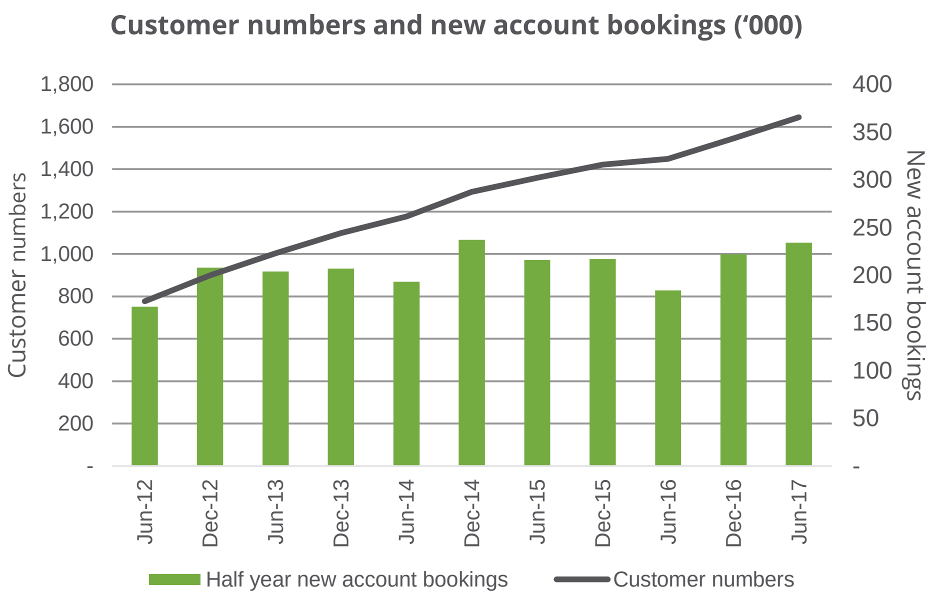
Results

	Six months ended 30 June		
	2017 £m	2016 £m	Change %
Customer numbers ('000)	**1,645**	1,448	13.6
Period-end receivables	**1,476.8**	1,280.8	15.3
Average receivables	**1,440.6**	1,252.1	15.1
Revenue	**311.1**	280.1	11.1
Impairment	**(93.1)**	(80.4)	(15.8)
Revenue less impairment	**218.0**	199.7	9.2
Annualised risk-adjusted margin[1] (%)	**31.4**	32.4	
Costs	**(98.9)**	(79.6)	(24.2)
Interest	**(19.0)**	(20.3)	6.4
Adjusted profit before tax[2]	**100.1**	99.8	0.3
Annualised return on assets[3,4] (%)	**12.8**	14.2	

1 Revenue less impairment as a percentage of average receivables for the 12 months ended 30 June
2 Adjusted profit before tax in the first half of 2016 is stated before an exceptional gain on disposal of £20.2m in respect of Vanquis Bank's interest in Visa Europe following completion of Visa Inc.'s acquisition of Visa Europe on 21 June 2016
3 Adjusted profit before interest after tax as a percentage of average receivables for the 12 months ended 30 June
4 Vanquis Bank's reported annualised return on assets of 14.9% to June 2016 has been adjusted to assume the 8% corporation tax surcharge effective from 1 January 2016 was payable through the whole 12 month period in order to aid comparison

Vanquis Bank

Customer numbers



> New account bookings of 234k, 27% higher than 2016:

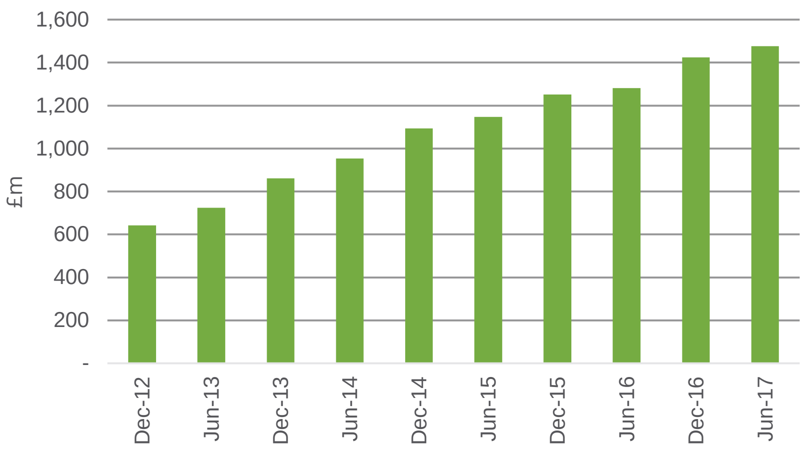
- Strong momentum from internet channel, including 'Express Check'
- Good traction from Chrome in the nearer prime segment of the non-standard market

> Work ongoing on a number of partnering opportunities

> Firmly on track to deliver 450k+ new account bookings for 2017 as a whole

Vanquis Bank

Receivables

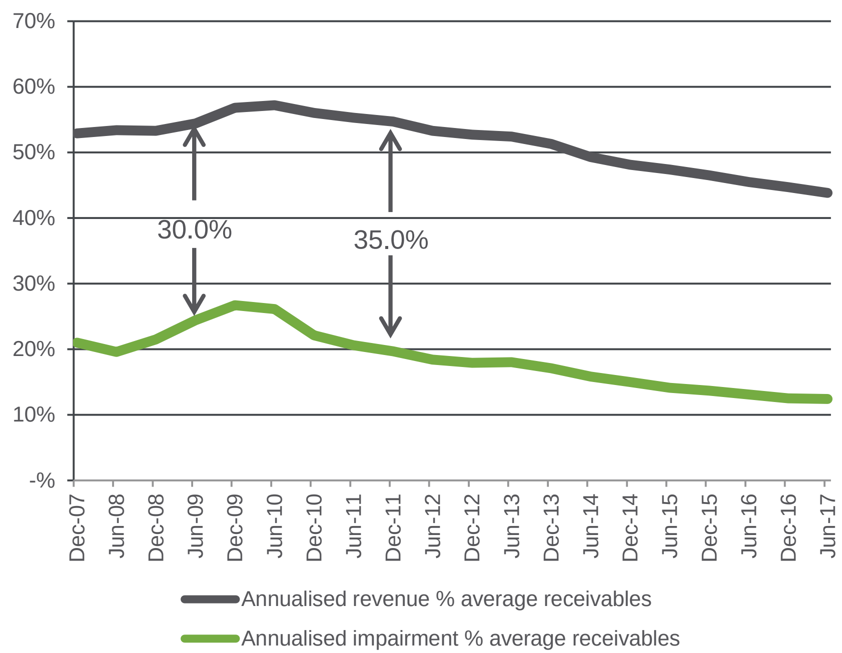


> Receivables growth of 15.3% to June 2017:

- Growth in customer numbers of 13.6%
- Good performance from the credit line increase programme to established customers
- Credit line utilisation of between 65%-70%

Vanquis Bank

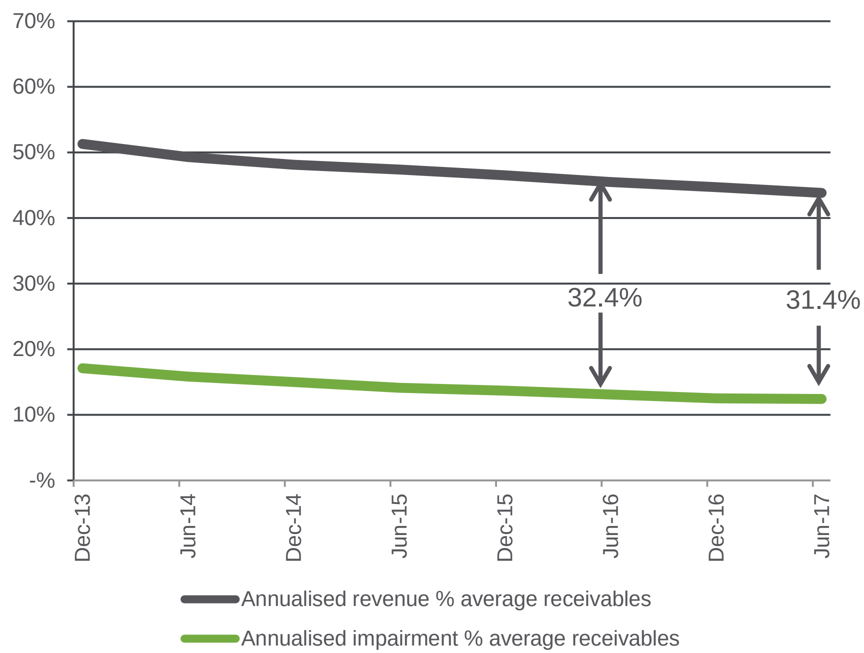
Risk-adjusted margin (RAM)



- Business model supports stability of RAM:
  - 'Low and grow' strategy
  - High credit line utilisation significantly reduces volatility of credit losses
- Vanquis Bank delivered a RAM above 30% during UK economic downturn between 2008 and 2010
- RAM expanded as UK employment market improved:
  - Consistently tight credit standards
  - New business is only booked which is expected to meet minimum threshold returns

Vanquis Bank

Risk-adjusted margin (RAM)



> RAM moderated from 32.4% to 31.4% over the last 12 months:

Improvement in delinquency	+0.6%
Reduction in revenue yield from product mix and further reduction in ROP penetration	-1.6%
RAM	-1.0%

> RAM expected to be closer to 30% for 2017 based on stable delinquency levels

Vanquis Bank

Arrears profile

	At 30 June (% receivables)	
	2017	2016
In order	**93.6**	93.3
In arrears:		
- Past due but not impaired	**-**	-
- Impaired	**6.4**	6.7
Total	**100.0**	100.0

> More modest improvement in arrears profile than previous years

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

CCD

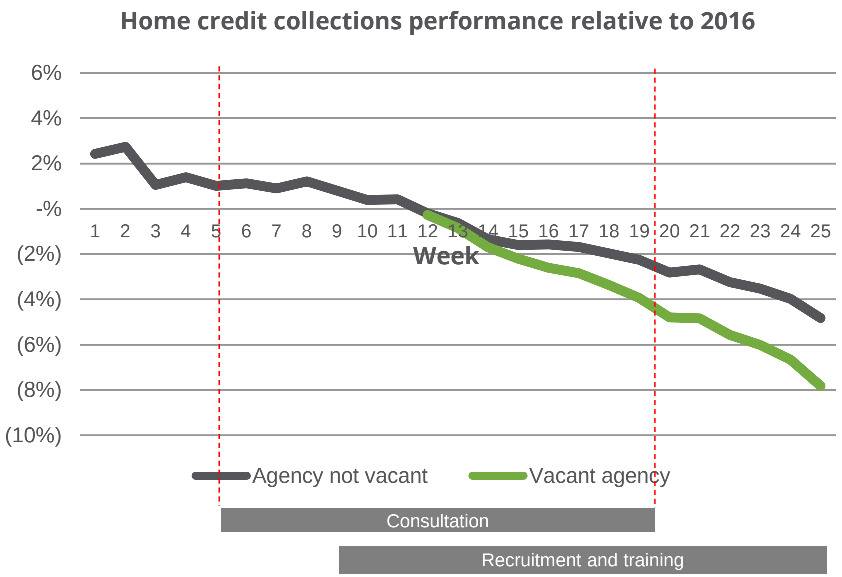
Results

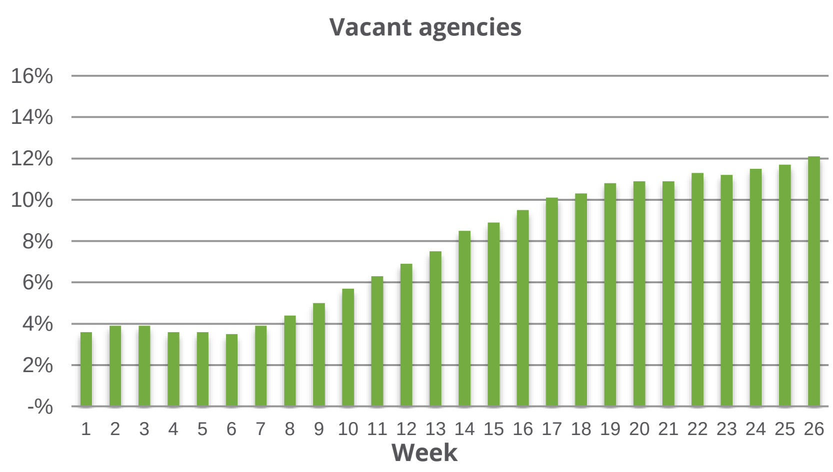
	Six months ended 30 June		
	2017 £m	2016 £m	Change %
Customer numbers ('000)	**801**	875	(8.5)
Period-end receivables	**501.4**	510.6	(1.8)
Average receivables	**515.8**	497.9	3.6
Revenue	**258.4**	255.2	1.3
Impairment	**(115.5)**	(70.4)	(64.1)
Revenue less impairment	**142.9**	184.8	(22.7)
Annualised risk-adjusted margin[1] (%)	**69.0**	81.1	
Costs	**(125.2)**	(127.2)	1.6
Interest	**(11.4)**	(14.1)	19.1
Adjusted profit before tax[2]	**6.3**	43.5	(85.5)
Annualised return on assets[3] (%)	**15.8**	22.3	

1 Revenue less impairment as a percentage of average receivables for the 12 months ended 30 June
2 Adjusted profit before tax is stated before an exceptional charge of £21.6m in respect of redundancy, retention and training costs associated with the migration to the new home credit operating model (2016: £nil)
3 Adjusted profit before interest after tax as a percentage of average receivables for the 12 months ended 30 June

CCD

Reduced effectiveness during transition to the new home credit operating model

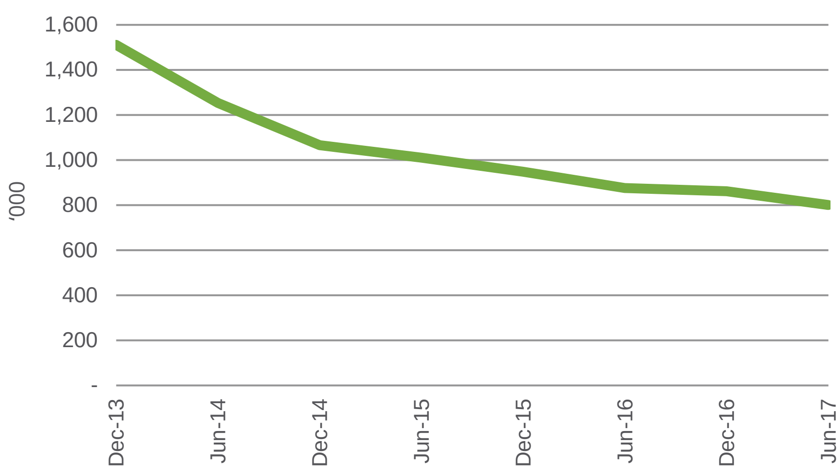




- Original guidance of £15m reduction in first half profits due to higher impairment:
  - Assumed agent vacancies of 8%, double the historical rate of 4%
  - Assumed collections performance across business would stabilise from May
- Greater than expected deterioration in collections performance from May onwards:
  - Heightened disengagement of managers and agents continued and retention incentives relatively ineffective
  - Vacant agencies running at 12% compared with estimate of 8%
  - Collections performance, particularly in vacant agencies, continued to deteriorate and drive up impairment

CCD

Customer numbers



> Customer numbers stabilised through second half of 2016

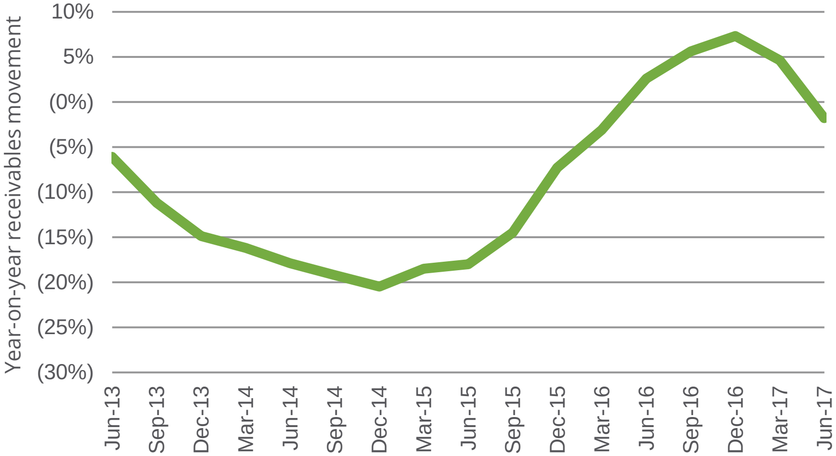
> Reduced effectiveness during the transition to the new operating model:

- Lower customer retention
- Reduced new customer acquisition

> Year-on-year home credit customer numbers down by 11.1% at June 2017

CCD

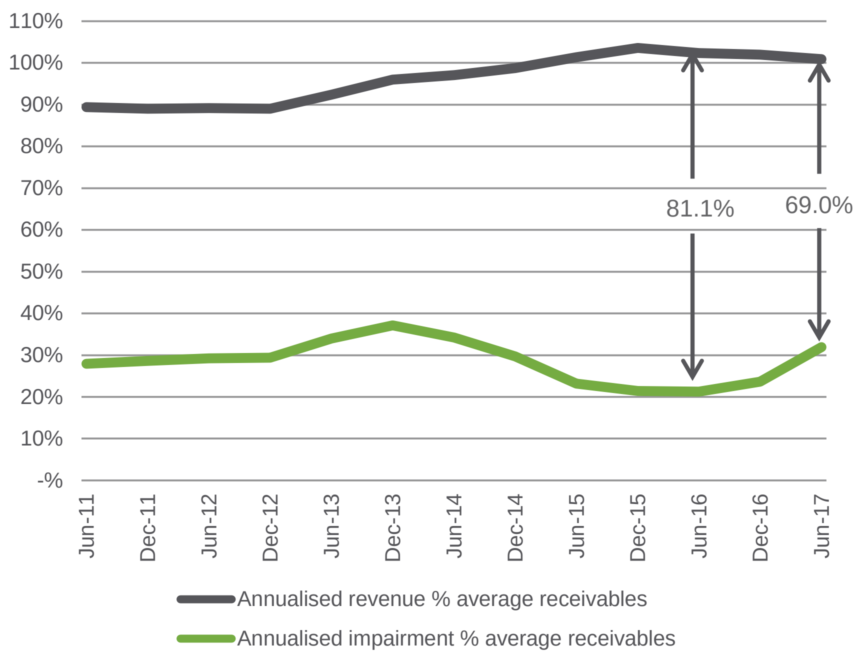
Receivables



- CCD receivables are 1.8% lower than June 2016
- Reduced effectiveness during the transition to the new operating model
  - £35m year-on-year reduction in home credit sales
  - Deterioration in sales penetration to existing customers
  - Lower sales to new customers
- Sales likely to show further softness through third quarter as field organisation focuses on collections
- Shortfall in sales and receivables is expected to reduce CCD second half profits by c.£20m compared with second half of 2016

CCD

Risk-adjusted margin (RAM)



> Significant expansion in RAM from repositioning of home credit since 2013

> Annualised RAM reduced from 81.1% at June 2016 to 69.0% at June 2017

> Modest reduction in annualised revenue yield from 102.4% at June 2016 to 100.9% at June 2017:

- Increase in average loan size and duration from improvement in underlying quality of the book through 2016

> Reduced effectiveness during the transition to the new operating model:

- Annualised impairment ratio has increased from 21.3% at June 2016 to 31.9% at June 2017
- Year-on-year increase in impairment of c.£40m

CCD

Arrears profile

	At 30 June (% receivables)	
	2017	2016
In order	**42.6**	44.5
In arrears:		
- Past due but not impaired	**11.6**	10.8
- Impaired	**45.8**	44.7
Total	**100.0**	100.0

> Deterioration in arrears consistent with adverse collections performance

> Impairment policy is predictive of the credit quality of business written not operational factors such as agents not visiting customers

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

Moneybarn

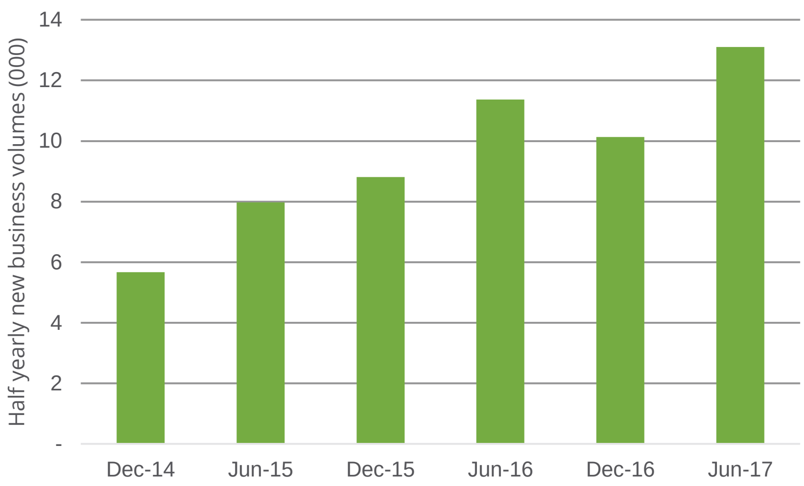
Results

	Six months ended 30 June		
	2017 £m	2016 £m	Change %
Customer numbers ('000)	**46**	36	27.8
Period-end receivables	**343.8**	264.4	30.0
Average receivables	**325.1**	245.9	32.2
Revenue	**49.9**	36.3	37.5
Impairment	**(13.3)**	(7.0)	(90.0)
Revenue less impairment	**36.6**	29.3	24.9
Annualised risk-adjusted margin[1] (%)	**23.4**	24.1	
Costs	**(12.3)**	(9.8)	(25.5)
Interest	**(7.4)**	(5.9)	(25.4)
Adjusted profit before tax[2]	**16.9**	13.6	24.3
Annualised return on assets[3] (%)	**12.8**	12.9	

1 Revenue less impairment as a percentage of average receivables for the 12 months ended 30 June
2 Adjusted profit before tax is stated before the amortisation of acquisition intangibles of £3.7m (2016: £3.7m)
3 Adjusted profit before interest after tax as a percentage of average receivables for the 12 months ended 30 June

Moneybarn

New business volumes



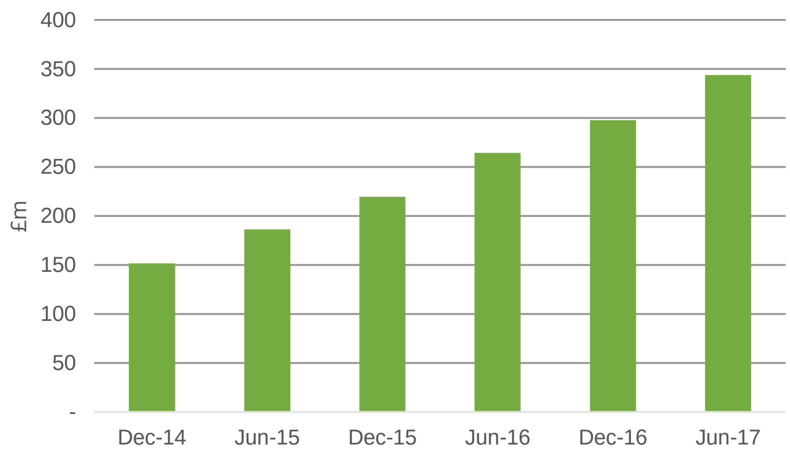
> First-half new business volumes show year-on-year growth of 15%:

- Benefit of group funding and product development
- Investment in platform and people
- Primacy in broker channel
- B2C/website bookings beginning to build

> Exploring opportunities to partner with new intermediaries

Moneybarn

Receivables



> Year-on-year receivables growth of 30.0%

- Average loan value reduced to £8,000 versus £8,200 in 2016 reflecting further modest shift in mix to lower value, higher yielding vehicles
- Receivables book at £343.8m and on-track to deliver medium-term target of £400m-£500m

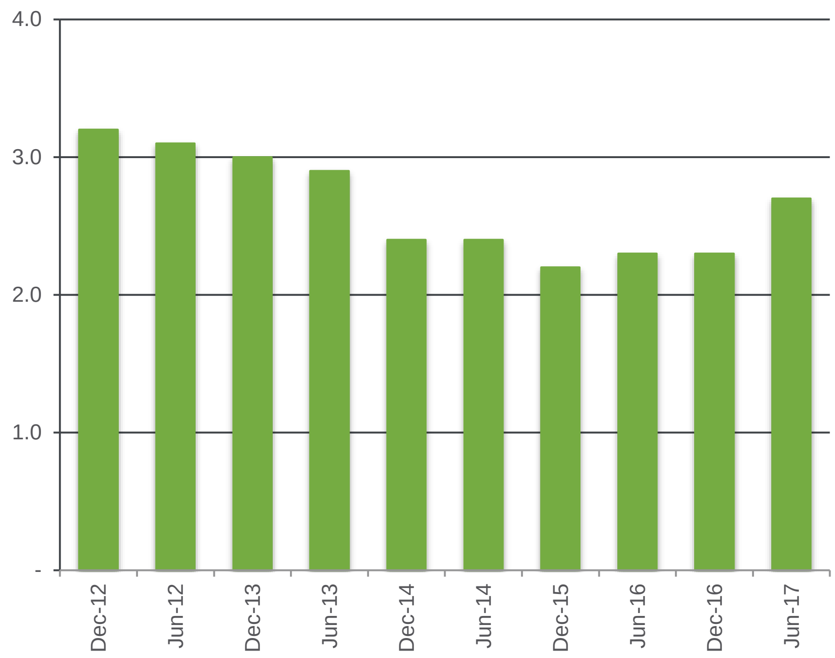
Group

Balance sheet

	At 30 June	
	2017 £m	2016 £m
Goodwill	**71.2**	71.2
Acquisition intangibles	**53.8**	61.3
Receivables:		
- Vanquis Bank	**1,476.8**	1,280.8
- Home credit	**471.7**	490.0
- Satsuma	**25.2**	12.6
- glo	**4.5**	8.0
- Moneybarn	**343.8**	264.4
Total receivables	**2,322.0**	2,055.8
Pension asset	**85.0**	100.8
Available for sale investment (Visa shares)	**9.1**	7.0
Liquid asset buffer	**184.1**	141.1
Bank and bond funding	**(867.5)**	(908.1)
Retail deposits	**(1,065.5)**	(719.3)
Other	**(60.6)**	(75.4)
Net assets	**731.6**	734.4
Gearing (times)	**2.7**	2.3

Group

Gearing



Gearing calculated as:

(Total borrowings – liquid assets buffer)
(Net assets – pension asset, net of deferred tax – fair value of derivatives)

> Gearing of 2.7 times comfortably within appetite of up to 3.5 times:
  - Versus banking covenant of 5.0 times
> Uplift from 2.3 times at June 2016 reflects:
  - Reduced capital generation due to one-off reduction in first half profits
  - Funding of receivables growth of £265m

Group

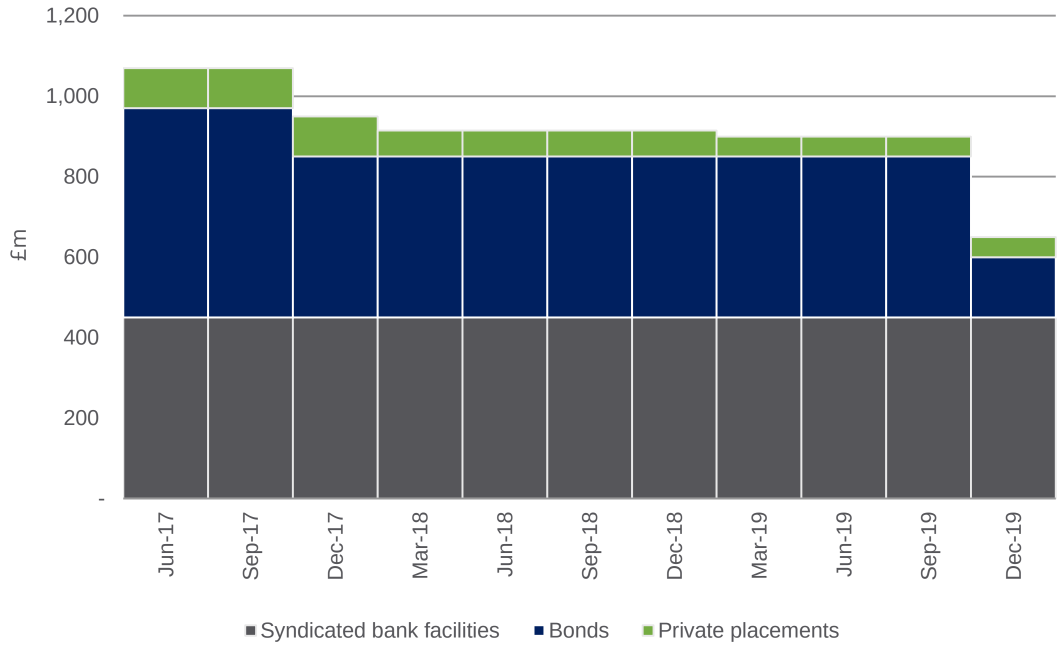
Diversified funding base

	At 30 June 2017
	£m
Banks	**450**
Bonds and private placements:	
- Senior public bond	**250**
- M&G term loan	**80**
- Other sterling/euro medium-term notes	**20**
- Retail bonds	**270**
Total bonds and private placements	**620**
Vanquis Bank retail deposits	**1,065**
Total committed facilities	**2,135**
Borrowings under committed facilities	**1,931**
Headroom on committed borrowing facilities	**204**
Additional retail deposits capacity[1]	**173**
Aggregated funding capacity	**377**

1 Represents the Vanquis Bank intercompany loan from Provident Financial plc of £173m at 30 June 2017

Group

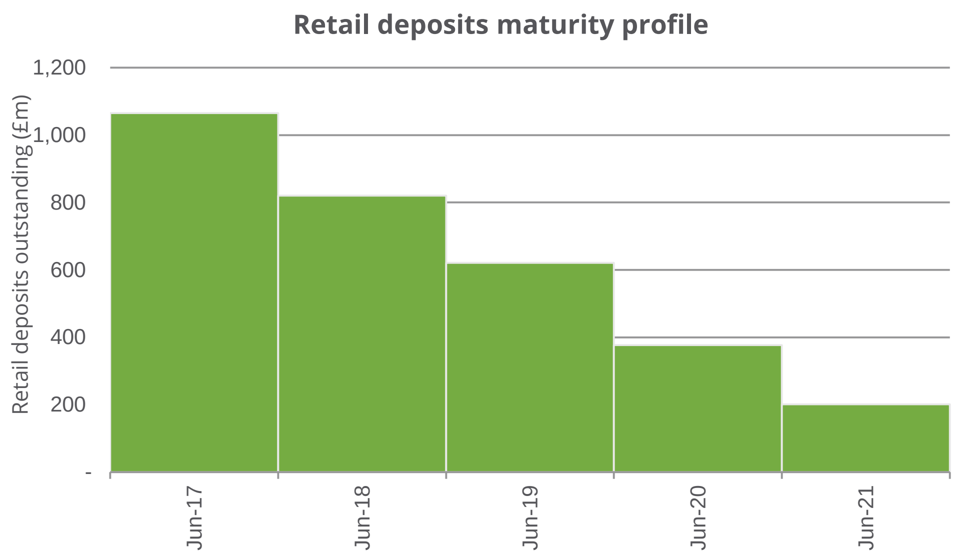
Maturity profile of debt



- 2012 retail bond of £120m matures in October 2017
- Relatively low maturities over the next 2 years until maturity of £250m senior bond in October 2019
- Weighted average period to maturity of committed borrowings now 2.7 years
- Headroom on committed facilities plus Vanquis Bank retail deposits programme provides funding through to seasonal peak in 2018

Vanquis Bank

Retail deposits programme



- Retail deposits represent 72% of Vanquis Bank's receivables (June 2016: 56%):
- Weighted average period to maturity on deposits of 2.3 years
- Blended deposits rate of 2.4%, after cost of holding liquid assets buffer

Group

Alignment of dividend policy, gearing and growth

High returns businesses

Dividend policy
Cover ≥ 1.25x

Gearing
≤ 3.5x versus covenant of 5.0x

Growth
Supports receivables growth of £300m+

Group

Capital generation

	12 months ended 30 June	
	2017 £m	2016 £m
Vanquis Bank	**134.7**	168.8
CCD	**25.6**	87.0
Moneybarn	**8.2**	(0.2)
Central	**(21.5)**	(6.8)
Capital generated[1]	**147.0**	248.8
Dividends declared	**(196.5)**	(180.7)
(Deficit)/surplus	**(49.5)**	68.1

1 Capital generated is calculated as net cash generated from operating activities, after adding back 80% of the growth in customer receivables funded by borrowings, less net cash used in investing activities

> Group has absorbed £49.5m of capital in the 12 months to 30 June 2017:

- Reduction in profits in home credit during the transition to the new operating model
- Exceptional costs of £21.6m
- Strong receivables growth and investment in medium-term growth initiatives in Vanquis Bank

Concluding remarks

Peter Crook – Chief Executive

Regulation

Group

Transfer of regulation to the FCA

> Vanquis Bank and Moneybarn are fully authorised by the FCA

> CCD continues to operate under an interim permission, in the context of the migration of the home credit business to a new operating model

> The ongoing supervision under the FCA is more exacting than the previous OFT regime

FCA credit card review

> FCA has issued a consultation paper on proposals for new rules and guidance to address persistent credit card debt

> Requires firms to assess whether customers are at risk of developing financial difficulties and to intervene appropriately

> Consultation ran until 3 July 2017 with finalisation of the proposals expected in the second half of 2017

Regulation

Group

FCA high-cost credit review

> The FCA are conducting a market-wide review of high-cost credit in 2017

> The group has responded to information requests and maintained a constructive dialogue with the regulator to assist them in conducting their review

> Preliminary findings from the review are expected to be published during the third quarter of 2017

FCA consultation on staff incentives, remuneration and performance management (CP17/20)

> FCA has published a consultation on staff incentives, remuneration and performance management in consumer credit

> Proposals seek to create a requirement on firms to detect and manage the risks to customers arising from their remuneration or performance management practices

> Vanquis Bank is already subject to similar requirements as a PRA-authorised and regulated bank

> Remuneration and performance management incentives in CCD and Moneybarn are consistent with the proposals:

- Home credit has fundamentally changed its approach to incentives, remuneration and performance management following the change in operating model

Outlook

Group

- Vanquis Bank, Moneybarn and Satsuma continue to experience strong demand from a combination of product innovation and enhanced distribution against unchanged credit standards
- These three businesses are trading in line with current market expectations and are well set to deliver profitable growth through the remainder of 2017
- The new operating model was launched in the first week of July and there will be a strong focus on embedding the new model and on collections activity during the third quarter of the year
- The Board is confident that the strategic rationale for the change in operating model remains compelling
- Demand and customer confidence remains unchanged and the business is resourced to normalise performance ahead of the seasonally busy fourth quarter
- The full-year guidance for CCD's pre-exceptional profits remains £60m
- The group will continue to exercise strong discipline around credit and has not observed changes in customer behaviour in relation to either demand for credit or credit performance in any of its businesses

Questions

Peter Crook – Chief Executive

Andrew Fisher – Finance Director

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