



**PROVIDENT
FINANCIAL**

Provident Financial
Full year results

Year ended 31 December 1999

Provident Financial Group strategy

To be a leading international
provider of financial services to
lower income households

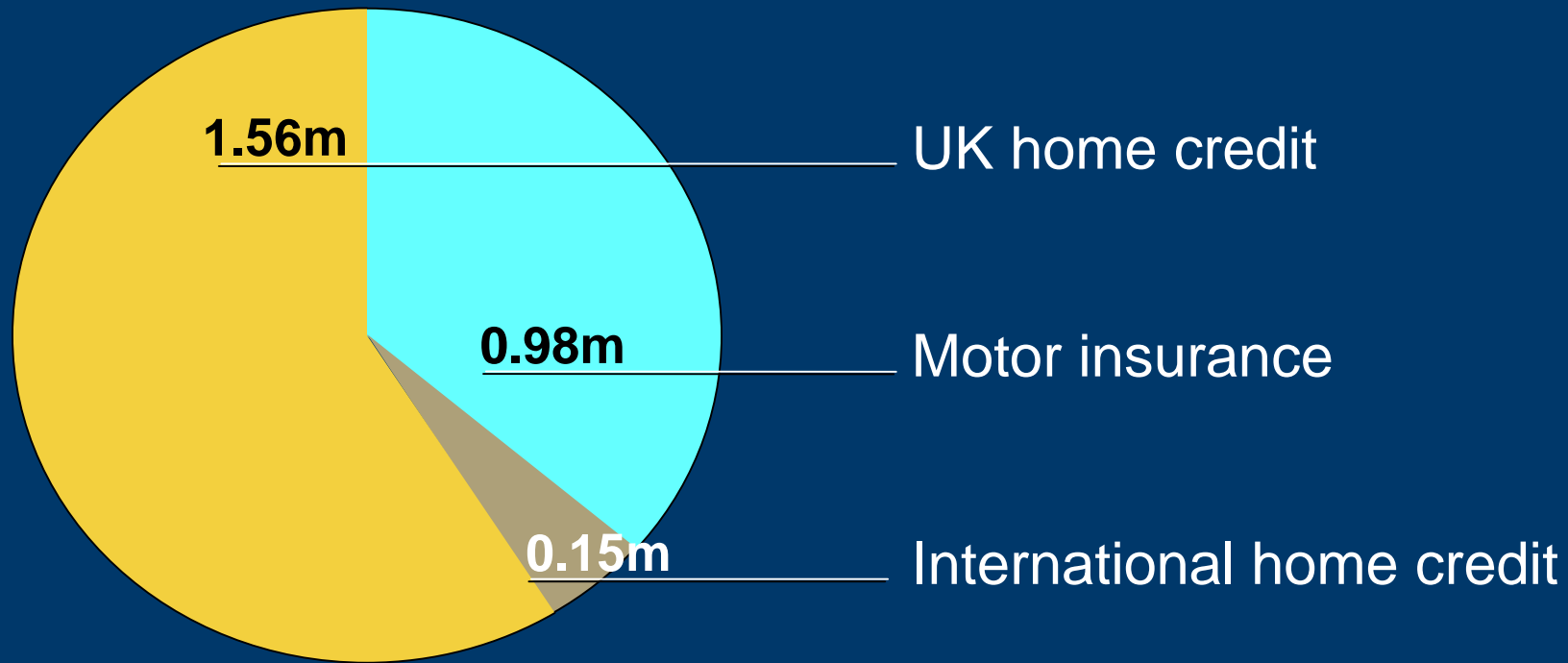
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International business

- > UK
- > Irish Republic
- > Poland
- > Czech Republic
- > South Africa

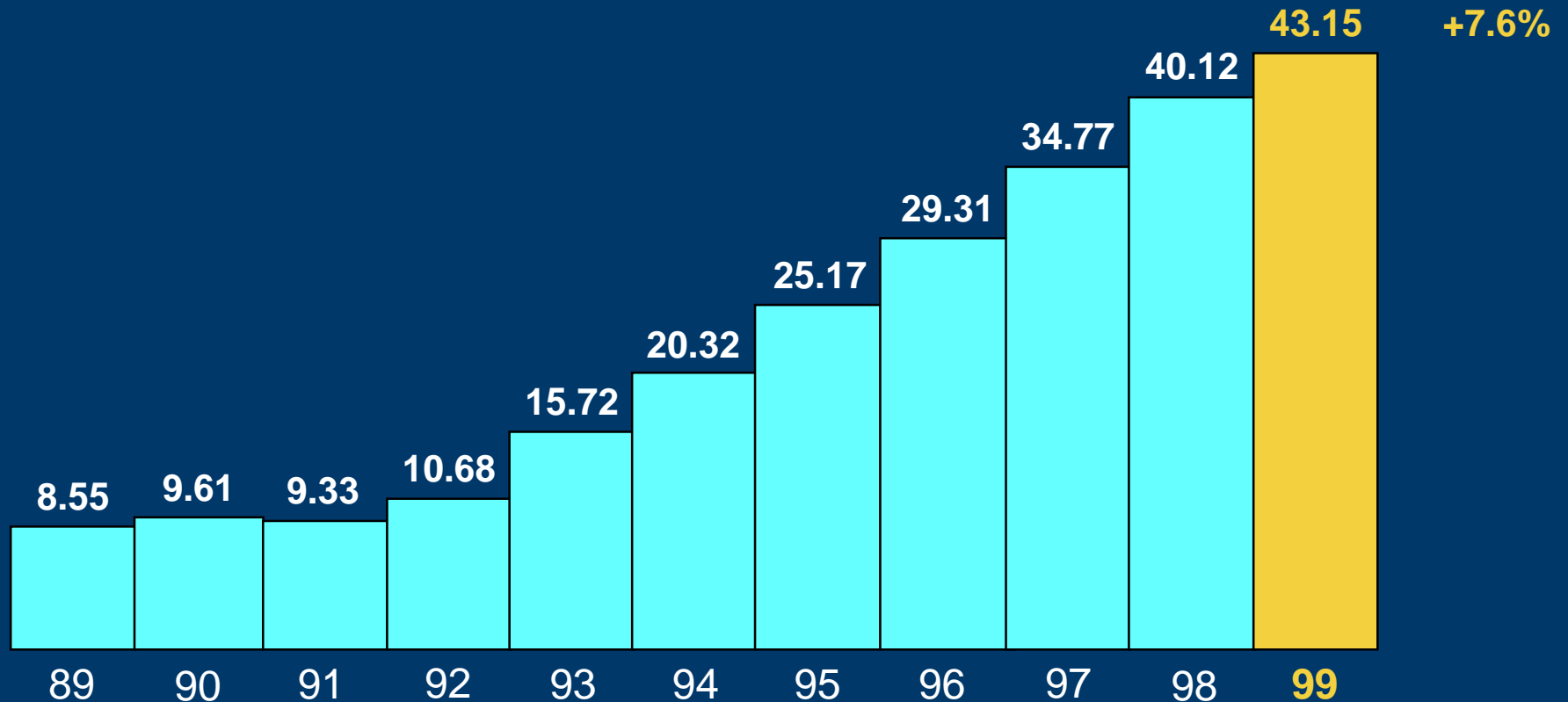
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Three divisions - 2.7m customers



Provident Financial

Outstanding track record of growth



EPS (p)

Provident Financial

Significant progress in 1999

> Group

- customer numbers up to 2.7m **+12%**

> UK home credit

- continued growth
- actions to stabilise bad debt

Provident Financial

Significant progress in 1999

> International

- customer numbers up from 18,000 to 149,000
- profit in 2001, year ahead of plan

> Insurance

- strong growth
- record profits

> Capital

- 5.2 million shares repurchased

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Significant progress in 1999

Customers up to	2.7m	+ 12%
Turnover up to	£582.6m	+ 15.1%
Like for like profit up to	£155.0m	+ 8.5%
Earnings per share up to	43.15p	+ 7.6%
Dividend per share up to	24.8p	+ 10.2%

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Profit before tax (£m)

	1998 reported	1998 like for like	1999	
UK home credit	136.9	133.8	143.9	+7.5%
International home credit	(4.7)	(4.7)	(8.4)	
Motor insurance	19.6	19.6	25.4	+29.6%
Central costs	(5.9)	(5.9)	(5.9)	
Profit before tax	145.9	142.8	155.0	+8.5%

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Full year results

UK home credit

UK home credit

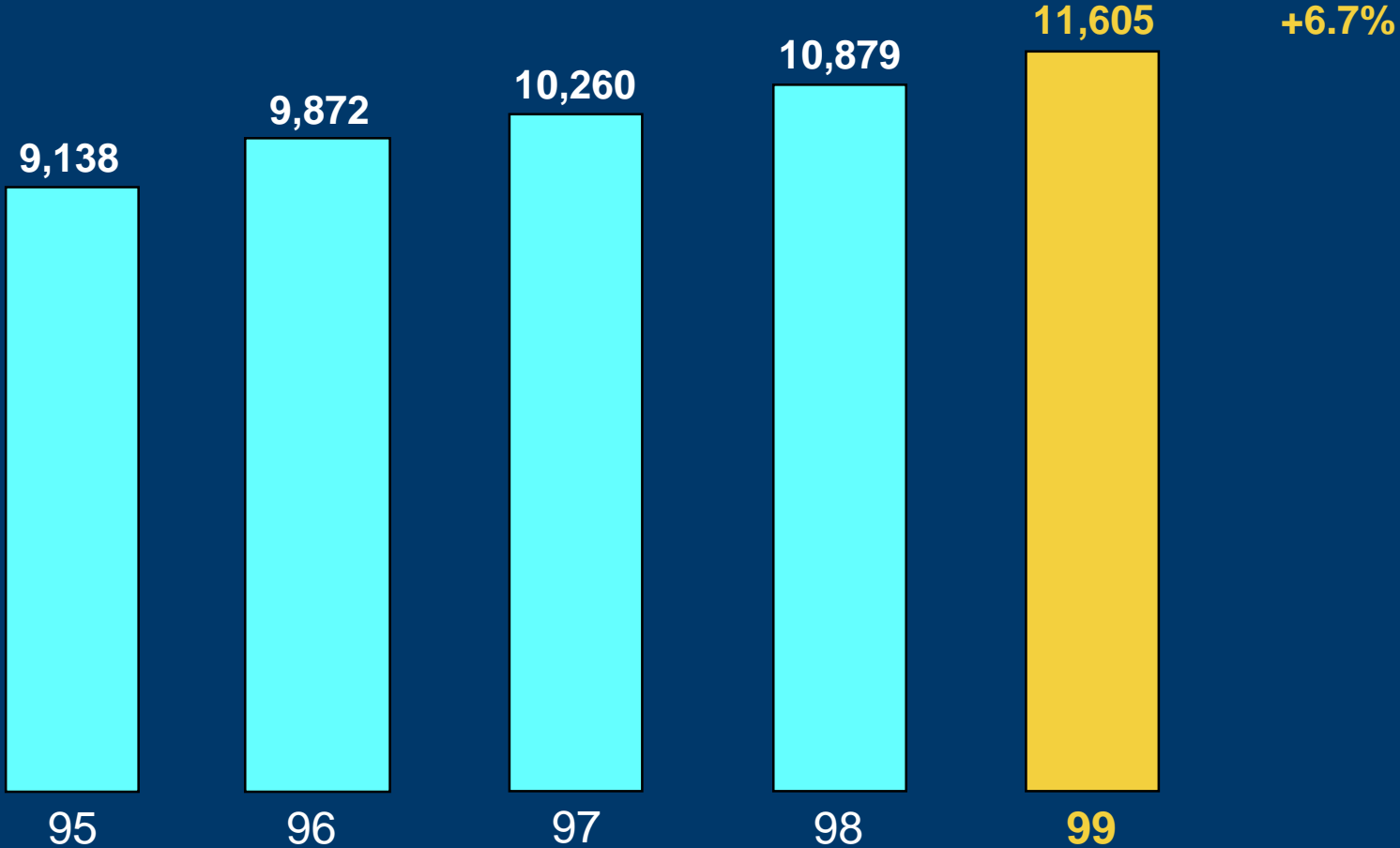
Continues to be popular and successful

- > Personal
- > Flexible
- > Straightforward
- > Convenient

UK home credit Strategy

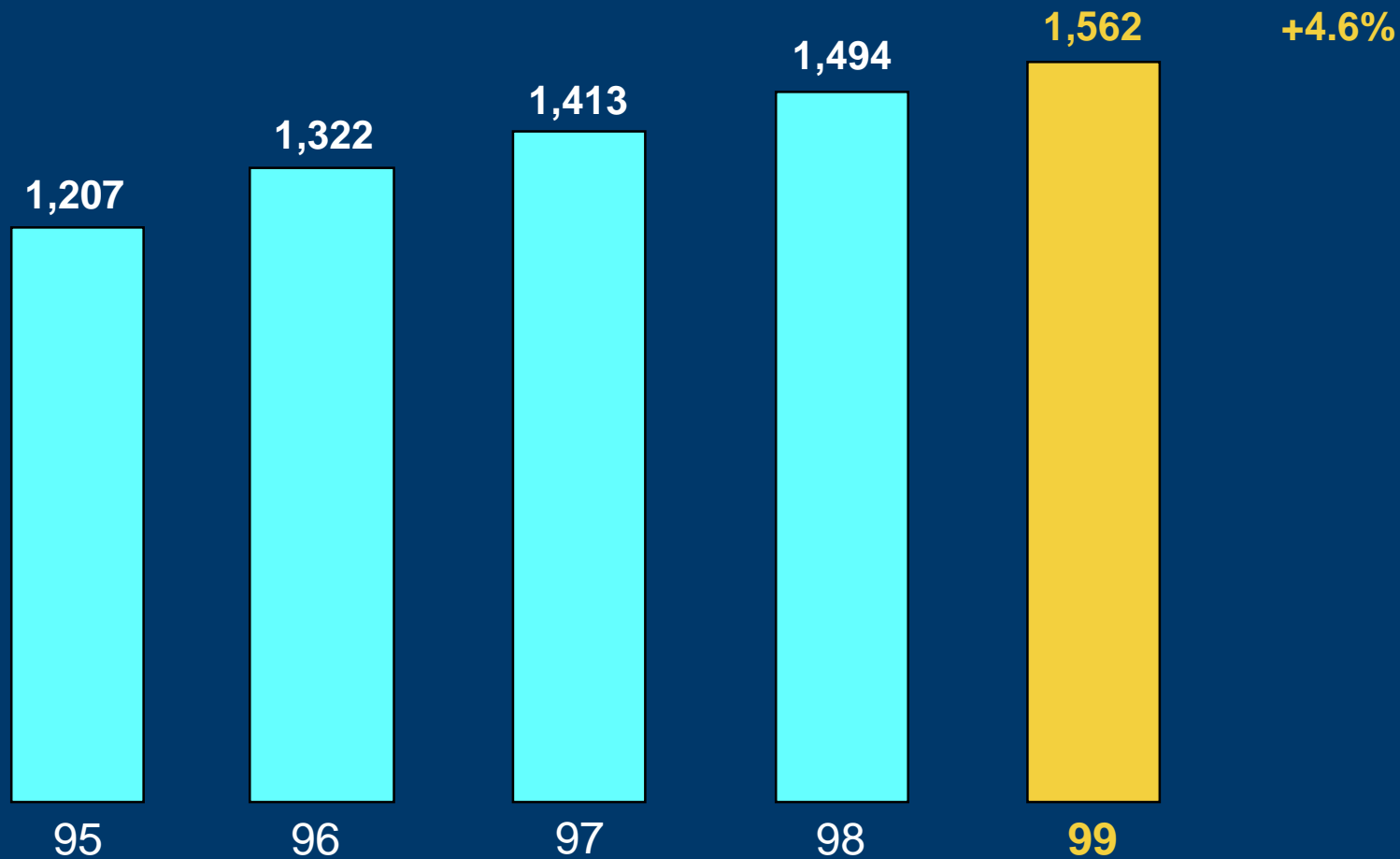
- > Continuing growth potential in UK market
- > More agents
- > More customers
- > Increase in credit issued

UK home credit Agents



As at 31 December

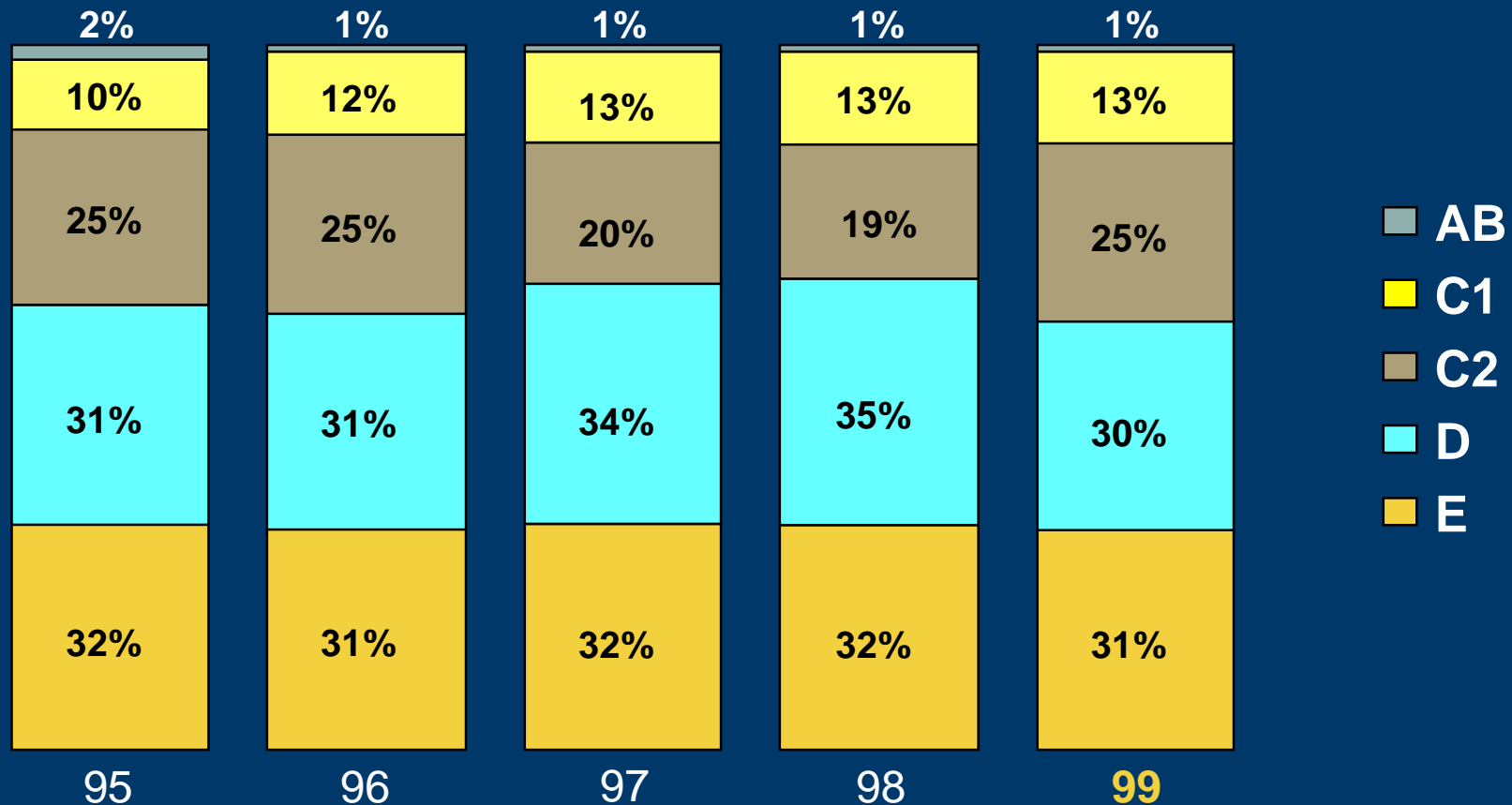
UK home credit Customers (000s)



As at 31 December

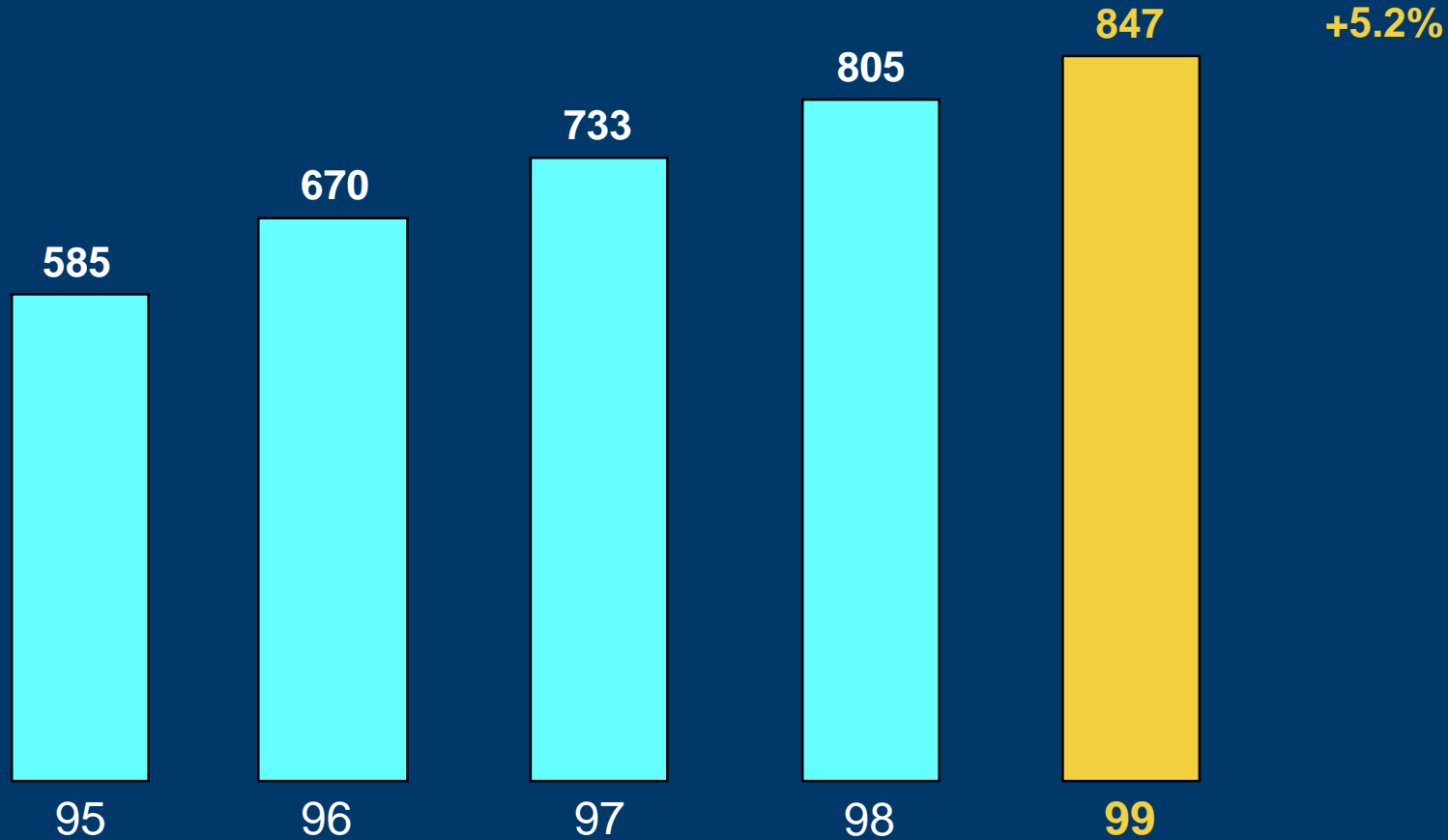
UK home credit

Customer profile



UK home credit

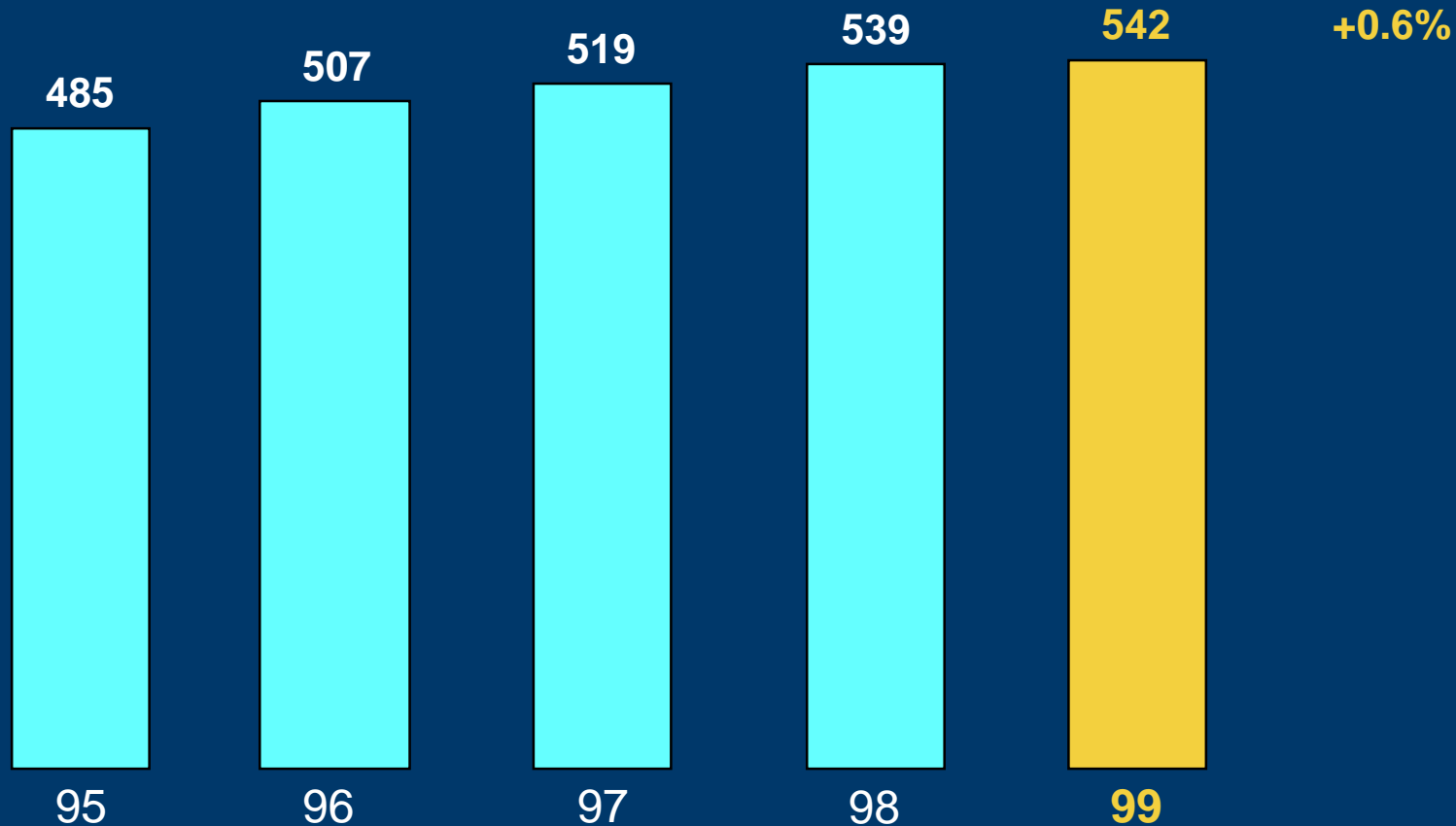
Credit issued (£m)



To 31 December

UK home credit

Credit issued per customer (£)



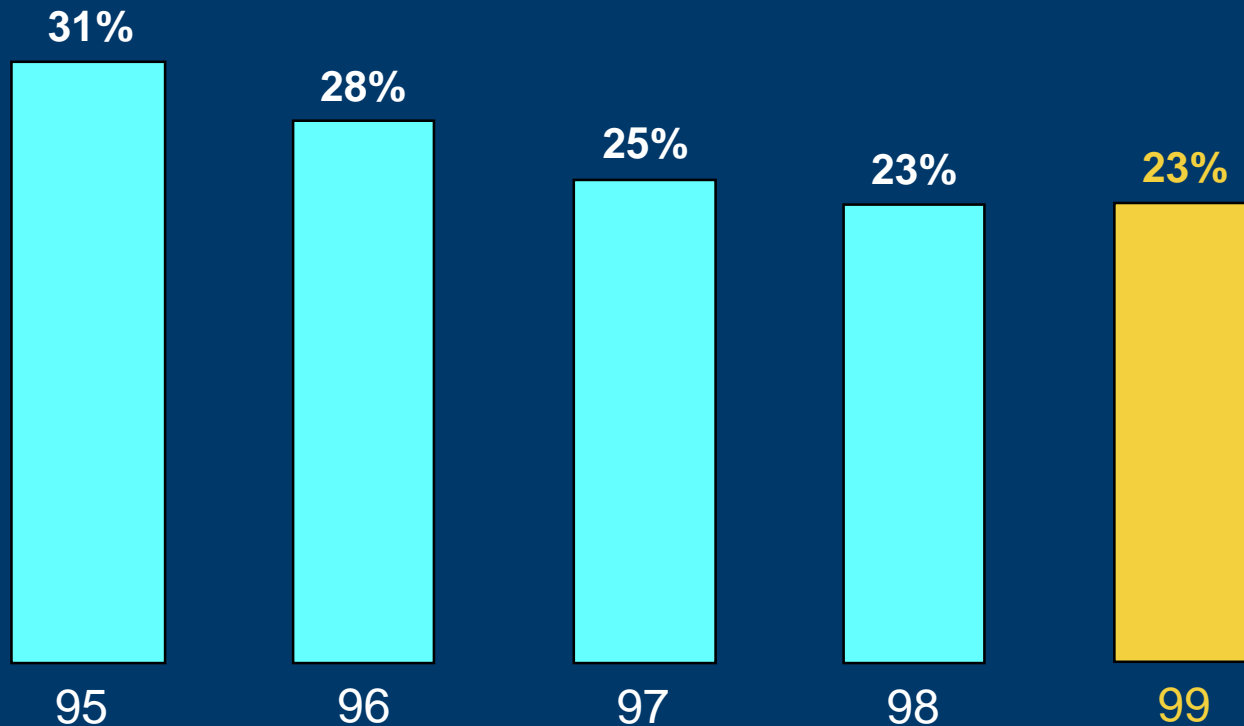
UK home credit

Consequences of growth strategy

- > More inexperienced agents
- > More customers of whom we have less knowledge
- > Greater workload for field management

UK home credit

Drive for cost efficiency



Overhead as % of turnover

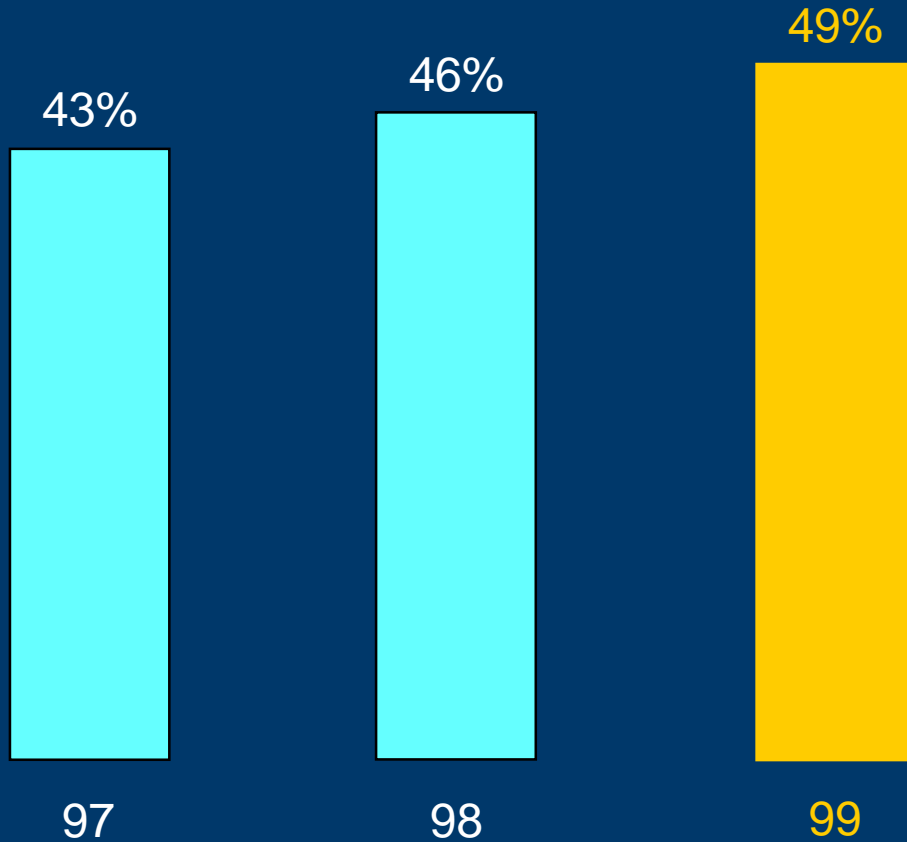
UK home credit

Increasing complexity in UK credit market

- > Wider range of credit products
- > Some increase in competition
- > Increased indebtedness
- > More complex lending environment

UK home credit

Wider range of credit products



Customers using at least one other credit product other than mail order

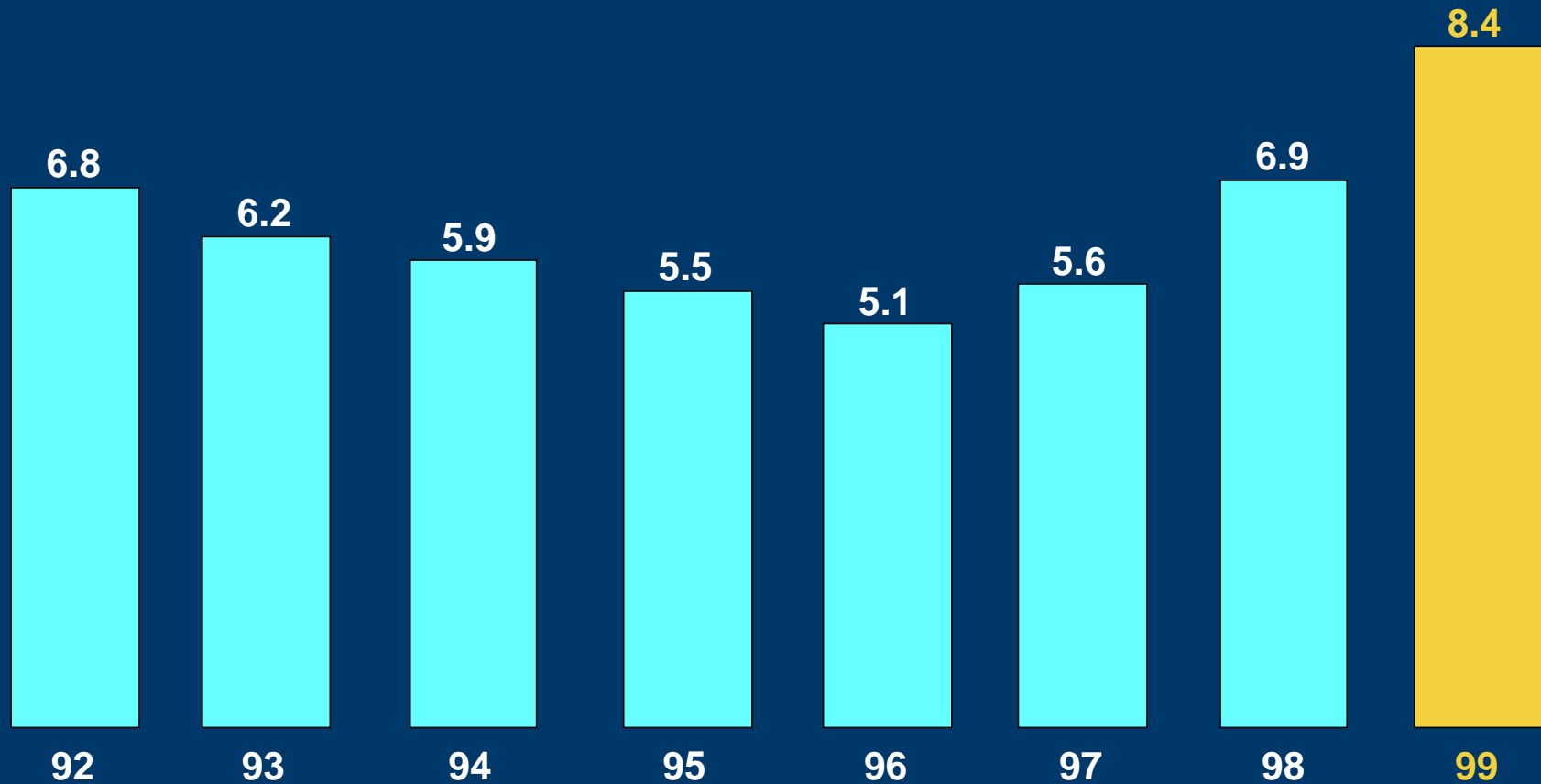
UK home credit

Bad debt



UK home credit

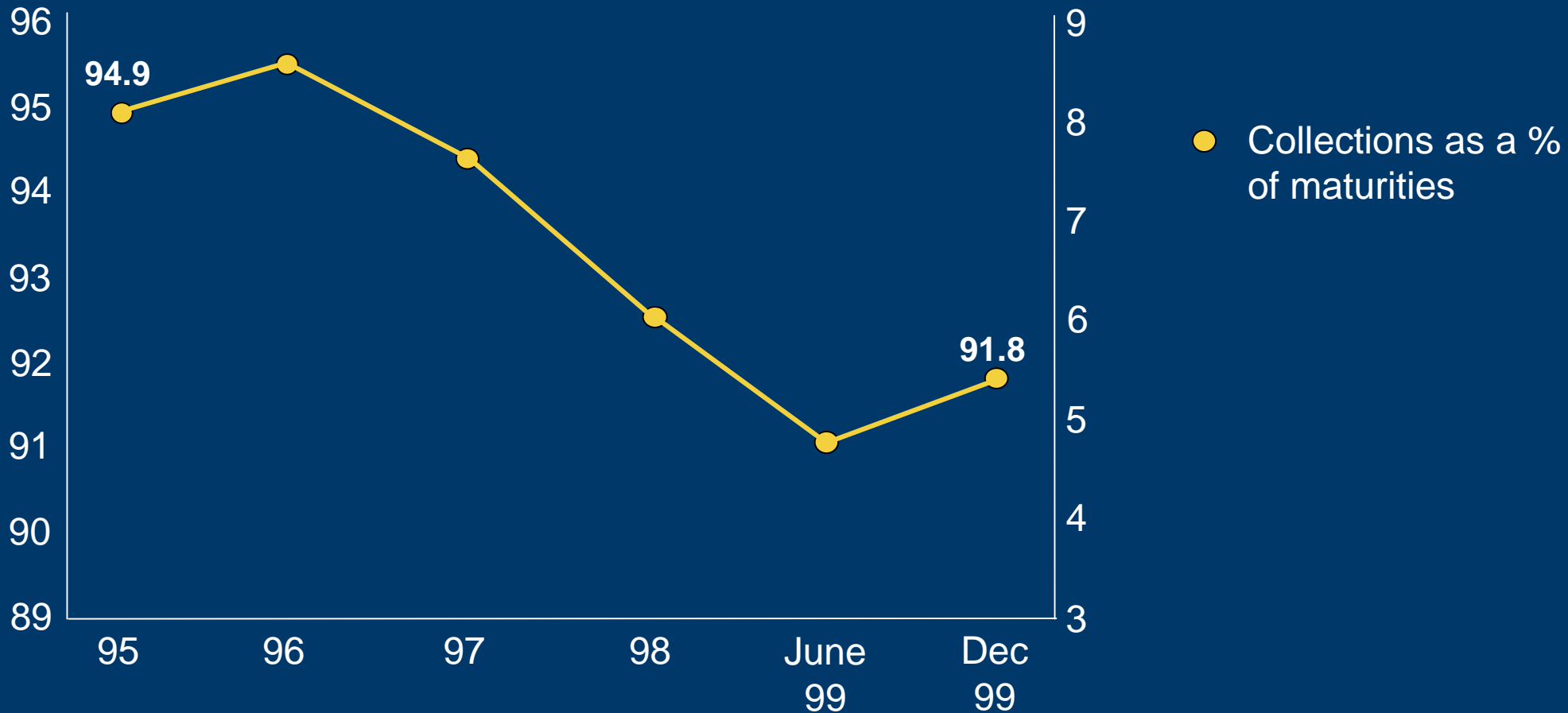
Bad debts



Bad debts as a % of credit issued

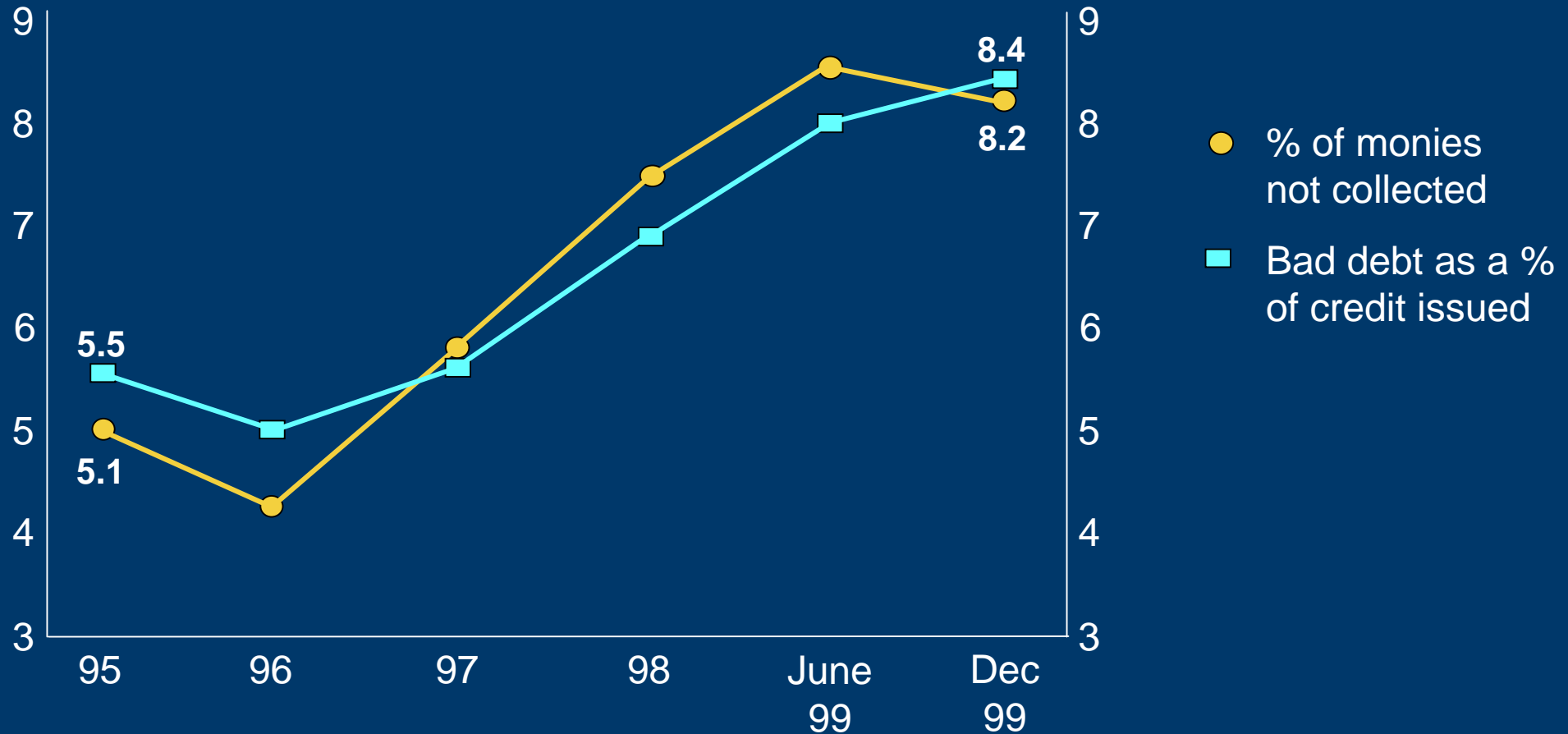
UK home credit

Collections and bad debt



UK home credit

Collections and bad debt



UK home credit

Response

- > Growth strategy remains in place
- > Strengthened field force
- > Improved support for agents
- > More cautious lending
- > Collection performance stabilising

UK home credit

Prospects for 2000

- > Growth in agents and customers
- > Cautious lending
- > Stronger field force
- > Bad debt ratio to stabilise
- > Slower growth in profits in 2000

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Full year results

Motor insurance

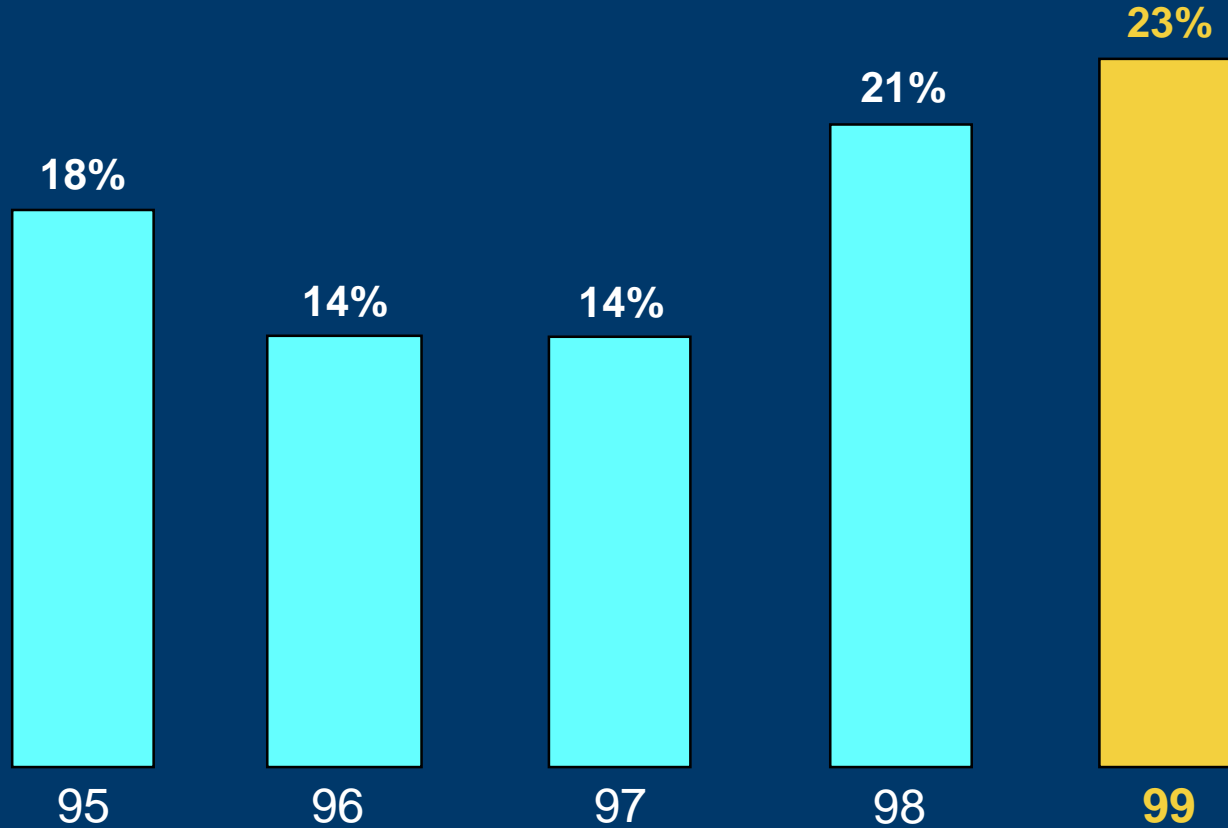
Motor insurance

Strategy

- > Specialist market provider
- > Cost-effective provision
 - competitive advantage
 - good margins
- > Excellent track record

Motor insurance

Excellent track record



Return on equity

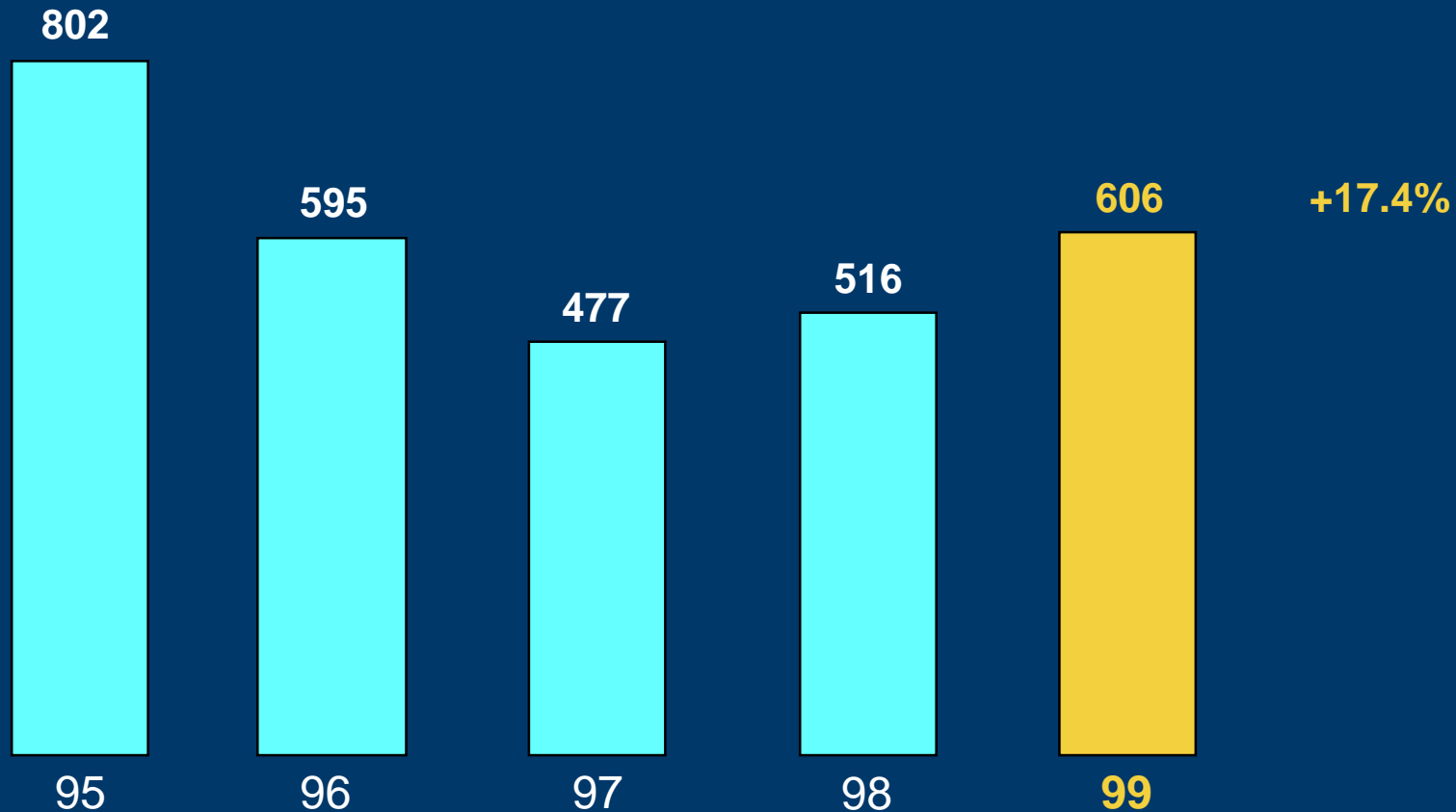
Motor insurance

Profit before tax (£m)

	1998	1999	
Profit before tax	19.6	25.4	+ 29.6%

Motor insurance

Underwriting customers (000s)



Motor insurance

Prospects for 2000

- > Premium increases feeding through
- > Our competitiveness improving
- > Volumes increasing
- > Excellent year for profit growth

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Full year results

International home credit

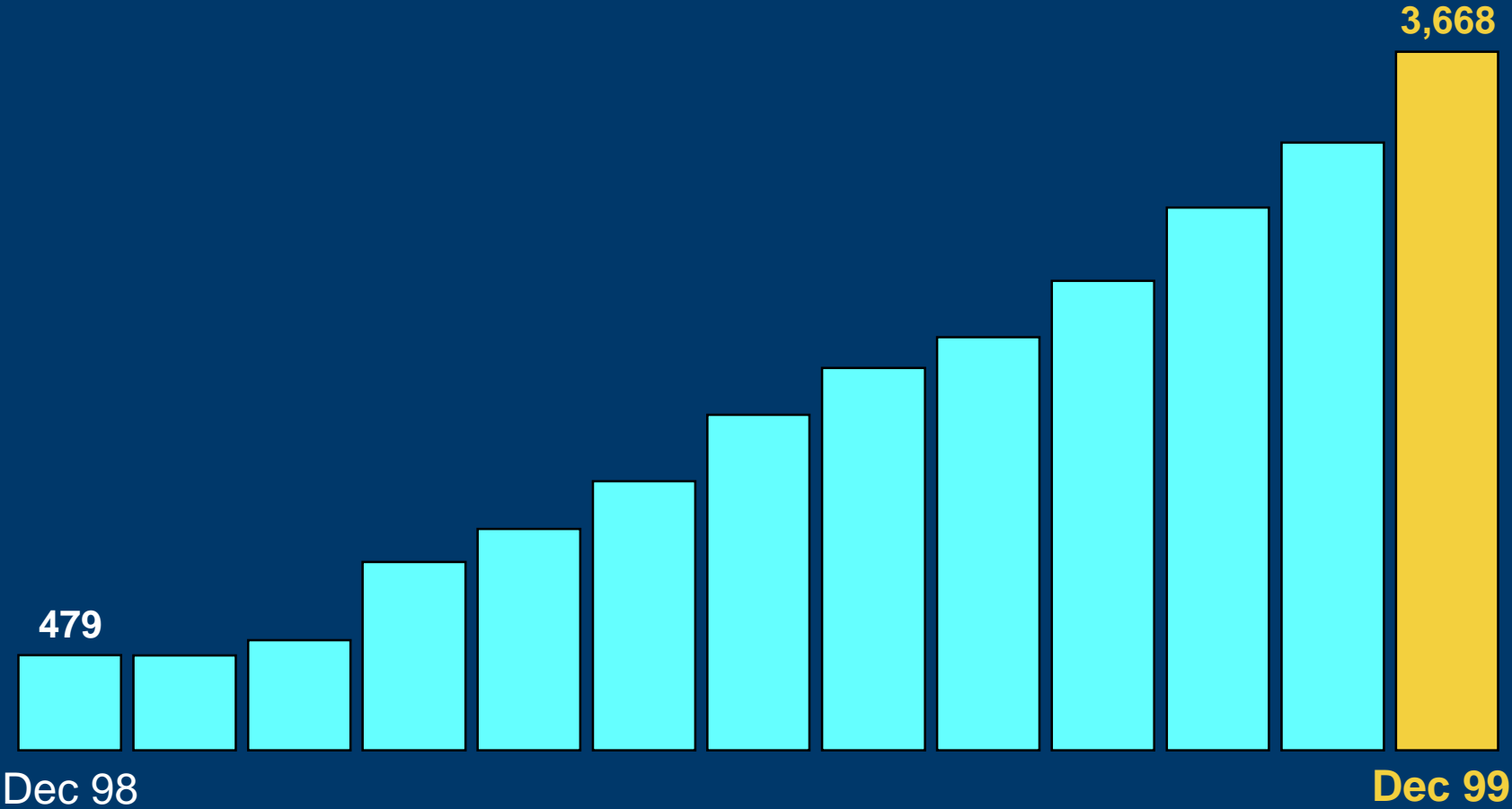
International home credit

Objectives for 1999

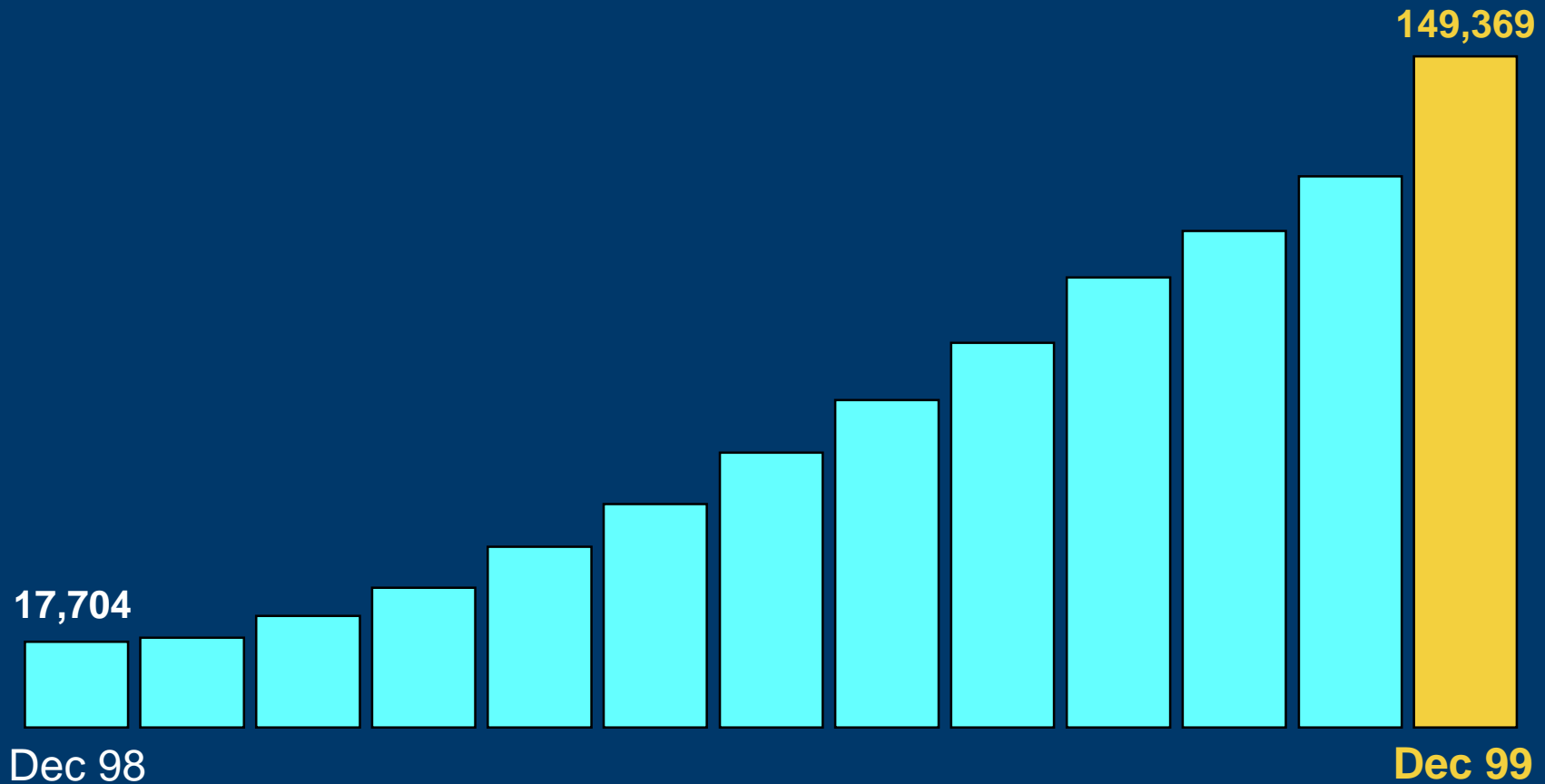
- > Year of largest investment - £8.4m
- > Prove ability to roll out large scale non-UK operation
- > Build extensive infrastructure in Central Europe
- > Achieve substantial growth in agent and customer numbers

International home credit

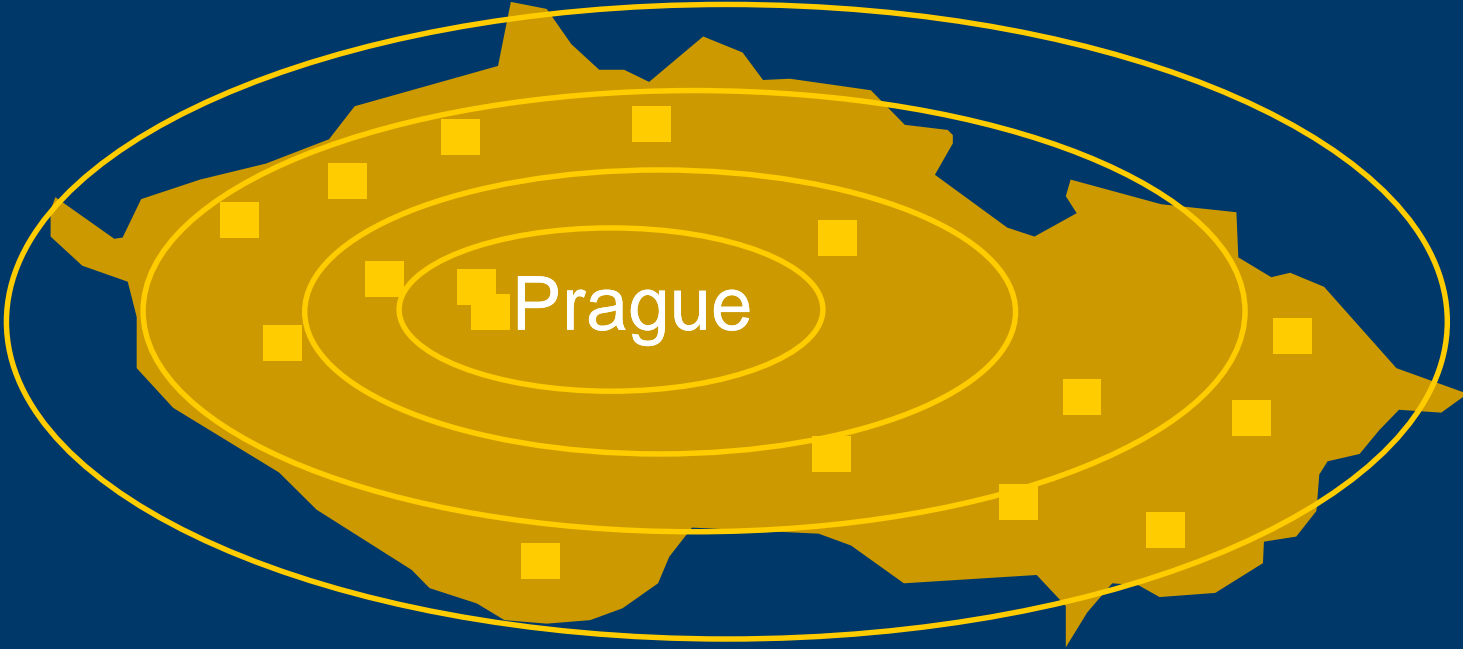
Agent numbers



International home credit Customer numbers



International Home Credit Czech Republic



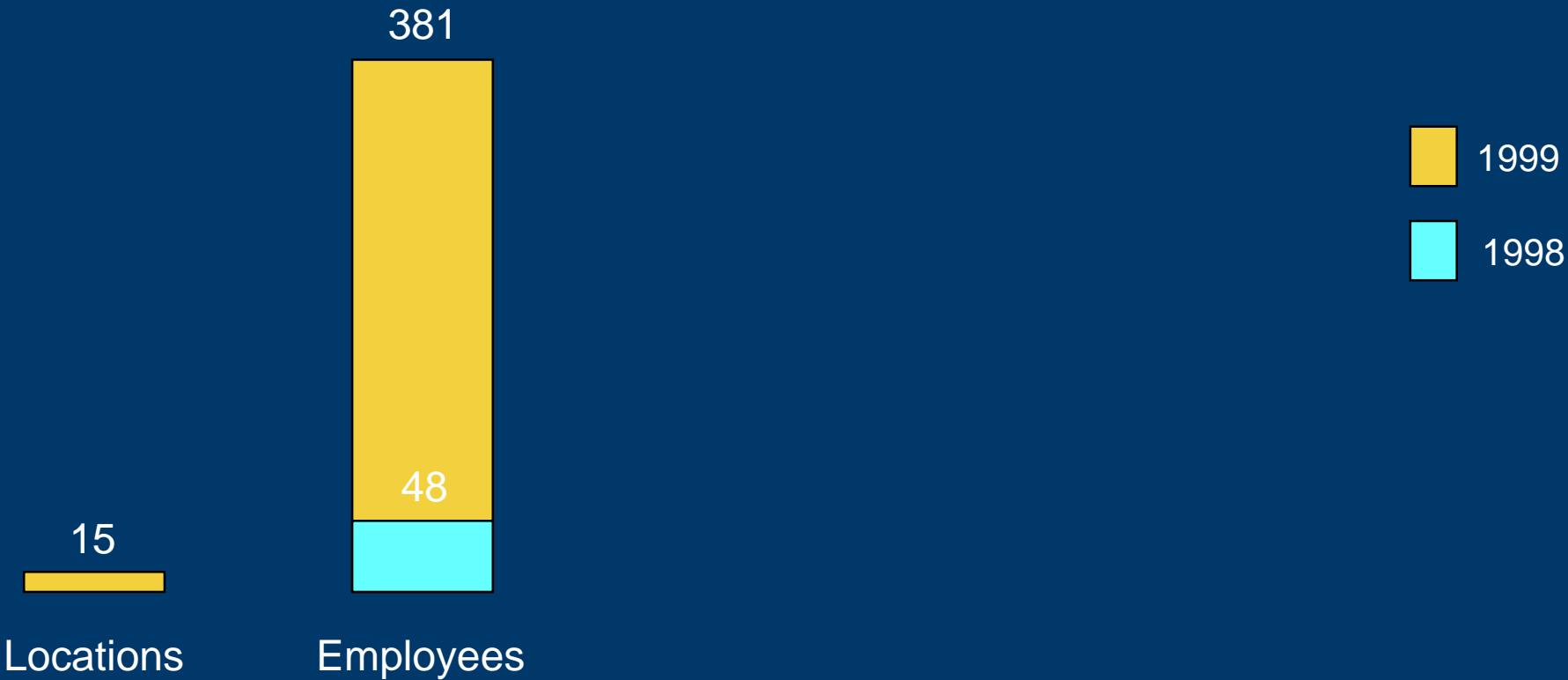
International home credit

Czech Republic

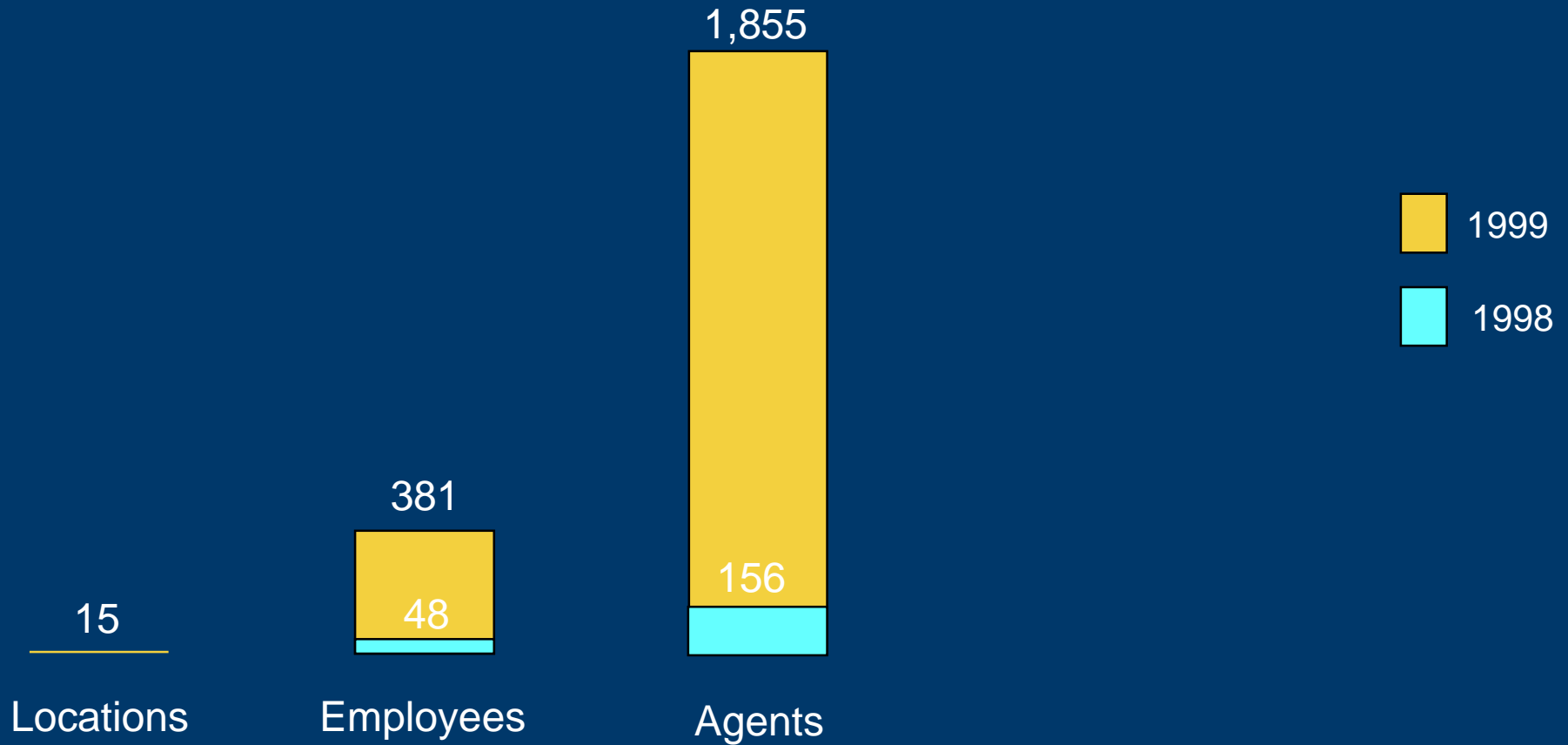


International home credit

Czech Republic

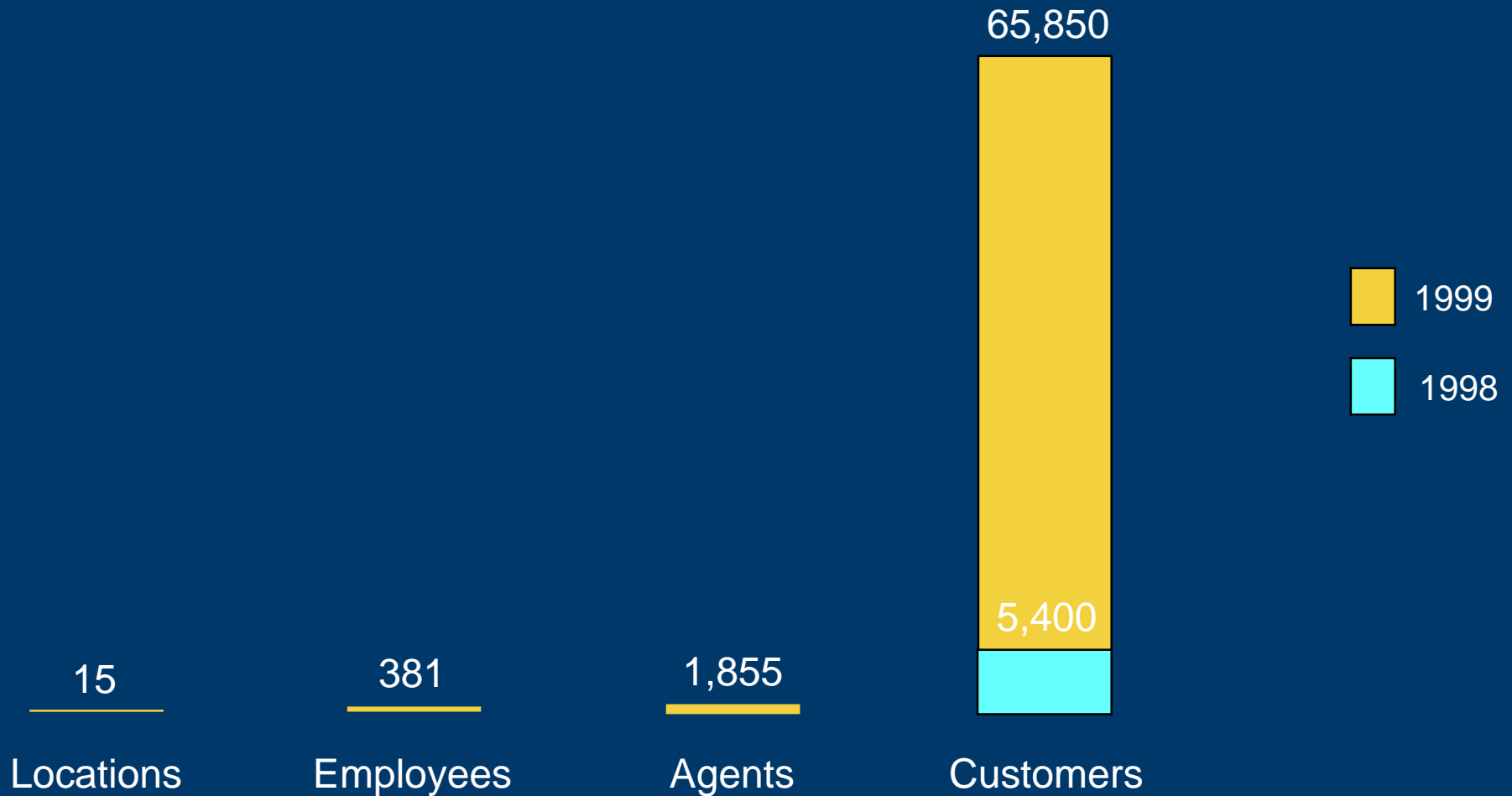


International home credit Czech Republic



International home credit

Czech Republic



International home credit

Czech Republic

	1998	1999
Customers	5,400	65,850
Credit issued (£m)	0.8	13.0
Loss (£m)	(1.1)	(2.7)
Bad debt % credit issued	1.1%	3.3%
Net receivables (£m)	0.4	5.6

International Home Credit

Poland



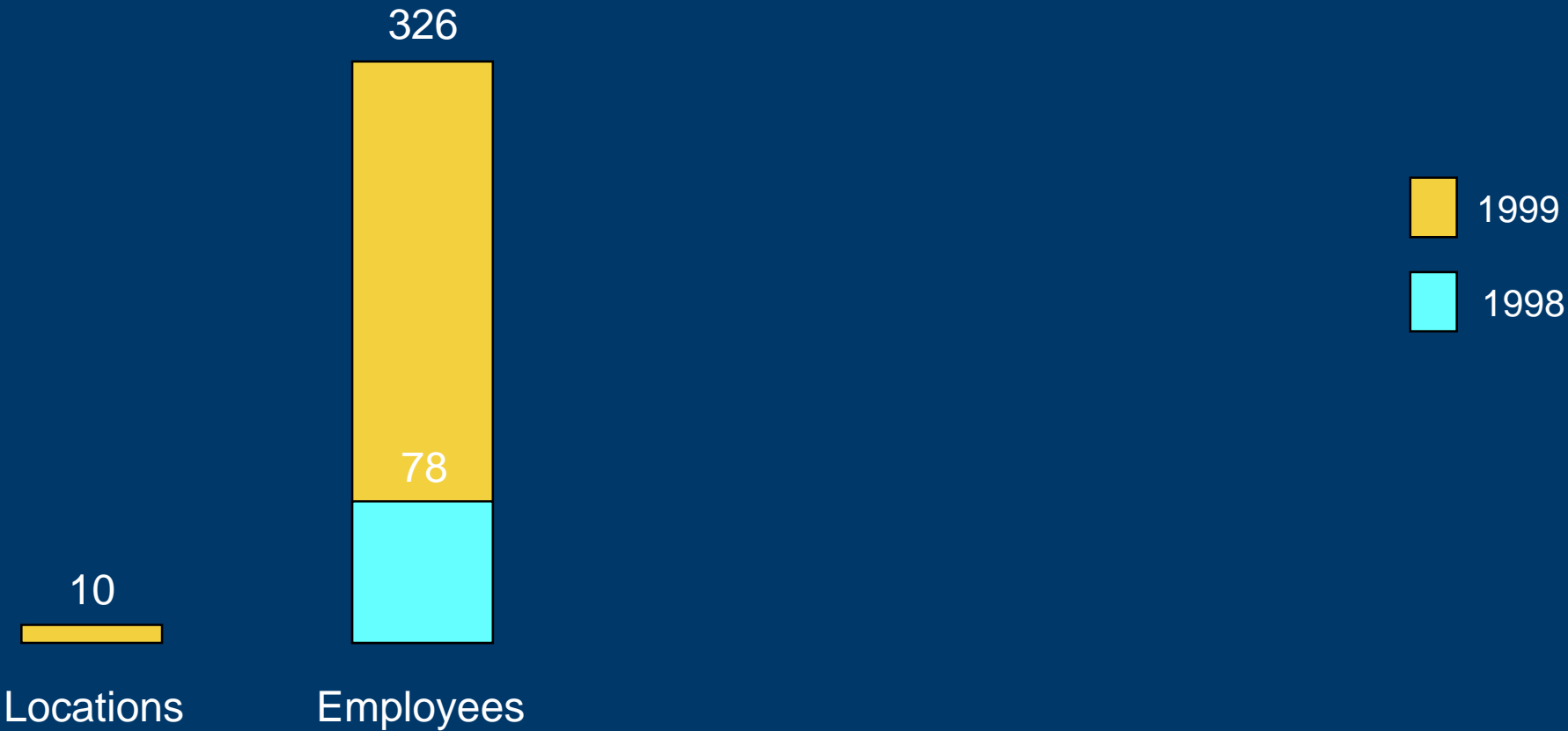
International home credit

Poland



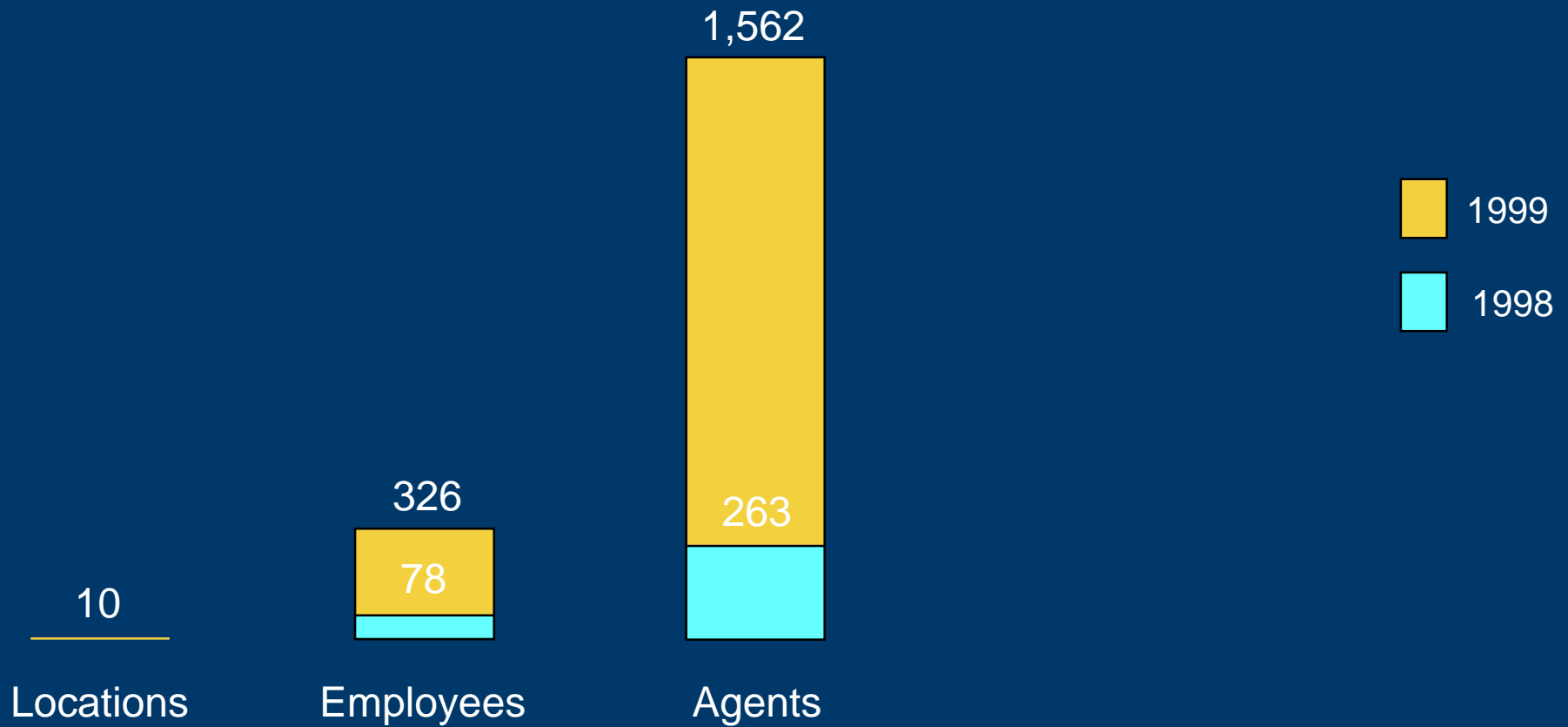
International home credit

Poland

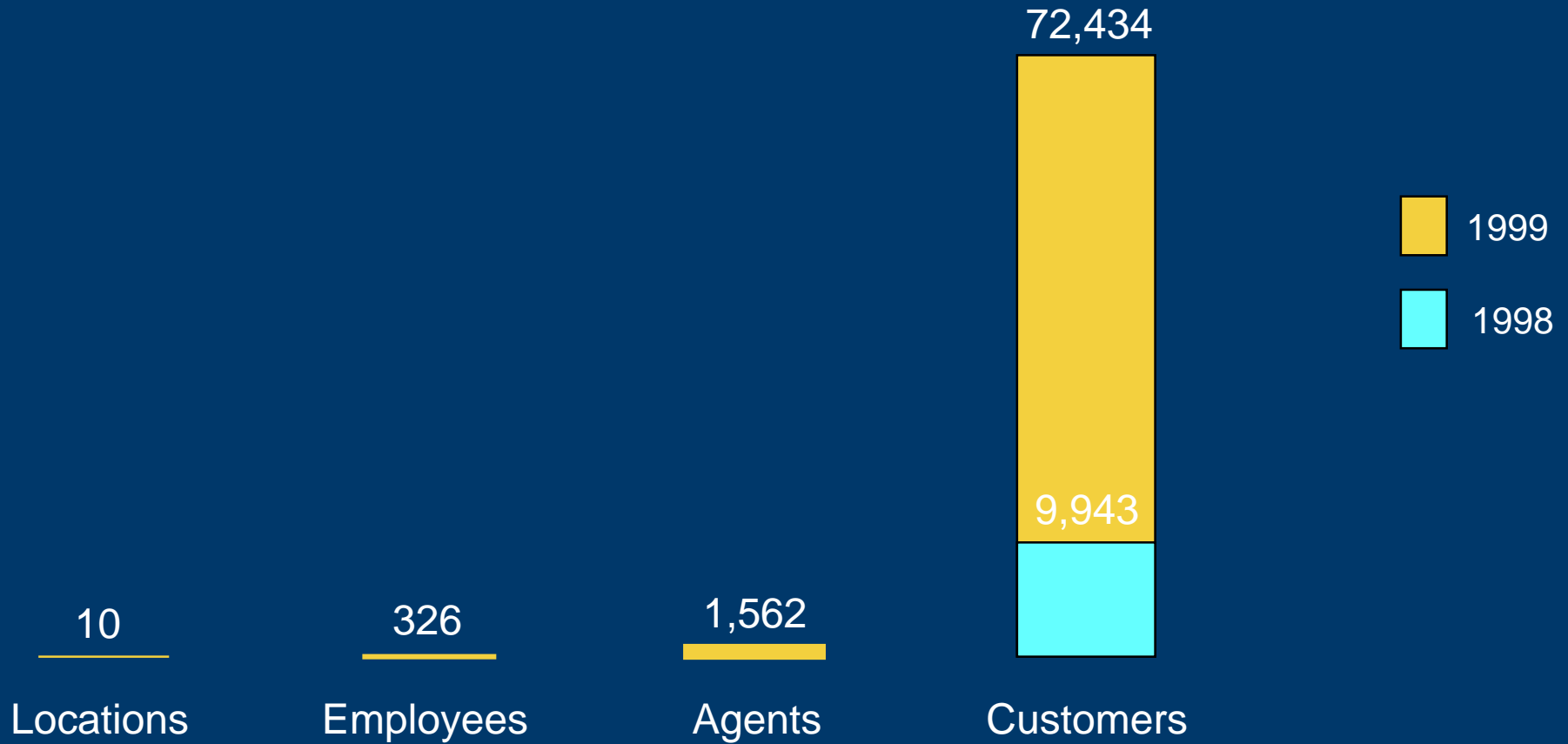


International home credit

Poland



International home credit Poland



International home credit

Poland

	1998	1999
Customers	9,943	72,434
Credit issued (£m)	1.8	15.2
Loss (£m)	(1.5)	(2.7)
Bad debt % credit issued	2.8%	3.5%
Net receivables (£m)	0.9	7.0

International Home Credit

South Africa



International home credit

Summary

	1998	1999
Customers	17,704	149,369
Credit issued (£m)	2.8	29.4
Loss (£m)	(4.7)	(8.4)
Bad debt % credit issued	2.3%	3.6%
Net receivables (£m)	1.4	13.1

International home credit

Prospects for 2000

- > Substantial growth in Central Europe
- > Czech Republic in profit during 2000
- > Further investment in Poland
- > Lower start-up loss in 2000

Provident Financial

Full year results

Group prospects

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Group prospects for 2000

- > UK home credit
 - continuing growth in agents and customers
 - slower profit growth
- > International home credit
 - substantial growth
 - smaller loss in 2000
 - profit in 2001

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Group prospects for 2000

- > Motor insurance
 - increased profit
- > Group
 - good result for year

Longer term outlook

- > Steady growth in UK home credit
- > Successful internationalisation of home credit
 - further expansion in Central Europe
 - over 1m customers in Poland and Czech Republic in 5 years
 - one further country each year

Provident Financial

Longer term outlook

- > Profitable specialist motor insurer
- > Broaden range of financial services offered to lower income households
 - **balance**TM market testing in 2000



PROVIDENT
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Confident of an exciting
and rewarding future