



PROVIDENT
FINANCIAL

Provident Financial

Vital statistics

- 2002 pre-exceptional PBT: £182.1 million
- Market capitalisation: £1.5 billion
- Business sectors:
 - Unsecured consumer lending
 - Motor insurance underwriting
 - Motor financing
- Customers: 3.4m customers

Provident Financial Strategy

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

- Serving customers earning moderate incomes
- 2 strands:
 - international expansion
 - broader product range
- Internationalisation - a proven success
- Broader product range - Yes Car Credit acquisition is a significant step forward

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Group composition

UK Consumer Credit
UK Home Credit
Yes Car Credit
Credit cards (pilot)

International Home Credit	
Poland	Czech Republic
Hungary	Slovakia
Mexico (pilot)	

Motor Insurance
Provident Insurance

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Divisional results

	2002	2001	change
	£m	£m	%
UK home credit	152.5	150.4	1.4
International	10.6	0.8	1,302.9
Motor insurance	35.8	35.1	2.0
Central costs	(17.8)	(13.2)	(36.3)
Businesses sold or closed*	1.0	(3.5)	128.1
Pre-exceptional profit	182.1	169.6	7.4
Pre-exceptional earnings per share	53.05p	50.39p	5.3
Dividend	30.90p	29.35p	5.3
Interest cover	5.6x	5.8x	

*includes Colonnade Insurance Brokers, Provident balance and Provident South Africa

Year ended 31 December

The home credit market

What is home credit?

- Small, unsecured cash loans
- Delivered and collected in the home
- Service provided by self-employed agents
- Weekly repayment
- Woman to woman
- Fixed charges
- Simple and convenient

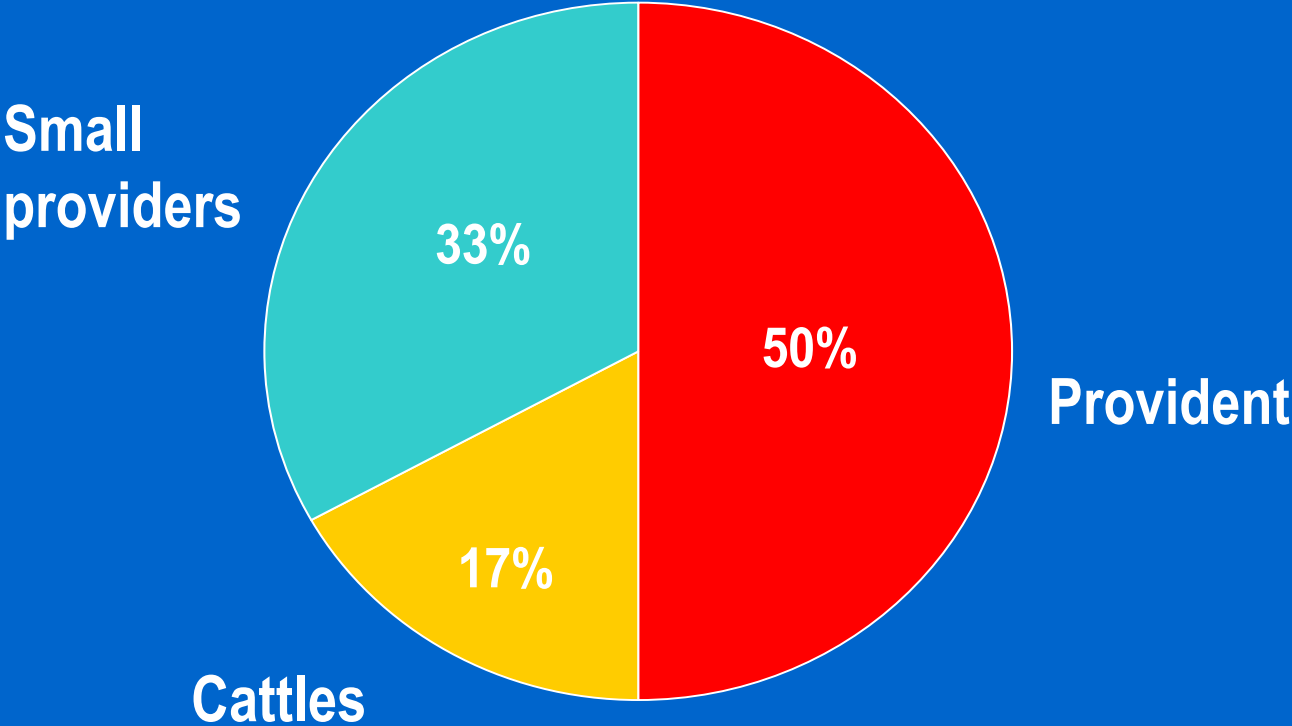
The home credit market

Target market for UK home collected credit

- C1, C2, D, E
- 26 million adults
- Circa 3 million home credit users
- Modest growth potential

The home credit market

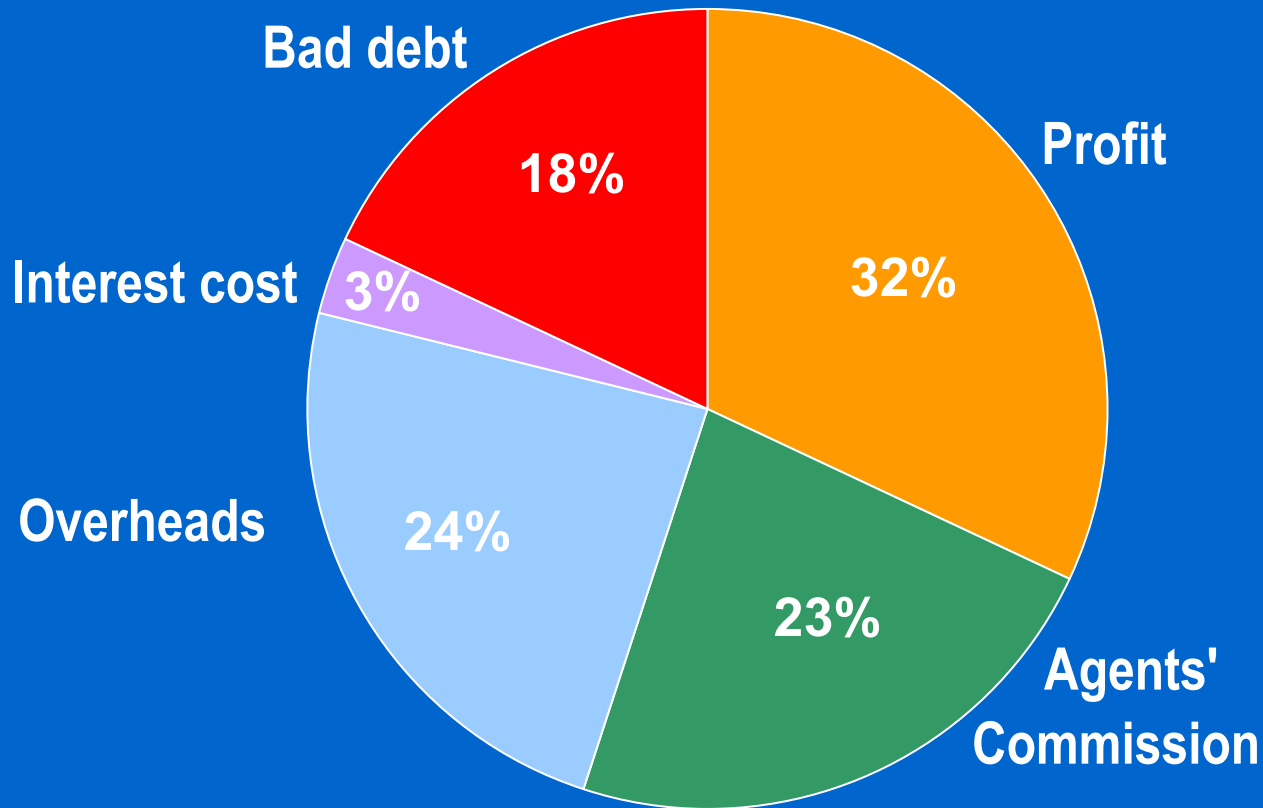
Market share



The home credit market

Costs and profit of UK home credit

% of turnover



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UK consumer credit

- UK home credit
- Yes Car Credit
- Vanquis Bank: credit card

UK home credit

Home credit: market conditions

- Mature market
- Balancing growth, costs and bad debt
- Customers better off, borrowing less frequently
- Working harder to recruit more customers
- Increase in bad debts, but optimum profit outcome

UK home credit

Home credit: key statistics

	2002	2001	change %
Customer numbers	1.63m	1.61m	1.4
Credit issued	£922m	£915m	0.7
Average credit issued per customer	£581	£589	(1.3)
Collections	£1,299m	£1,273m	2.0
Net receivables at year end	£636m	£618m	3.0

UK home credit

Home credit: full year results

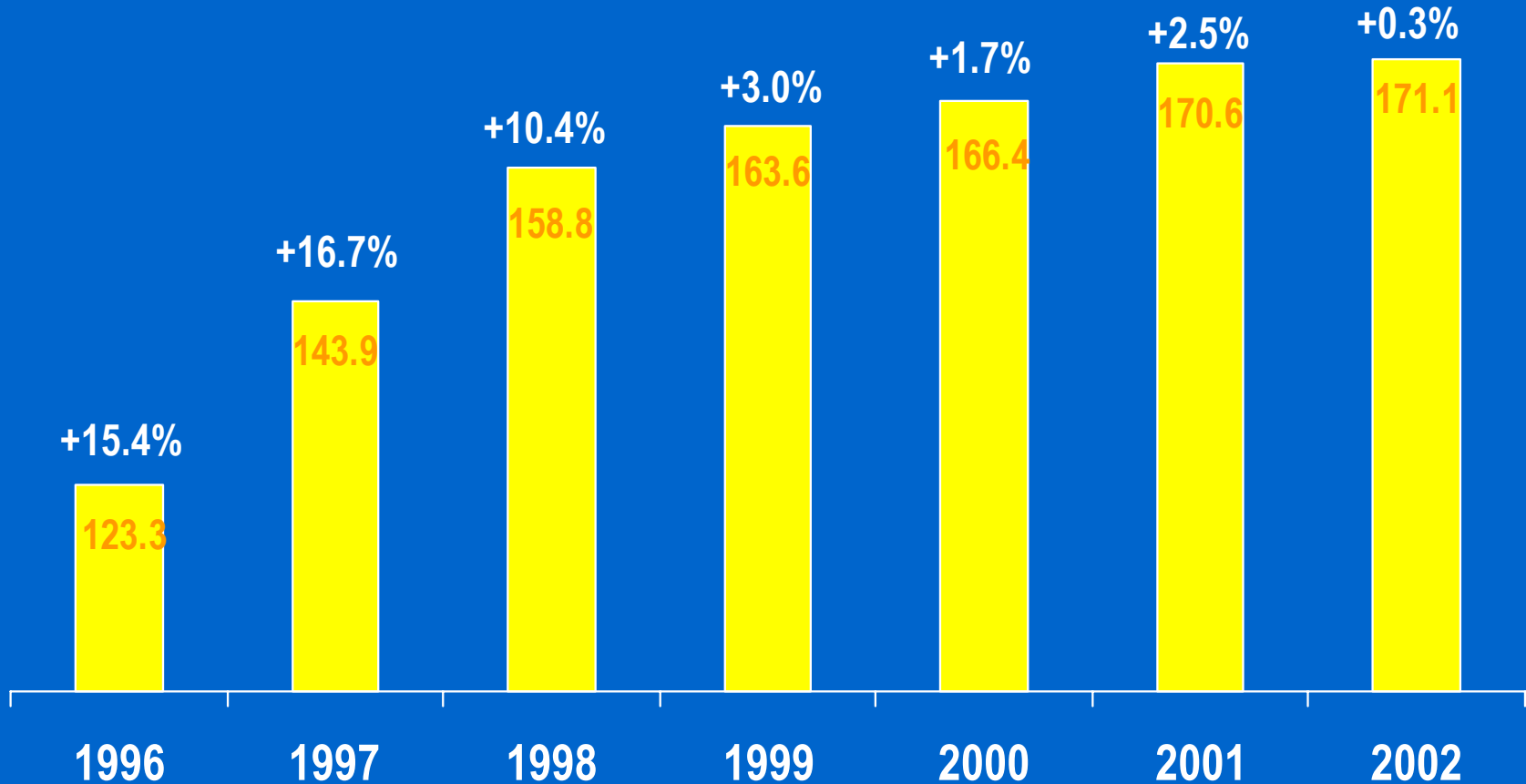
	2002	2001	change
	£m	£m	%
Turnover	481.9	465.5	3.5
Bad debt	84.9	76.3	(11.3)
Bad debt % credit issued	9.2%	8.3%	(0.9)
Operating costs	225.9	218.6	(3.3)
Interest payable	18.6	20.2	7.8
Profit before tax	152.5	150.4	1.4
Free cash flow	81.5	77.3	5.4

Year ended 31 December

UK home credit

UK home credit profit record

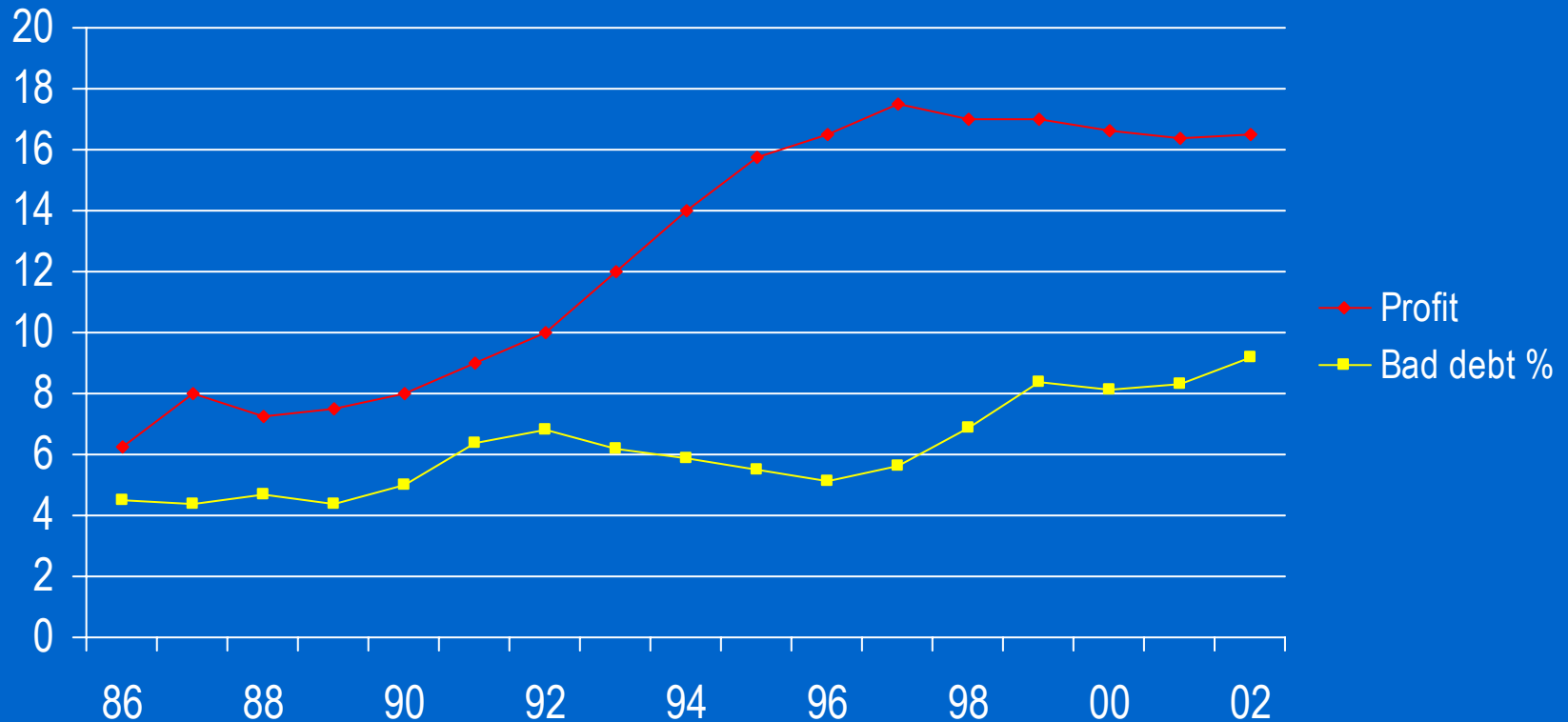
PBIT (£m)



UK home credit

Resilient to economic cycles

Bad debt and pre-tax profit as a percentage of credit issued



Yes Car Credit

Overview

- Impressive growth record
- Leading position in attractive market
- Unique, integrated, credit-led business model
- Excellent growth prospects
- Modestly earnings enhancing in 2003; increasingly thereafter

Yes Car Credit Acquisition

- Initial consideration of £53 million
- Expected total consideration of £66 million
- Acquisition and refinancing of YCC's existing borrowings financed through a combination of new & existing debt facilities and a £50 million equity placing

Yes Car Credit

Profit and loss

Pro-forma	2002	2001	change %
Cars sold	30,615	24,050	27
Turnover	£207m	£153m	35
Cars financed in-house	22,981	16,035	43
% financed in-house	75%	67%	8
Customer receivables	£163m	£103m	59
Bad debt as % of average net receivables	14.1%	15.3%	
Pro-forma profit before tax	£6.6m	£3.0m	119

Vanquis Bank: credit card

Overview

- Market test
- Experienced team
- Target market
- Outsourced infrastructure
- Market opportunity
- Differentiated offer
- International markets

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Motor insurance

Motor insurance

The business

- Underwriting – a niche market:
 - Women drivers
 - Second cars
 - Low average premium
 - Non comprehensive
- Competitive advantage from cost efficiency and underwriting focus
- Long-established strategy of setting pricing for adequate return throughout the insurance cycle, not for market share

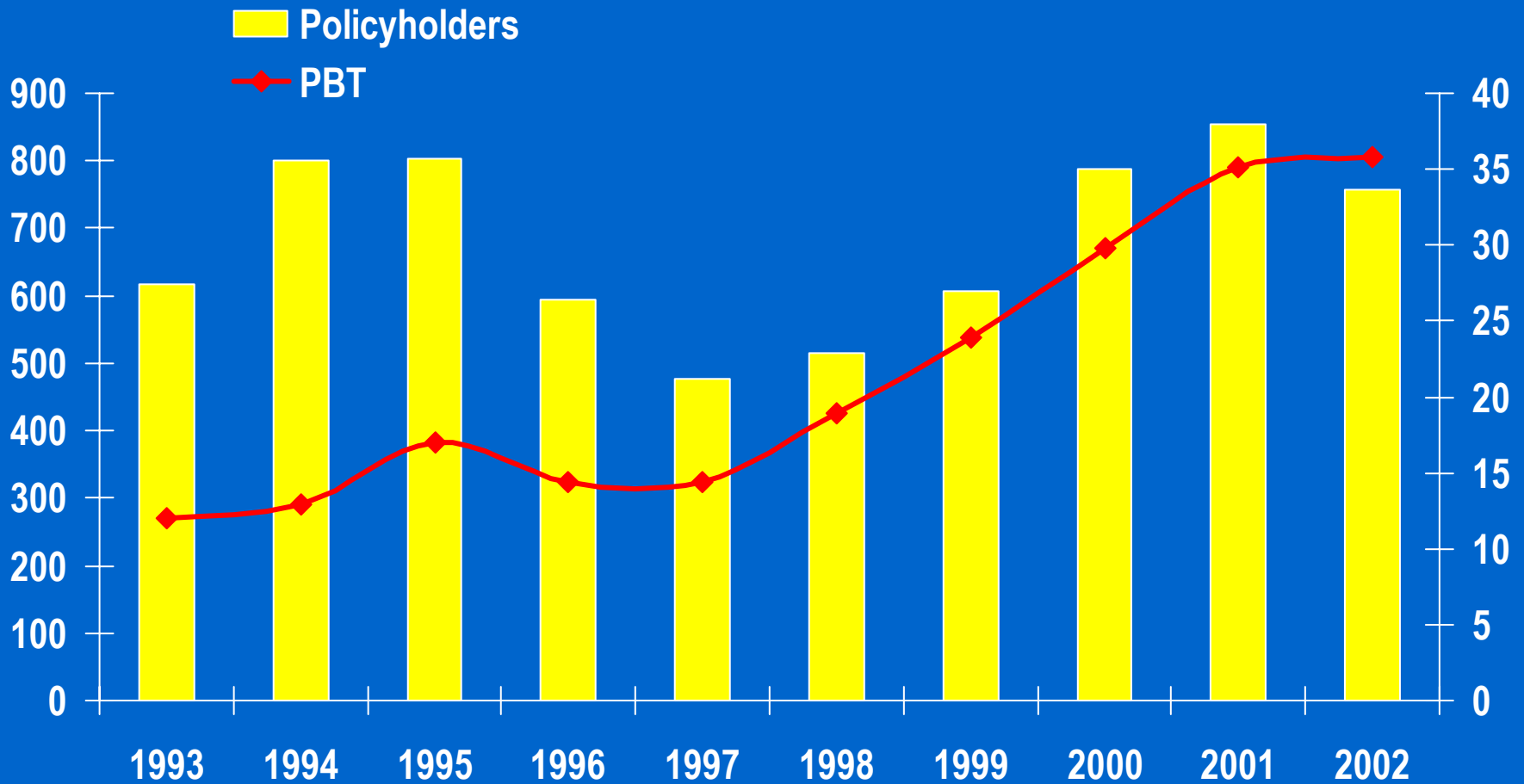
Motor insurance

Full year results

	2002	2001	change
	£m	£m	%
Gross written premium	242.5	255.3	(5.0)
Gross earned premium	258.3	239.1	8.0
Underwriting profit	11.4	12.0	(5.3)
Combined ratio (%)	96%	95%	
Investment income	24.4	23.1	5.8
Profit from motor underwriting	35.8	35.1	2.0
Average investment fund	455	386	

Motor insurance

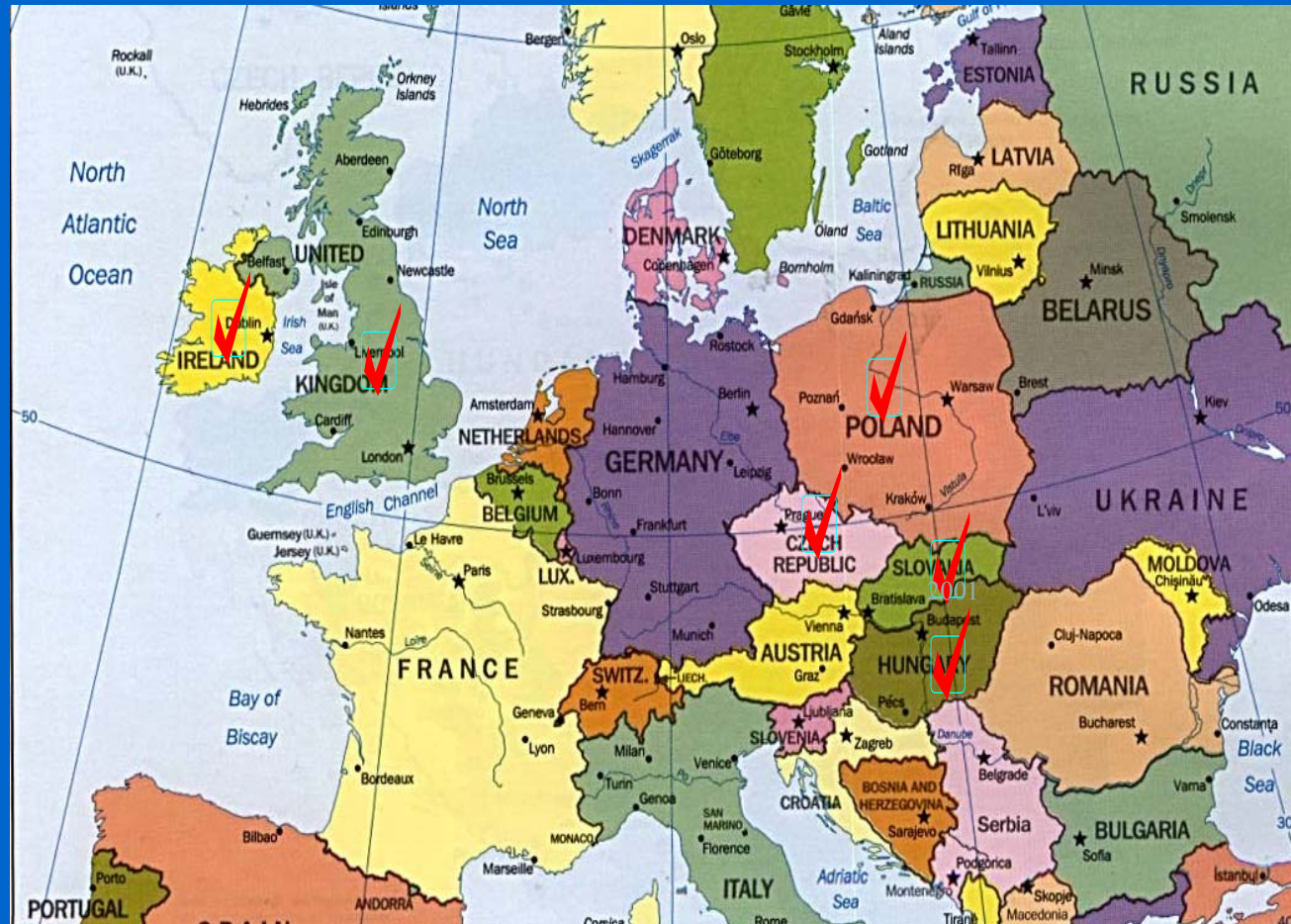
The insurance cycle



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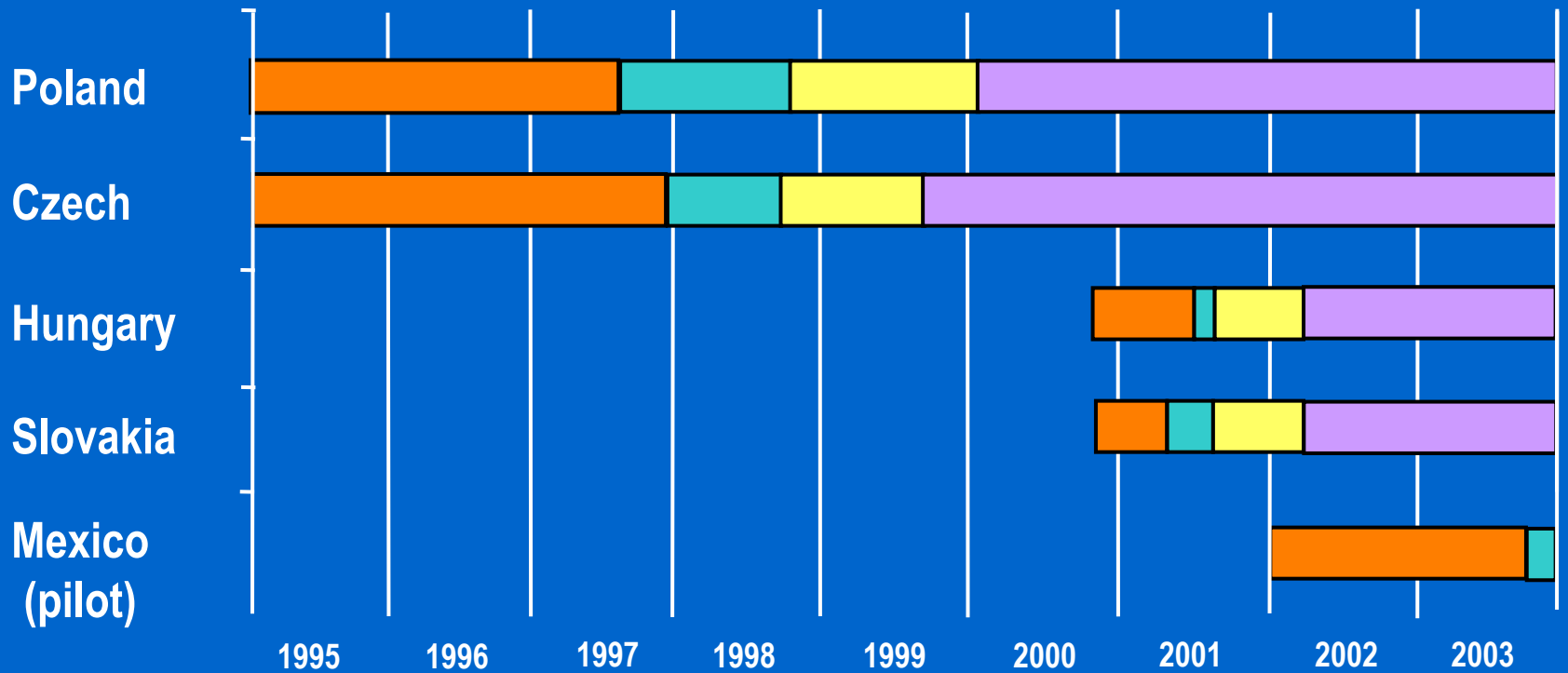
International home credit

- Poland
- Czech Republic
- Hungary
- Slovakia



International home credit

Timeline of international development

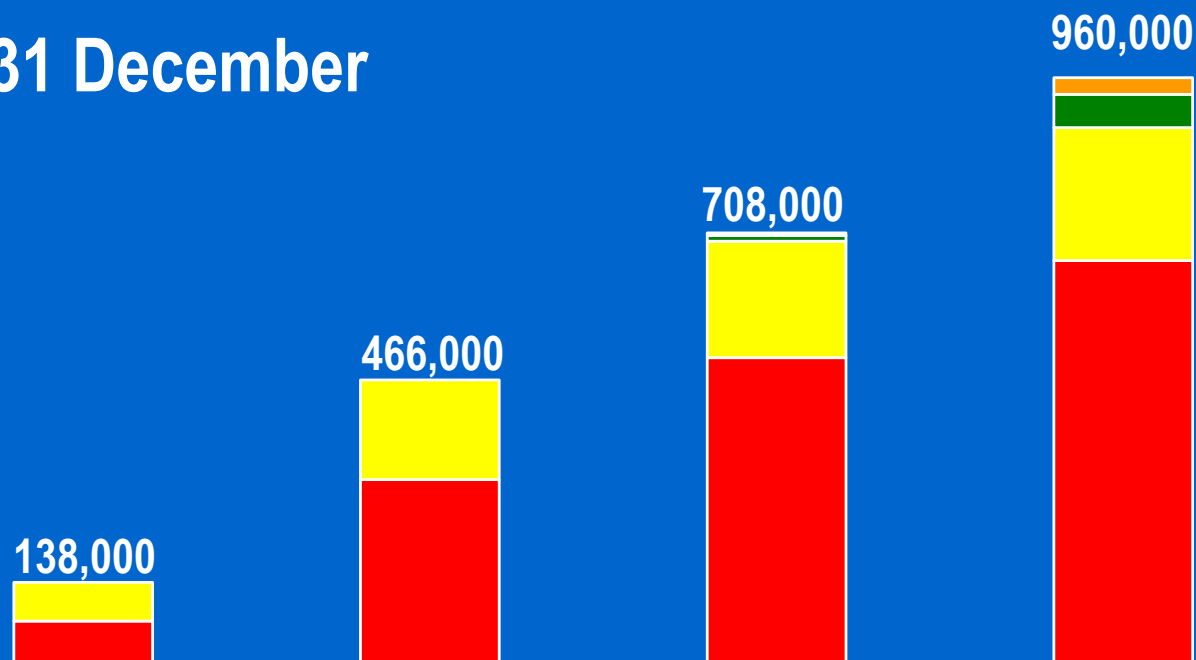


Market research  Single location  Slow roll-out  Accelerated rollout 

International home credit

Strong customer growth

Customers at 31 December

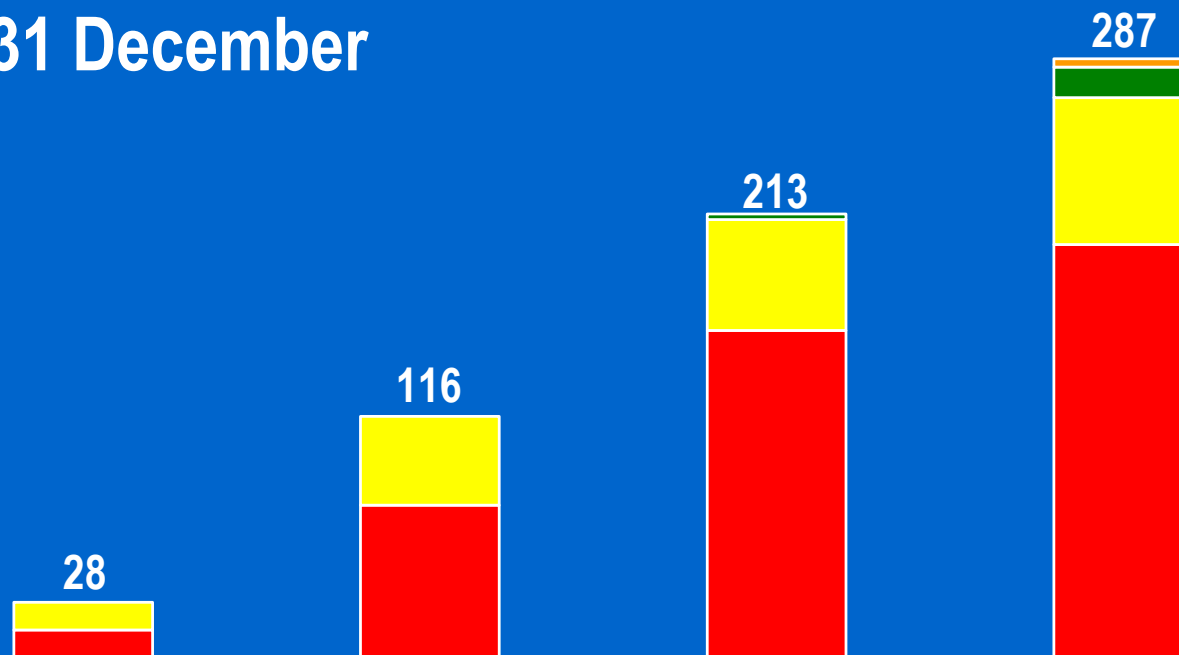


	1999	2000	2001	2002
■ Slovakia	-	-	5,000	27,000
■ Hungary	-	-	10,000	55,000
■ Czech Republic	66,000	161,000	189,000	218,000
■ Poland	72,000	305,000	504,000	660,000

International home credit

Strong growth in credit issued (£m)

Customers at 31 December

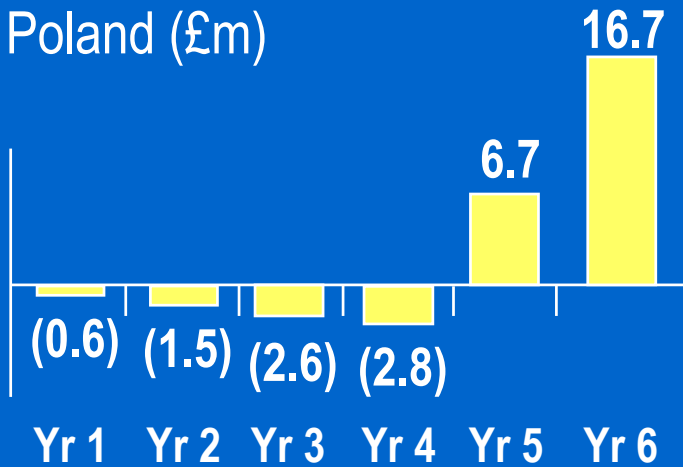


	1999	2000	2001	2002
■ Slovakia	-	-	1	5
■ Hungary	-	-	2	14
■ Czech Republic	13	42	53	70
■ Poland	15	74	157	198

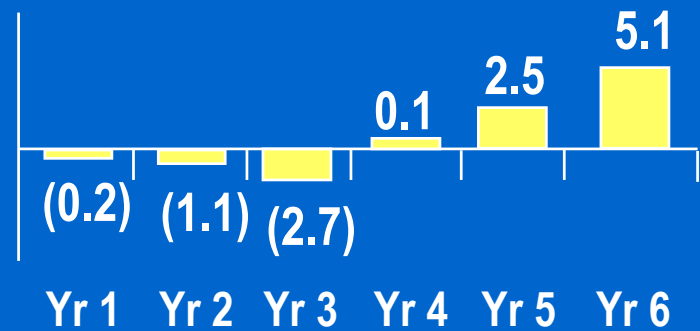
International home credit

Annual profits

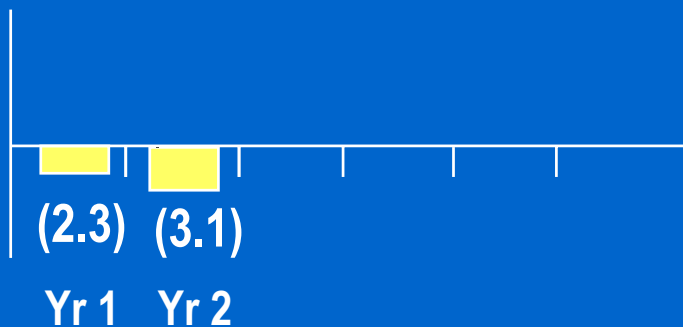
Poland (£m)



Czech Republic (£m)



Hungary (£m)



Slovakia (£m)



International home credit

Country profit/(loss) before tax

	2002	2001	change
	£m	£m	£m
Poland	16.7	6.7	10.0
Czech Republic	5.1	2.5	2.6
Hungary	(3.1)	(2.3)	(0.8)
Slovakia	(2.0)	(1.3)	(0.7)
Divisional overhead	(6.1)	(4.8)	(1.3)
Profit from ongoing operations	10.6	0.8	9.8

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)	660	218	55	27	960
Target annual credit issued per customer (£)	400	400	400	270	390
Target annual profit per customer (£)	60	60	60	40	58

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Capital structure

	2002	2001	change
	£m	£m	£m
Receivables	963	729	234
Borrowings	696	484	212
Consumer credit capital	227	192	35
Consumer credit goodwill	85	3	82
Motor insurance capital	91	102	(11)
Group capital	403	297	106
Consumer credit capital % net receivables	24%	26%	
Gearing	173%	163%	

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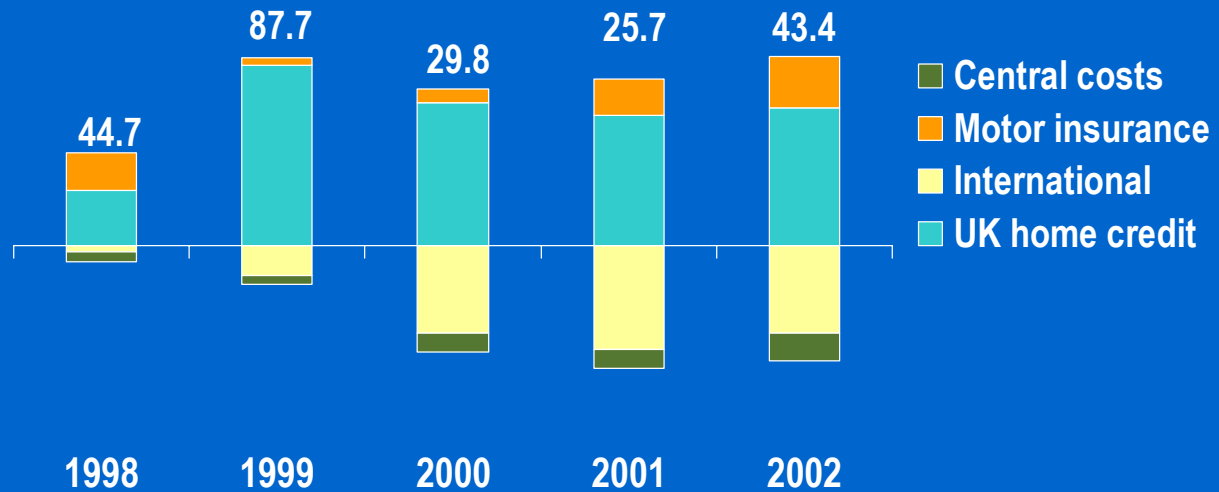
Free cash flow and surplus capital generated

	2002	2001
	£m	£m
UK home credit free cash flow	81.5	77.3
International home credit free cash flow	<u>(52.6)</u>	<u>(62.0)</u>
Home credit free cash flow	28.9	15.3
Add back: debt funding of loan book growth	<u>55.7</u>	<u>60.5</u>
Home credit surplus capital	84.6	75.8
Motor insurance surplus capital	30.6	21.5
Central free cash flow	<u>(16.1)</u>	<u>(11.1)</u>
Net surplus capital before dividends	<u>99.1</u>	<u>86.2</u>

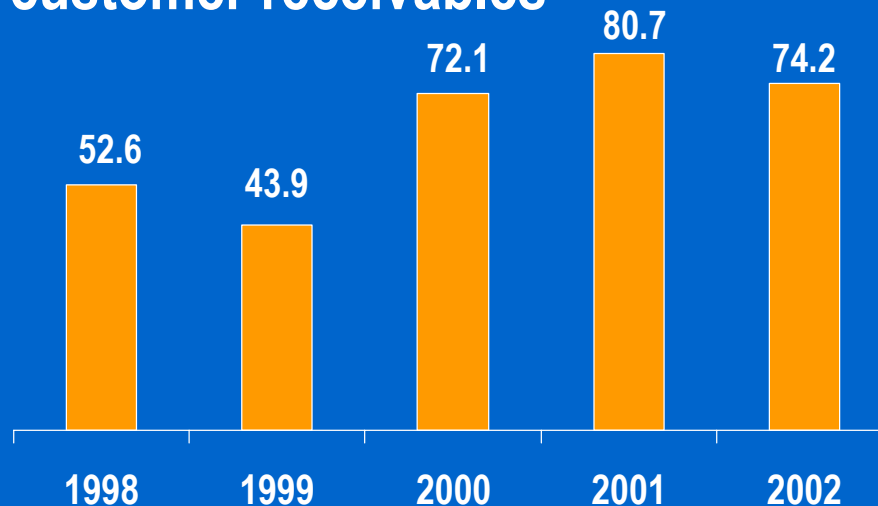
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Excellent cash flow generation

Free cash flow (£m)



Increase in net customer receivables (£m)



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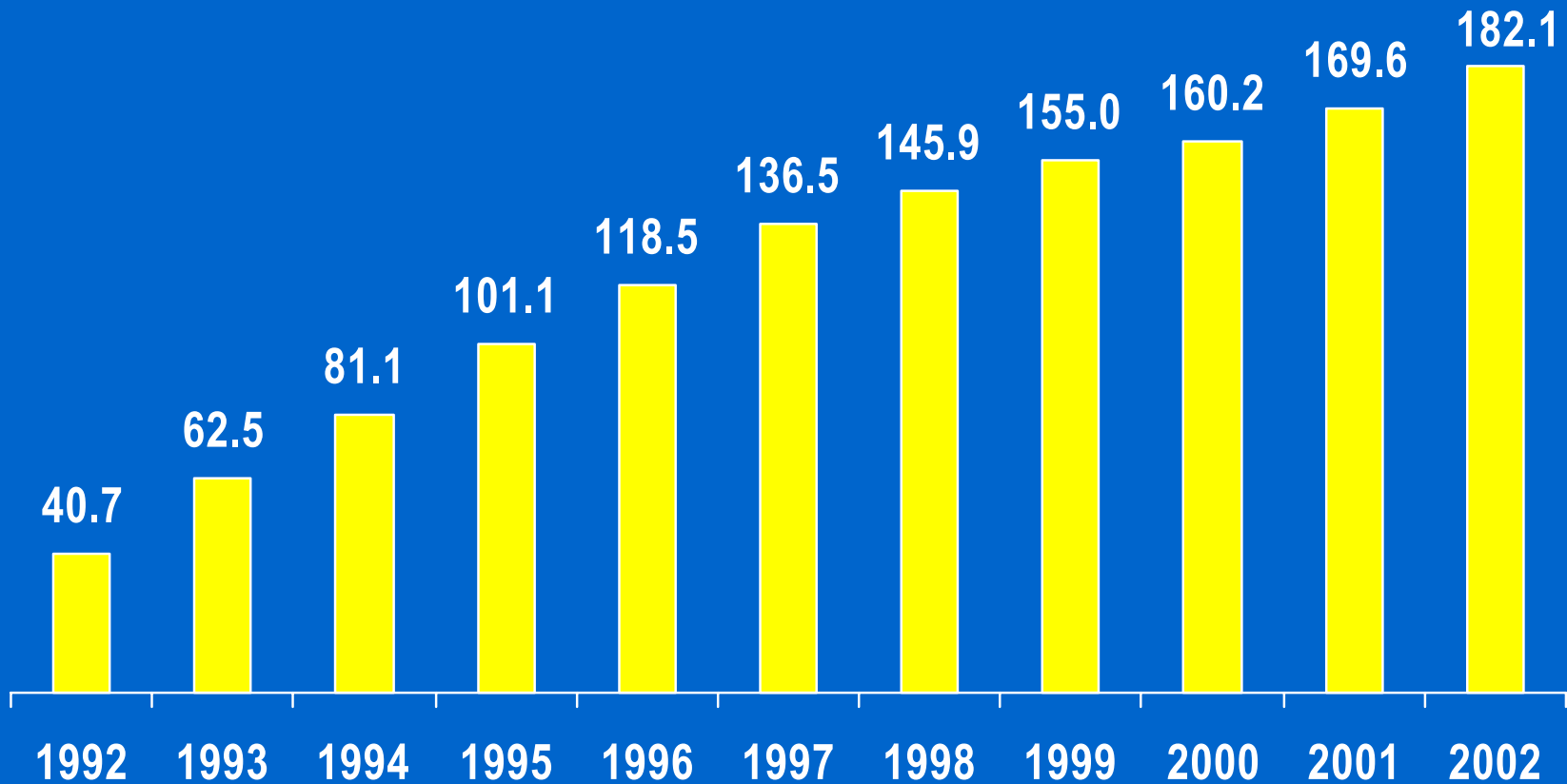
Group prospects for 2003

- Modest growth for UK home credit
- Yes Car Credit expected to grow significantly
- Investment in credit card circa £7 million
- Lower profits from motor insurance
- Further substantial growth from international

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A good track record

Profit Before Tax (£m)





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International home credit

Poland: profit and loss account

	2002 £m	2001 £m	change %
Turnover	102.2	74.1	38
Operating costs	53.5	45.0	(19)
Bad debt	18.1	11.8	(53)
Bad debt % credit issued	9.1%	7.5%	
Interest payable	13.9	10.6	(31)
Profit	16.7	6.7	147
Profit margin	16.3%	9.1%	

International home credit

Czech Republic: profit and loss account

	2002	2001	change
	£m	£m	%
Turnover	33.6	24.9	35
Operating costs	18.5	14.4	(29)
Bad debt	7.7	6.0	(28)
Bad debt % credit issued	11.0%	11.2%	
Interest payable	2.3	2.0	(15)
Profit	5.1	2.5	109
Profit margin	15.2%	9.9%	

International home credit

Hungary: profit and loss account

	2002 £m	2001 £m	change %
Turnover	4.9	0.4	1,000
Operating costs	6.4	2.5	(155)
Bad debt	1.1	0.1	(710)
Bad debt % credit issued	8.0%	8.0%	
Interest payable	0.5	0.1	(563)
Profit/(loss)	(3.1)	(2.3)	(35)

International home credit

Slovakia: profit and loss account

	2002 £m	2001 £m	change %
Turnover	1.7	0.2	827
Operating costs	3.0	1.4	(118)
Bad debt	0.4	0.1	(613)
Bad debt % credit issued	8.0%	8.0%	
Interest payable	0.3	-	(636)
Profit/(loss)	(2.0)	(1.3)	(53)