

Provident Financial plc

Interim results 2007



11 September 2007


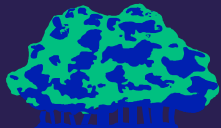

Our Presentation Today



- Overview
 - Peter Crook
- Financial review
 - Andrew Fisher
- UK home credit
 - Peter Crook
- Vanquis Bank
 - Results
 - Peter Crook
 - Early observations
 - Michael Lenora
- Group outlook
 - Peter Crook



Our ongoing UK operations

UK home credit	Vanquis Bank
 <p>Provident Personal Credit</p>  <p>Greenwood Personal Credit</p>	
Small, unsecured personal loans	Revolving, Visa-branded credit card
Average loan size: £333	Average credit line: £685
Number of customers: 1.5m	Number of customers: 289,000



Current environment

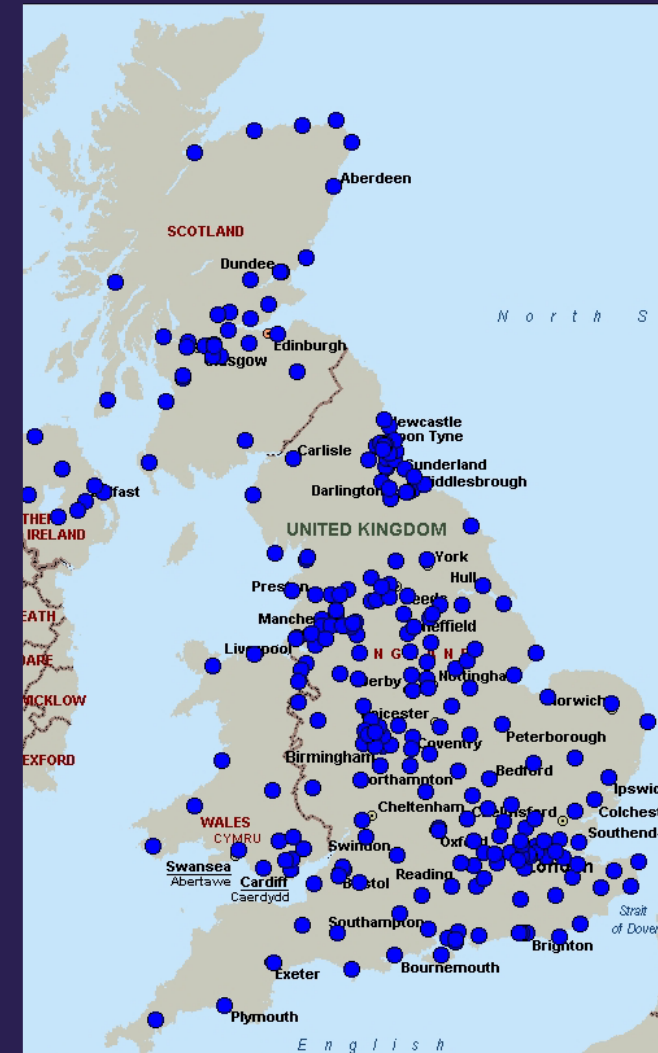
- growing opportunities in the UK non-standard lending market
- advantage of highly responsive national network
- little exposure to broad consumer indebtedness
- rising interest rates have little impact on customers or the company
- the UK unemployment rate is stable
- worldwide credit crisis not directly relevant to our customers or the company

Current environment



Responsive national network

- national network of branches
- more than 11,500 agents visiting our customers' homes each week
- up-to-date granular data captured locally & nationally each week
- highly responsive to changes in local & national market conditions





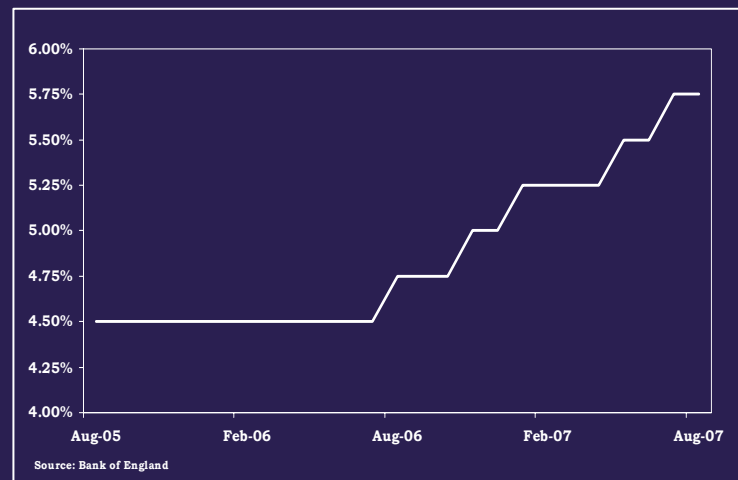
Consumer over-indebtedness

- our customers have relatively limited usage of other credit products
- our underwriting approach is careful and assesses each customer's ability to repay
- there is no financial incentive for our agents to over-lend
- The increased levels of consumer over-indebtedness in the UK in recent years are not a feature of the UKHC customer base, and are only a minor influence on the Vanquis customer base



Rising UK interest rates

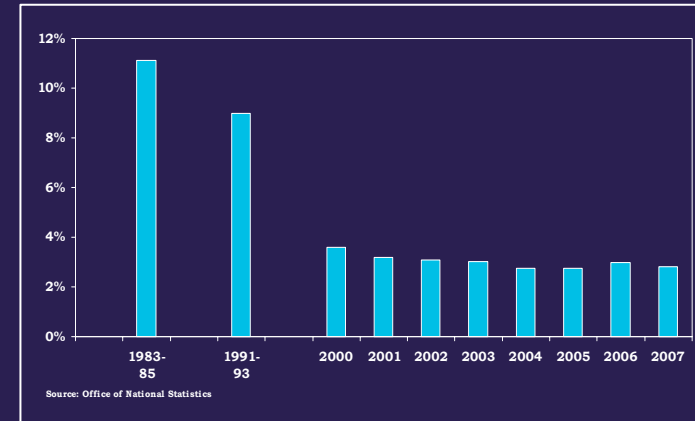
- Limited impact on customers
 - main pressures on our customers' disposable incomes are food, fuel, utility & council tax costs
 - our customers have limited access to other forms of credit, including mortgages
 - UK home credit's charges are fixed at the start of the loan
- Limited impact on company
 - 2007 interest cost substantially fixed at c.7.0%
 - interest is a relatively small element of the total cost base





UK unemployment rate

- Potentially the most material factor adversely affecting our customers' disposable incomes
- latest data suggests that the unemployment rate has stabilised at 2.5-3.0%
- this current position is materially lower than during previous recessionary periods
- our unique network enables a rapid response to changing local & national conditions





Worldwide credit crisis

- no impact upon the group's access to capital
- long-term funding in place for short-term customer lending
- little or no impact upon our customers
- other lenders are continuing to retreat from the UK non-standard lending market

Financial highlights



Ongoing UK operations

PROFIT BEFORE TAX*

**+ 19.4% to
£38.2m**

AVERAGE CUSTOMER
RECEIVABLES

**+ 11.5% to
£735.0m**

Continuing operations (comprising ongoing UK operations & International)

PROFIT BEFORE TAX*

**+ 19.8% to
£56.3m**

EARNINGS PER SHARE*

**+ 20.2% to
15.38p**

* before demerger costs



A good first half from ongoing UK operations

- UK home credit:
 - continued customer number & receivables growth
 - continued evolution
 - stable impairment and growth in net revenue
 - profits stable
- Vanquis Bank:
 - management actions to put the business on a sounder commercial footing executed successfully
 - significantly reduced start-up losses
 - expected to trade at around break-even for 2007 as a whole
- Yes Car Credit:
 - continued strong collections performance

Provident Financial plc

Financial review





2007 interim: profit before taxation

	2007 £m	2006 £m	Change £m
Ongoing UK operations	38.2	32.0	6.2
International	18.1	15.0	3.1
Continuing operations	56.3	47.0	9.3
Discontinued operation - Motor Insurance	11.8	19.0	(7.2)
Profit before tax and exceptional items	68.1	66.0	2.1
Demerger costs	(11.8)		
Profit on disposal of Motor Insurance	69.3		
Profit before tax	125.6		



2007 interim: profit before taxation from ongoing UK operations

	2007 £m	2006 £m	Change £m
UK home credit	47.0	47.0	-
Vanquis Bank	(4.2)	(10.7)	6.5
Yes Car Credit	(1.2)	(0.5)	(0.7)
Central costs	(3.4)	(3.8)	0.4
Profit before tax	38.2	32.0	6.2

Note: group interest charges allocated to UK home credit for 2006 have been increased by £4.7m to reflect revised borrowings based on an average ratio of borrowings to receivables of 80%, with a corresponding reduction in Central costs.

Balance Sheet



Consolidated & pro forma demerged balance sheets as at 30 June 2007

£m	PF Group	IPF (pro forma)	UK Group (pro forma)	UK Group (pro forma as at 31 Dec 06) †
Receivables	1,154.2	355.2	799.0	901.7
Pension asset	68.6	3.5	65.1	18.5
Borrowings	(844.5)	(262.4)	(582.1)	(639.0)
Other	72.5	68.4	4.1	(17.7)
Net Assets	450.8	164.7	286.1	263.5
Equity(*):	33.1%	45.4%	27.7%	27.2%
Receivables (%)				

* excluding the pension asset

† as per the Circular to shareholders dated 25 June 2007



Surplus capital for the ongoing UK operations

- Target of 15% Ordinary Shareholders' Capital to receivables
- Still approximately £80m of surplus as at June 2007, disregarding the pension asset and taking into account operational seasonality and dividend flows
- In view of high dividend payout ratio, surplus will be retained in the near term to fund growth opportunities and provide a sensible degree of strategic flexibility.
- Directors may consider a return of capital as and when appropriate



Regulatory capital – ongoing UK operations

	2007 £m
Receivables	799.0
Other risk weighted assets	52.9
Total risk weighted assets	851.9
Capital reserves – Tier 1	217.3
Subordinated debt – Tier 2	100.0
Total capital resources	317.3
Capital adequacy ratio	37.2%

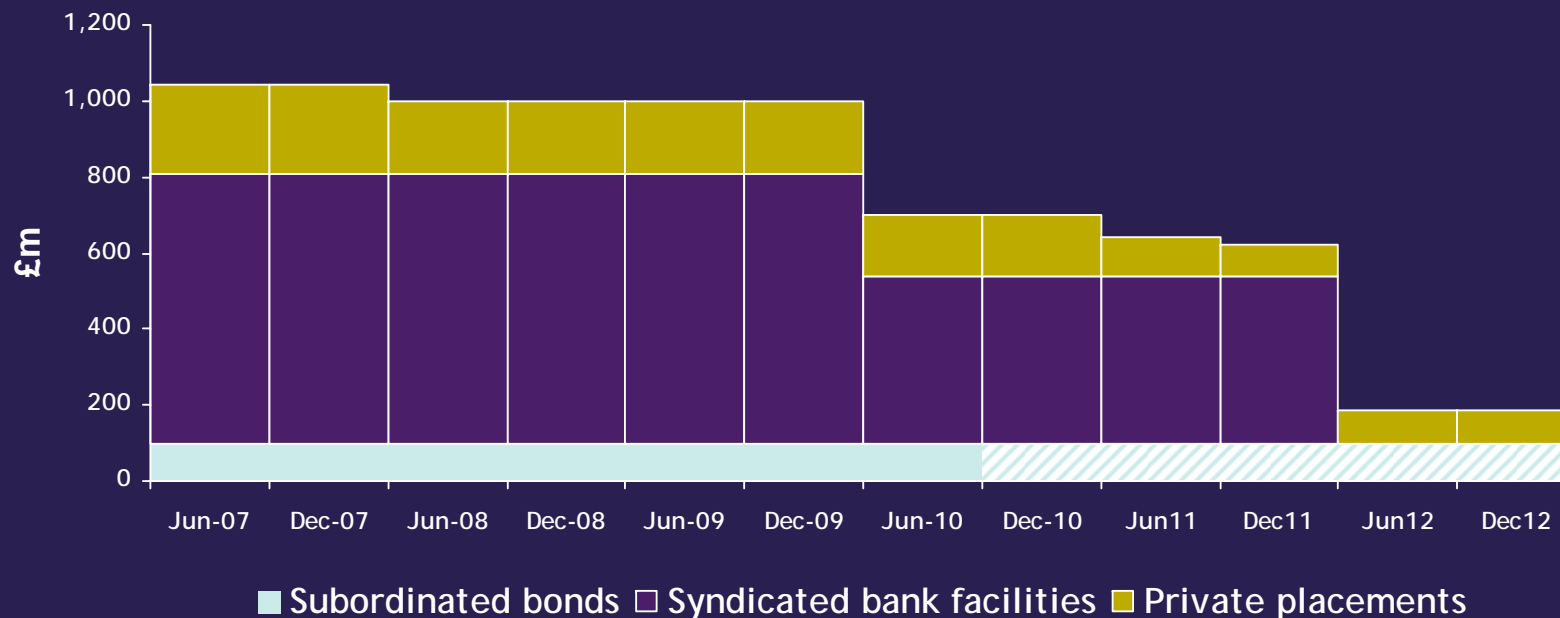


Borrowings & committed facilities

	£m
Committed facilities	
Syndicated bank facilities	707.5
Private placement notes	234.8
Subordinated bonds	100.0
Total committed facilities	1,042.3
Pro forma borrowings at 30 June 2007	582.1
Committed headroom available	460.2



Maturity of committed borrowing facilities



- Senior issuer default rating of BBB+ from Fitch Ratings maintained with a stable outlook
- 2007 interest cost substantially fixed at c.7.0%

Sale of Motor Insurance

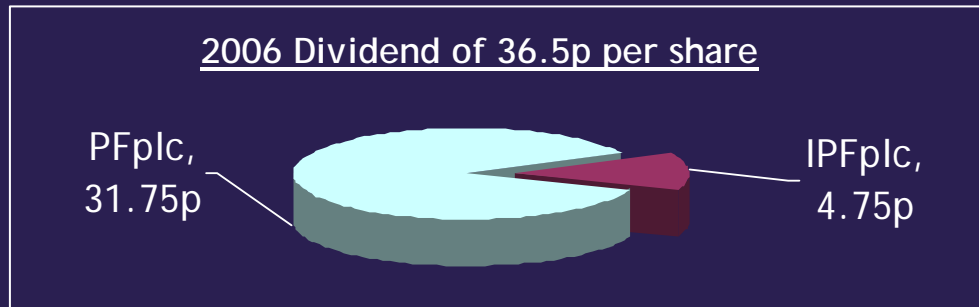


Profit on disposal

	£m
Sales proceeds	170.5
Less adjustments for termination of swaps (£6.9m), pension (£3.4m) & disposal costs (£7.8m)	(18.1)
Tax recoverable from purchaser	1.7
Total net consideration	154.1
Net assets on disposal	(90.5)
Pension credit and other	5.7
Profit on disposal before tax	69.3
Tax charge	(0.9)
Net profit on disposal	68.4



Interim dividend



- continue to pay c.40% as an interim dividend
- $31.75p \times 40\% \times 2 = 25.40p$ per PFplc share
 ↑ **consolidation ratio**
- interim dividend of 1.90p per IPFplc share
- Phasing of dividend payments:
 - interim: November (previously October)
 - final: June (previously May)

Provident Financial plc

UK home credit





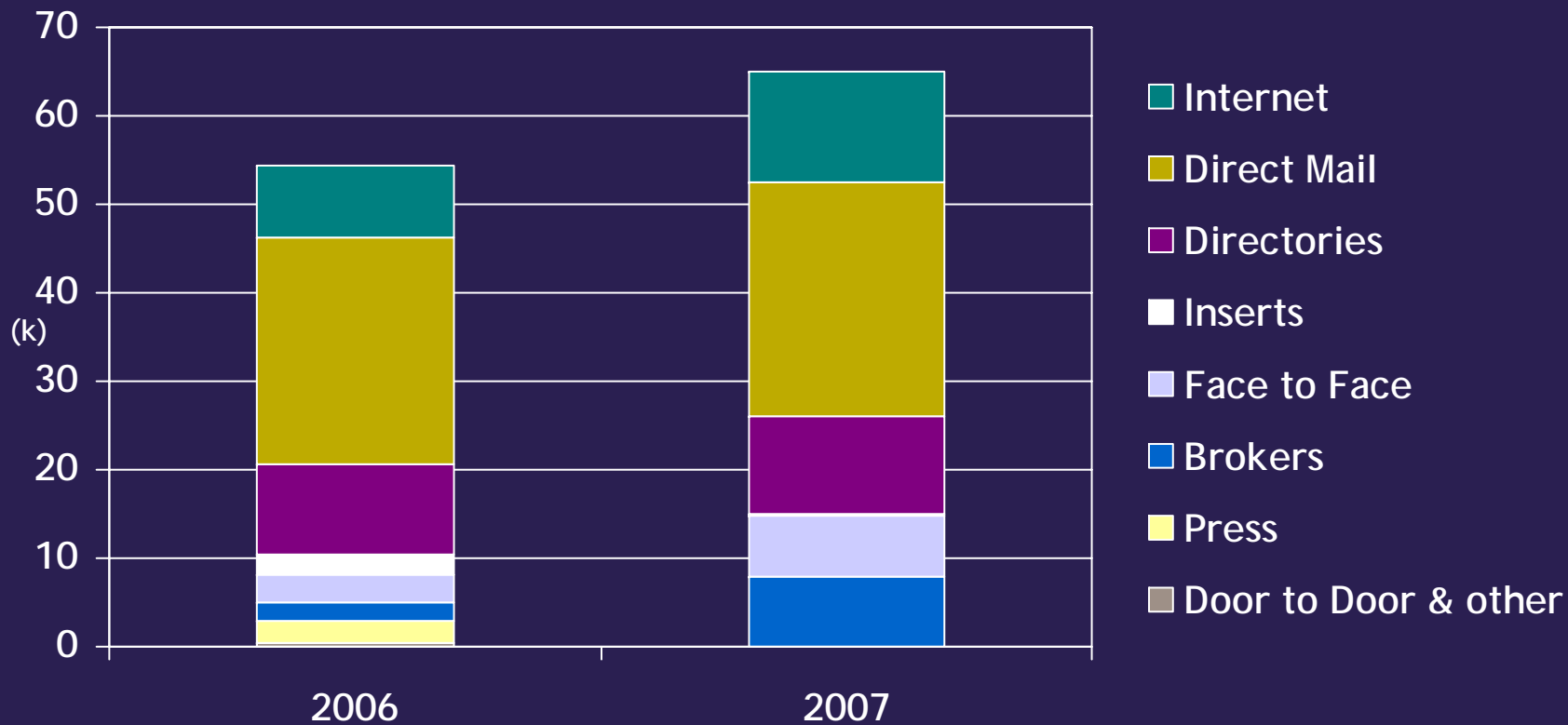
Interim 2007: results

	2007 £m	2006 £m	Change %
Customer numbers ('000)	1,486	1,472	1.0
Credit issued	393.1	390.8	0.6
Average net customer receivables	630.0	591.7	6.5
Revenue	292.0	289.6	0.8
Impairment	(107.4)	(106.4)	(0.9)
Revenue less impairment	184.6	183.2	0.8
Costs	(120.4)	(121.2)	0.7
Interest	(17.2)	(15.0)	(14.7)
Profit before tax	47.0	47.0	-
<i>Impairment as a % of revenue (MAT)</i>	<i>31.0%</i>	<i>30.2%</i>	



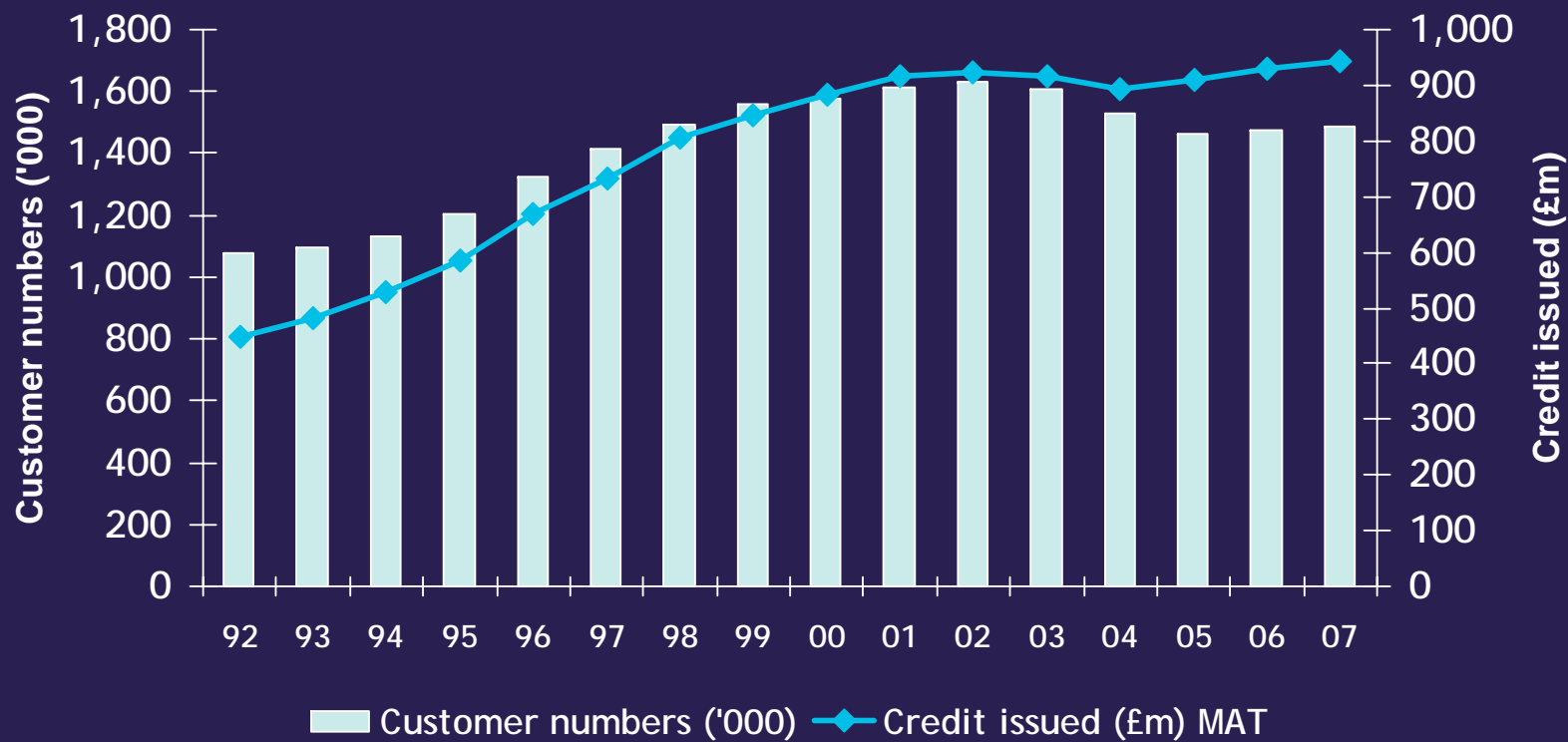
New channels add significant profitable volume

Total New Accounts Booked
Non-Agent Sources





Customers and credit issued (MAT) at June





Enhanced credit management

- Aiming to maintain the quality of the receivables book
 - keep tight control over impairment
 - reduction in level of customer attrition over time, resulting in lower acquisition and arrears management costs
- Pre-screening process for agent-led applications
 - introduced H2-2006
 - resulted in over 50,000 applications rejected in both H2-2006 and H1-2007
 - many of these would have previously been accepted
- Full use of Credit Reference Agency data to be deployed from H1-2008

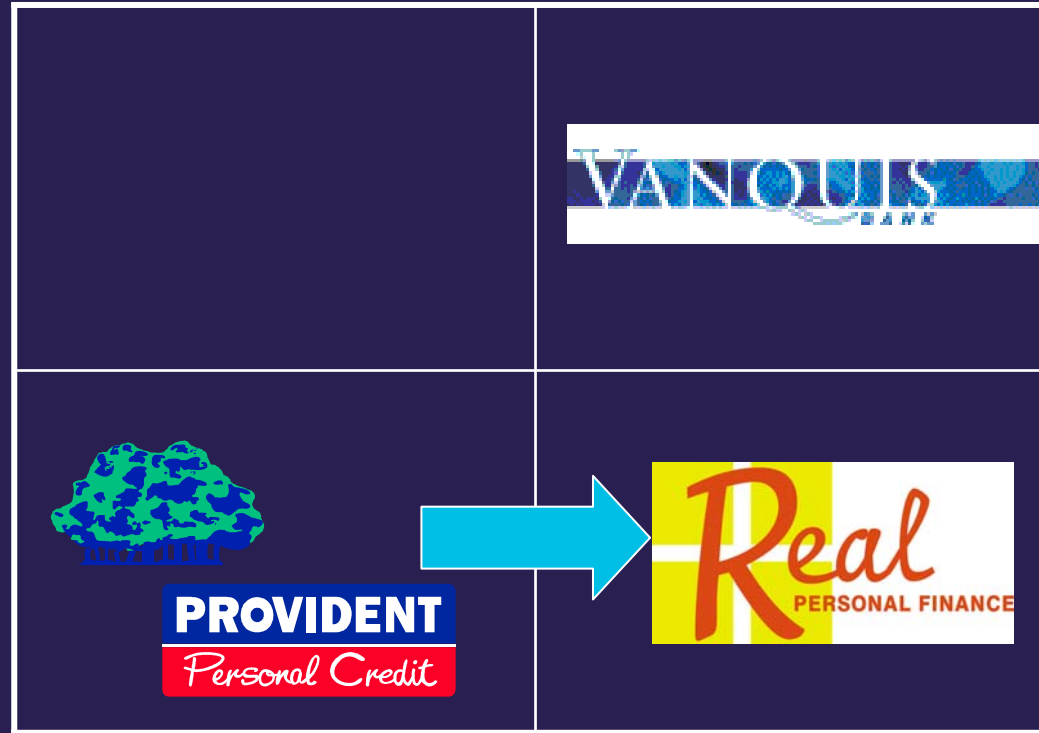


Real Personal Finance

Sales

Remote

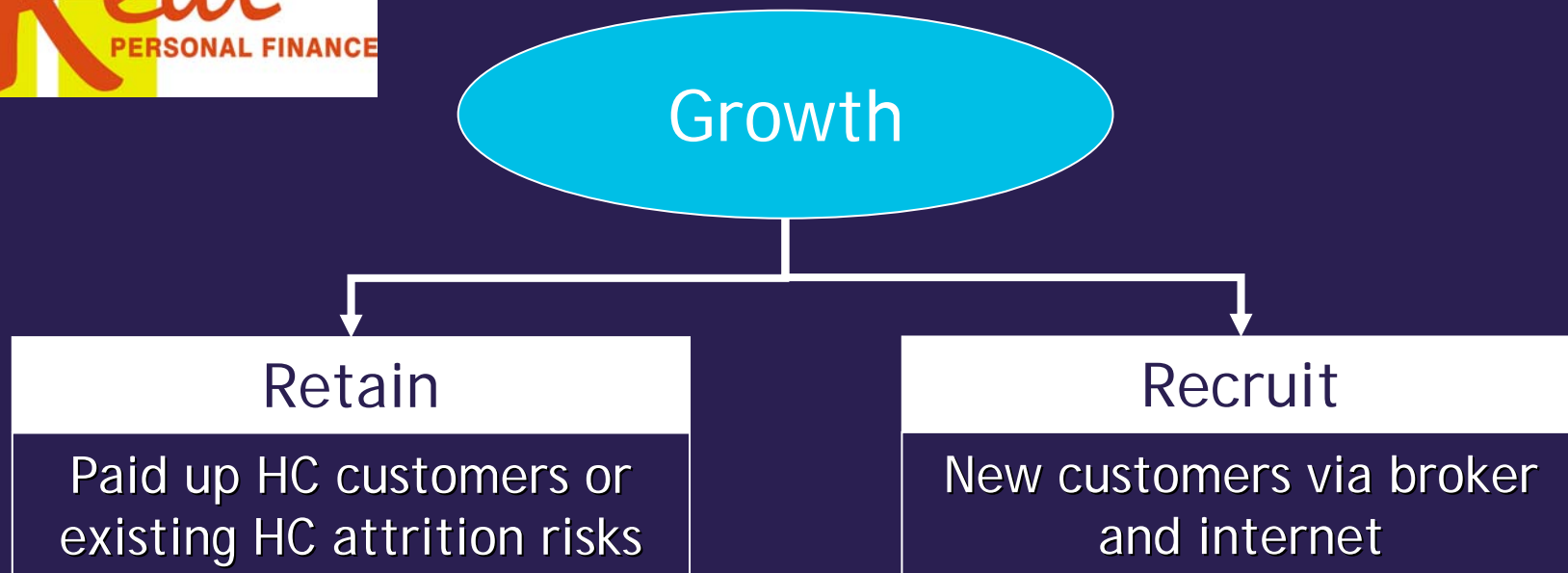
Face-to-face



Face-to-face

Remote

Collections



- 200,000 satisfied customers migrate from UK home credit annually
- RPF is a logical extension of the existing business
 - offers monthly, remotely collected unsecured personal loans
 - leverages from existing branch network and customer base



Business model

- Extension of weekly home credit
- Customers underwritten face to face in the home by Personal Finance Manager (PFM)
- Repayments collected monthly by direct debit
- Unsecured personal loans of c.£3,000 over c.36 months
- Early arrears handled by the PFM
- More customer oriented service than the competition
- Business model being piloted through to early 2008

Provident Financial plc

Vanquis Bank



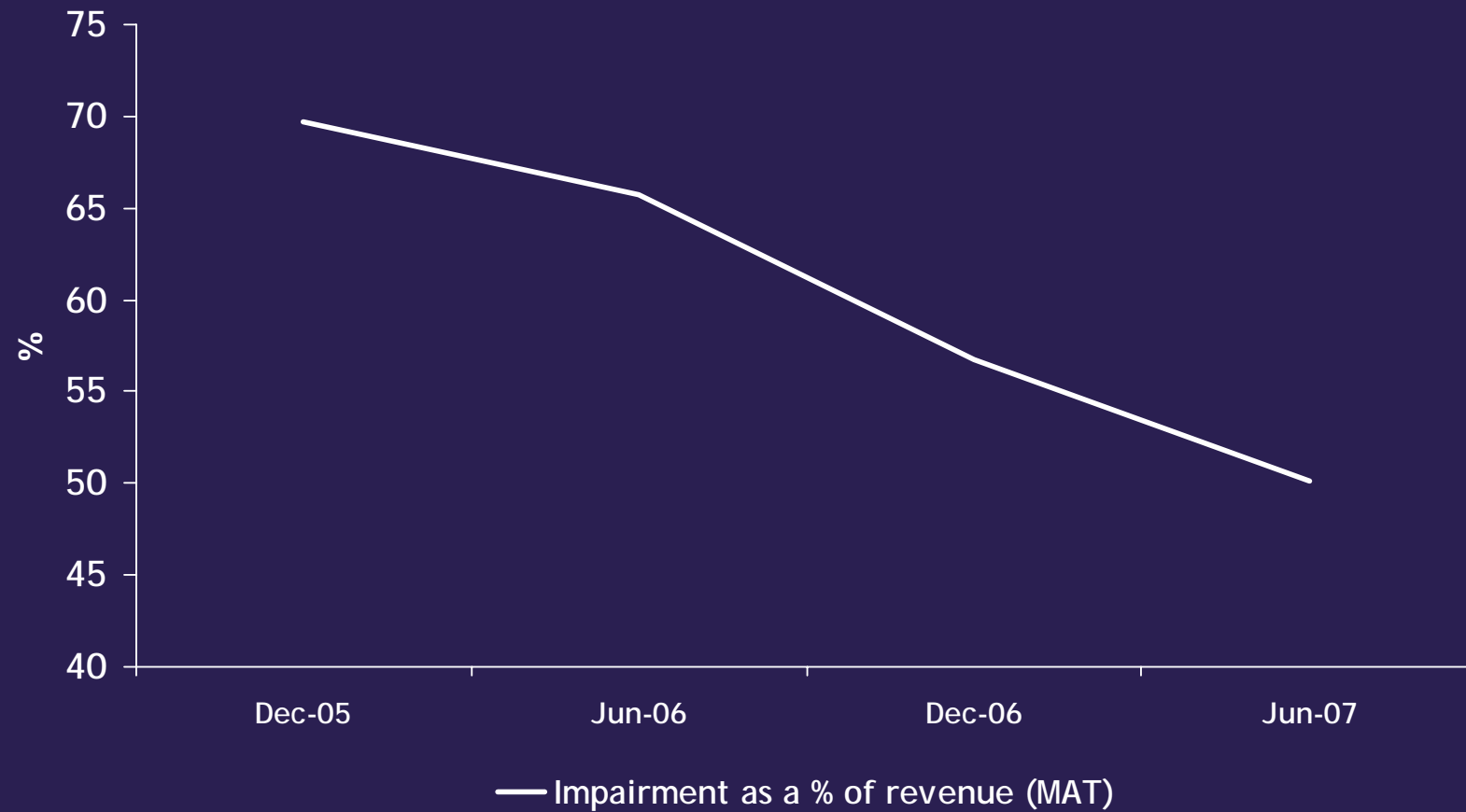


Business now on a sounder commercial footing

- Existing portfolio re-priced at end of 2006
 - no material levels of customer attrition
 - no material reduction in credit line utilisation
- Underwriting criteria tightened progressively since 2005
- Arrears management processes strengthened during 2006
- Customer number & receivables growth continues
 - customer numbers up 36.3% to 289k
 - average receivables up 56.3% to £105m
- Impairment as a % of revenue (MAT) fell sharply from 65.7% to 50.1% in H1-07
- Moved into monthly profit from June 2007

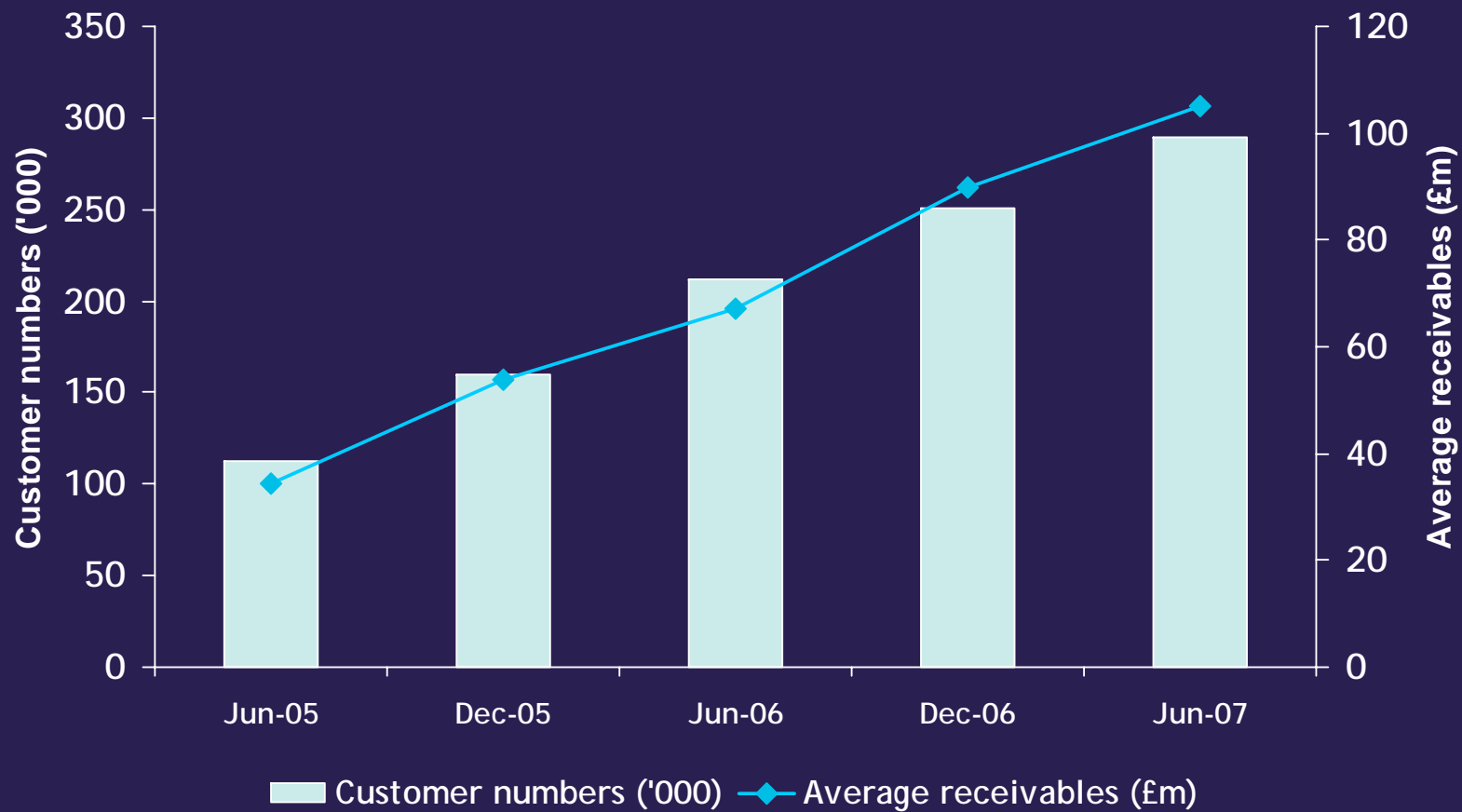


Improvements in quality of underwriting





Strong growth in customer numbers & average receivables









Interim 2007: results

	2007 £m	2006 £m	Change %
Customer numbers ('000)	289	212	36.3
Average net customer receivables	105.0	67.2	56.3
Revenue	27.8	13.9	100.0
Impairment	(12.8)	(8.1)	(58.0)
Revenue less impairment	15.0	5.8	158.6
Costs	(16.6)	(15.4)	(7.8)
Interest	(2.6)	(1.1)	(136.4)
Loss before tax	(4.2)	(10.7)	60.7
<i>Impairment as a % of revenue (MAT)</i>	<i>50.1%</i>	<i>65.7%</i>	

Vanquis Bank – medium-term targets



	June 2007		Medium-term targets
Customers	289k		500k+
Average credit utilised	£367		£600
Receivables	£105m		£300m+
Post-tax annual return on equity			c.30%



Early observations

- People
- Facilities
- Customer Base
- Key drivers
- Summary



People

- Young
- Enthusiastic
- Quantitative
- Tired of the Investment Phase



Facilities

- Locations
 - City of London: key to attracting skilled positions
 - Chatham: within easy reach, significantly more cost-effective than London, capable of supporting 750,000 accounts
- Systems: very current, no legacy systems
- Reporting: very rapid



Customer base – as expected

- Earning £12-25k p.a.
- Not particularly sensitive to current market conditions
 - sterling interest rate changes
 - sub-prime mortgage market
- “Low and Grow” strategy perfect for current environment
- Unlike the general trends in the UK credit card industry, credit quality metrics at Vanquis have improved

Vanquis Bank – early observations



Market size / opportunity

- UK non-standard lending market is c.9m people
- Prime lenders' flight to quality
- In the card marketplace, this means:
 - Tighter screening criteria for new solicitations
 - Historically high levels of declines
 - A potential appetite for portfolio sales involving our target customer demographic
- Existing customer base of 289k clearly small by reference to market size
 - medium-term target of 500k
 - potential acquisitions or partnerships may accelerate this



Key business drivers

- Attract/retain top talent
 - Engender a growth environment
 - Incentives
 - Performance
- Focus on daily disciplines
 - Timely production of management information
 - Marketing-driven management style
 - Keep management in front of the operation
 - Make planning a key priority
 - Keep promises, don't make excuses



Key business drivers (cont..)

- Diversify sources of customer leads
 - Continue to drive existing organic growth channels (internet and direct mailing)
 - Develop a broader acquisition strategy (including the use of partnership / affinity relationships)
 - Emphasise customer management activities
 - Exploit synergies effectively with the UK home credit network

Vanquis Bank – early observations



Summary

- Has built a strong infrastructure of people and systems from which to grow further
- Is not as sensitive to external market conditions as mainstream / prime issuers
- Is benefiting from the recent flight to quality and competitors' retrenchment from the sector
- Will see returns expand as a result of efficiency and scale increases

Vanquis has a very positive and attractive future

Provident Financial plc

Group outlook





- Strengthened management
- Improved medium-term prospects for both UK home credit & Vanquis Bank
- Strong position from which to focus on strategy to develop a broader range of credit products for the non-standard UK lending market

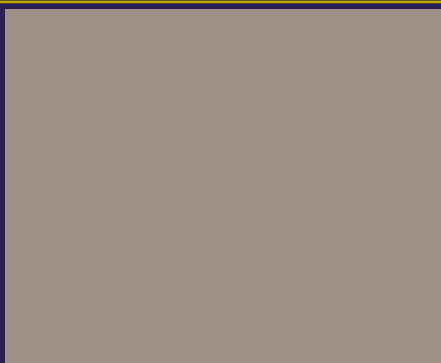
“We are confident that our continuing UK operations will deliver good profits growth for 2007 as a whole.”



QUESTIONS

Provident Financial plc

Interim results 2007



11 September 2007