



PROVIDENT
FINANCIAL

Provident Financial
Group strategy

To be a leading international provider
of simple financial services

Provident Financial

Vital statistics

- 2001 PBT: £170 million
- Market Capitalization: £1.6 billion
- Business sectors: Unsecured consumer lending
Motor insurance:
underwriting and broking
- Customers 3.5m customers

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International business

- UK
- Irish Republic
- Poland
- Czech Republic
- Slovakia - pilot scale
- Hungary - pilot scale

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International business



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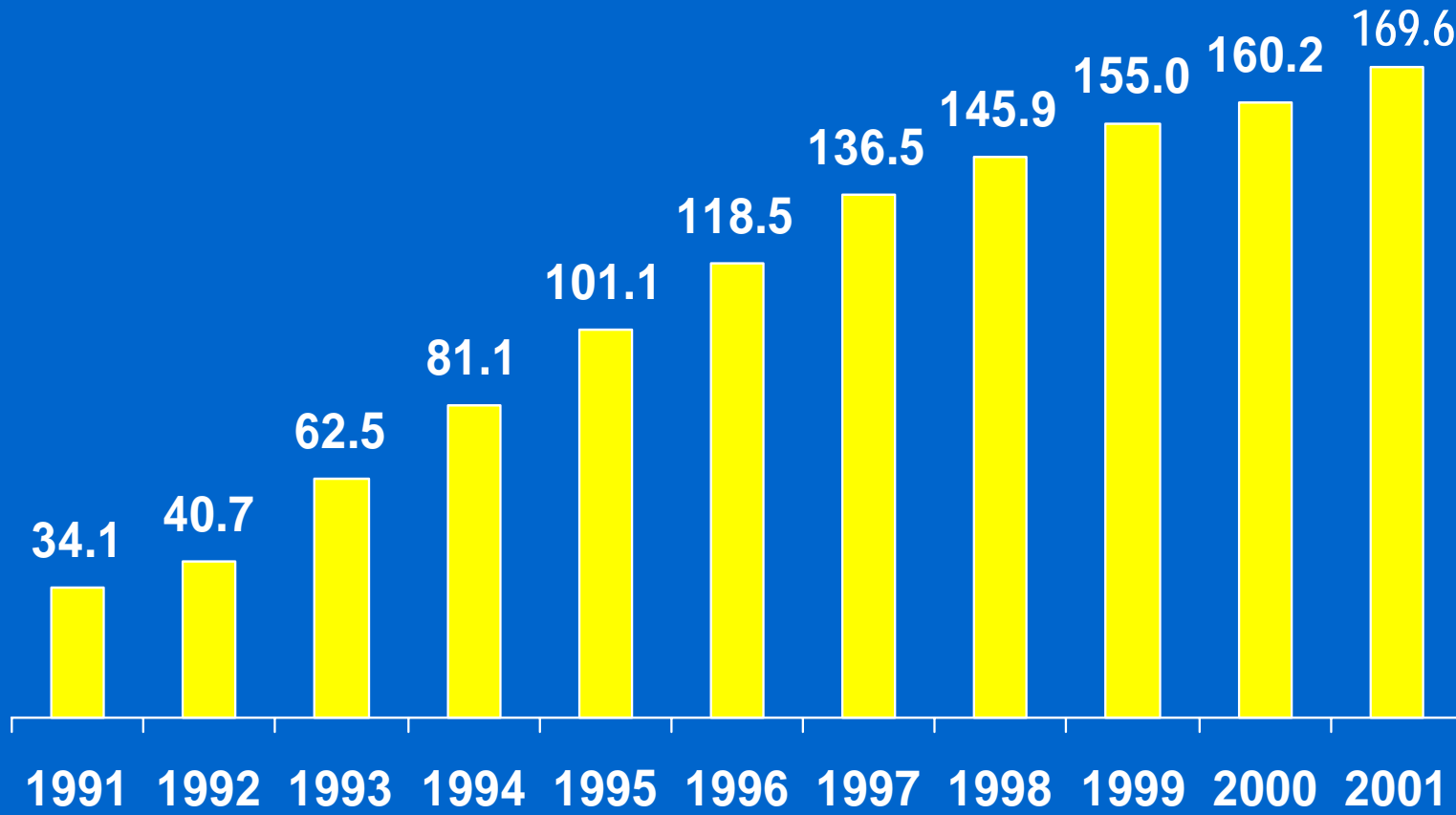
Group composition (end 2001)

Division	% of sales	% of profit before tax	Competitive position	Primary activities
UK home credit	56%	79%	50% market share	Serves 1.61 million customers in the UK and the Republic of Ireland with small unsecured cash loans
International home credit	12%	n/a	100% market share. Provident has created new markets, with no direct competitor	Commenced in 1997 and now serves 0.70 million customers in central Europe with small unsecured cash loans. The division moved into profitability in the second half of 2000
Motor insurance	32%	21%	Top 3 underwriter in the third party market	Operates only in the UK and underwrites or brokers motor insurance policies for 1.2 million customers

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A good track record

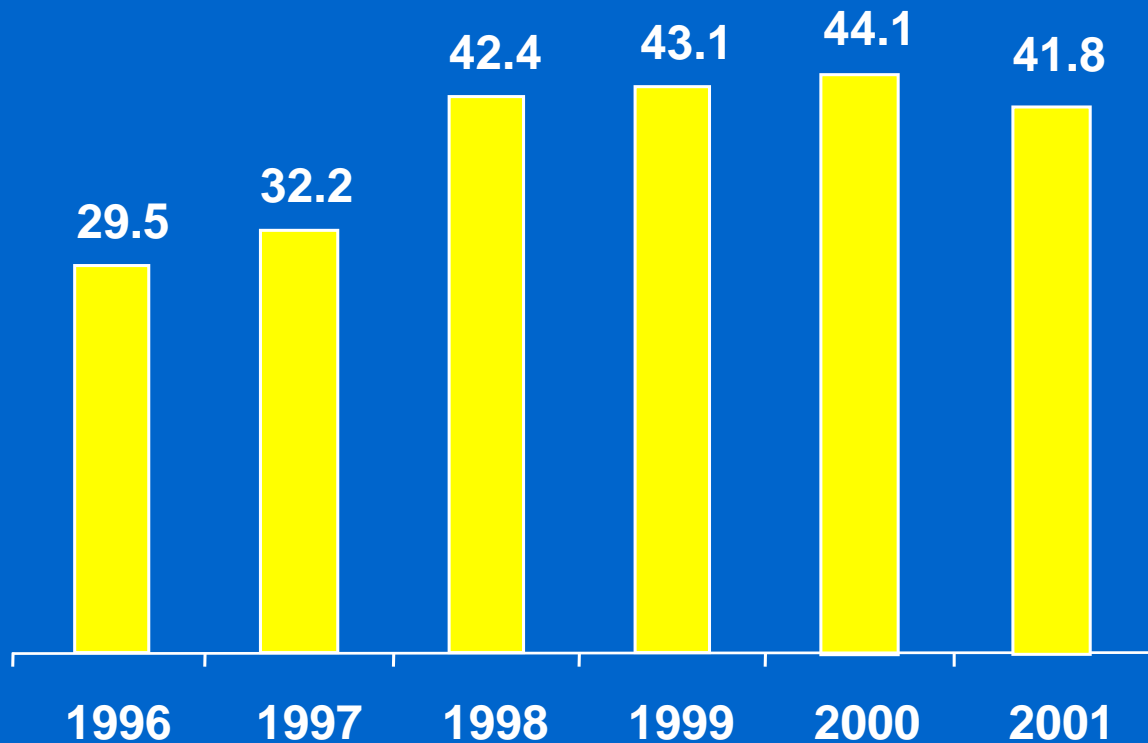
Profit Before Tax (£m)



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A good track record

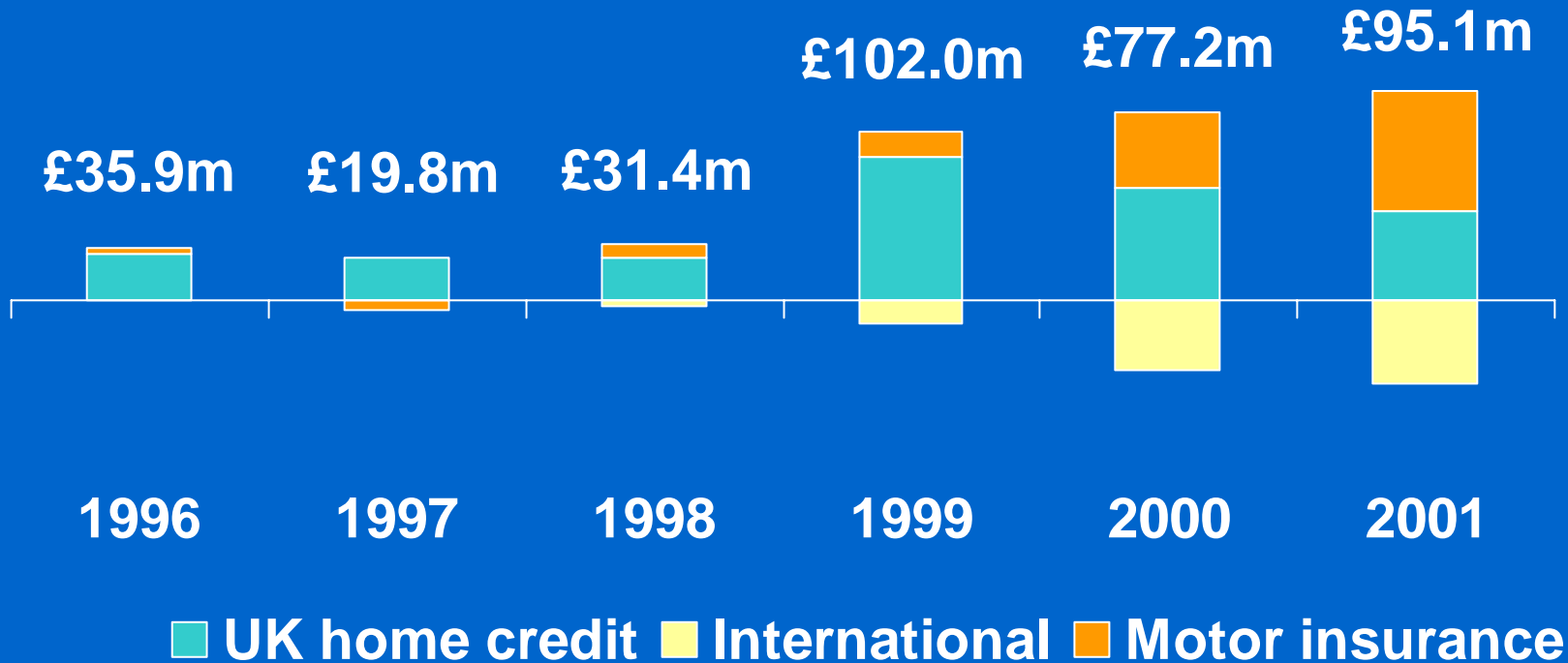
Return on equity (%)



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Excellent cash flow generation

Free cash flow (£m)



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UK home credit division

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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

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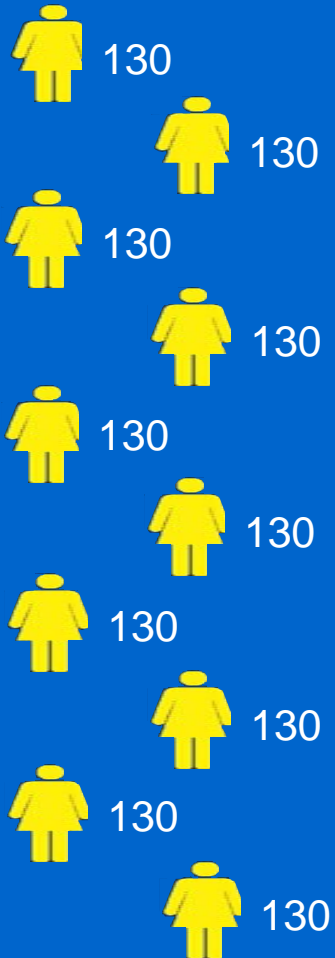
Uses of home credit

- Balancing the household budget
- Holiday spending money
- Christmas presents
- School uniform for children

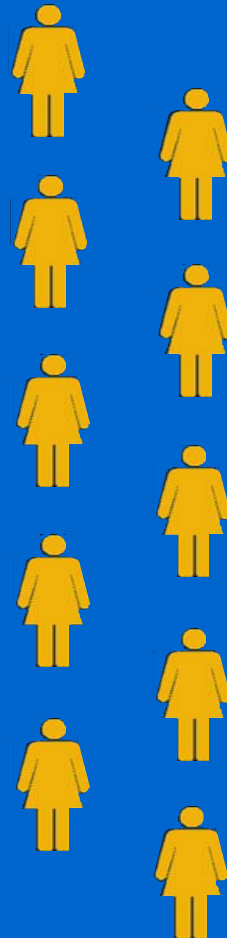
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How do we operate?

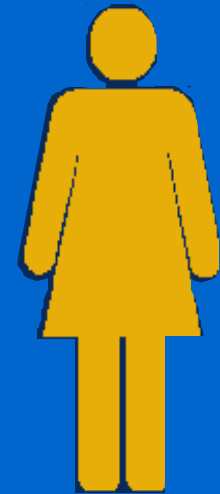
Customers



Agents



Agency
development
manager



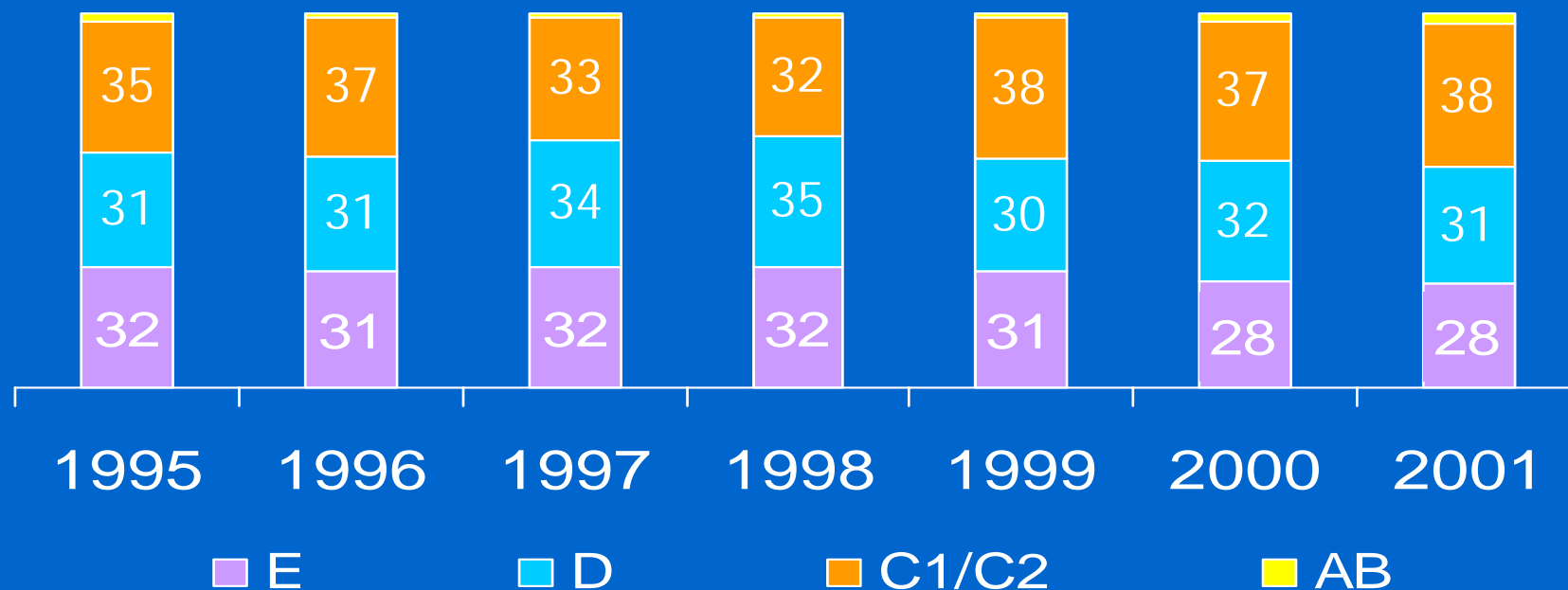
UK home credit

Target market for UK home collected credit

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

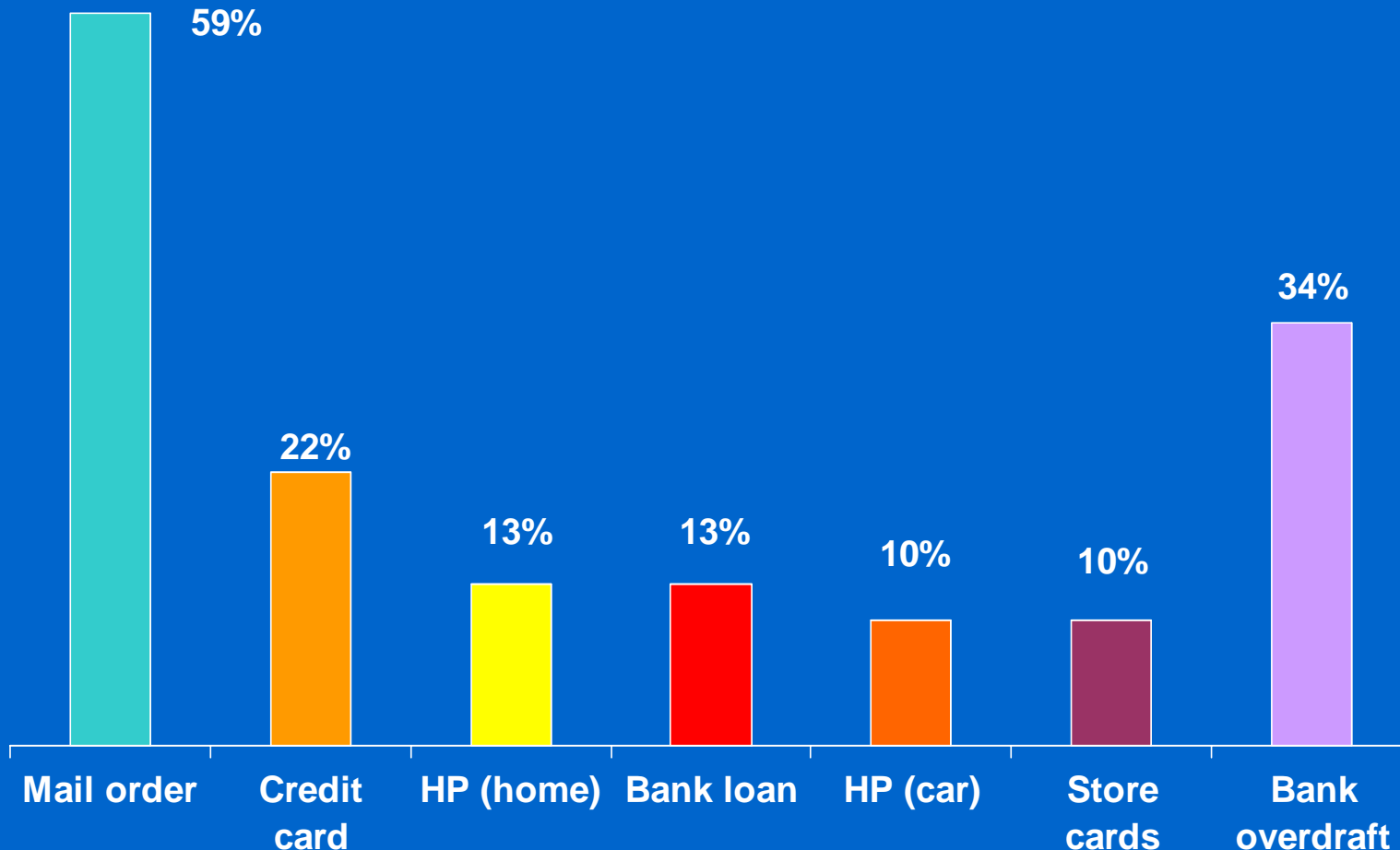
UK home credit Customers

Provident UK customer demographic profile



UK home credit

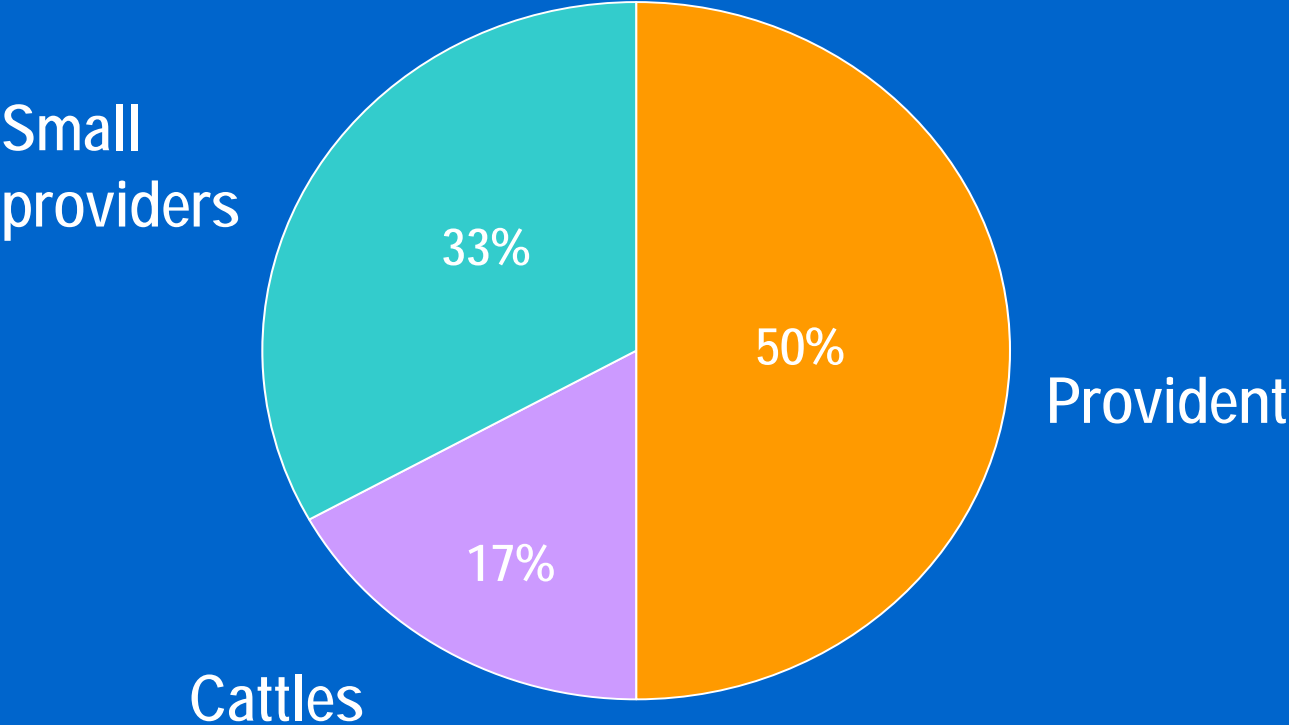
Customers access a range of other credit products



UK home credit

Market share

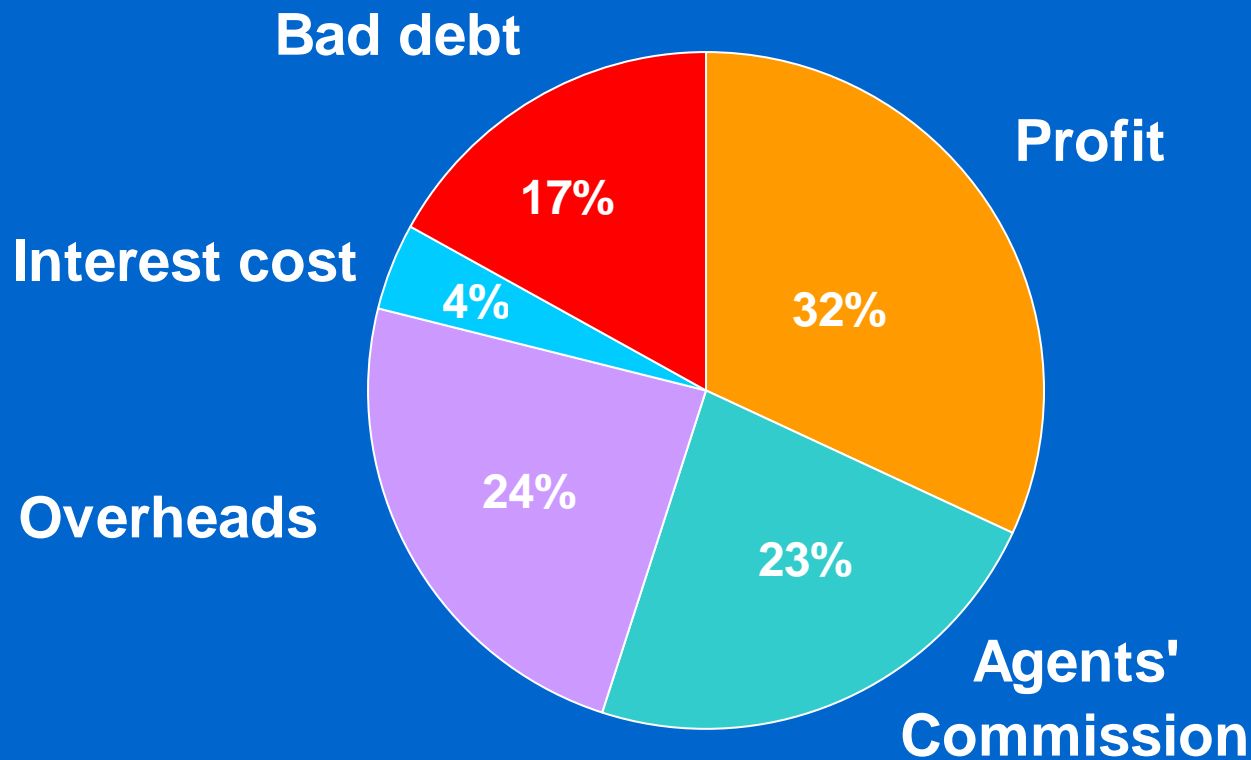
3.3m UK home credit customers



UK home credit

Costs and profit of UK home credit

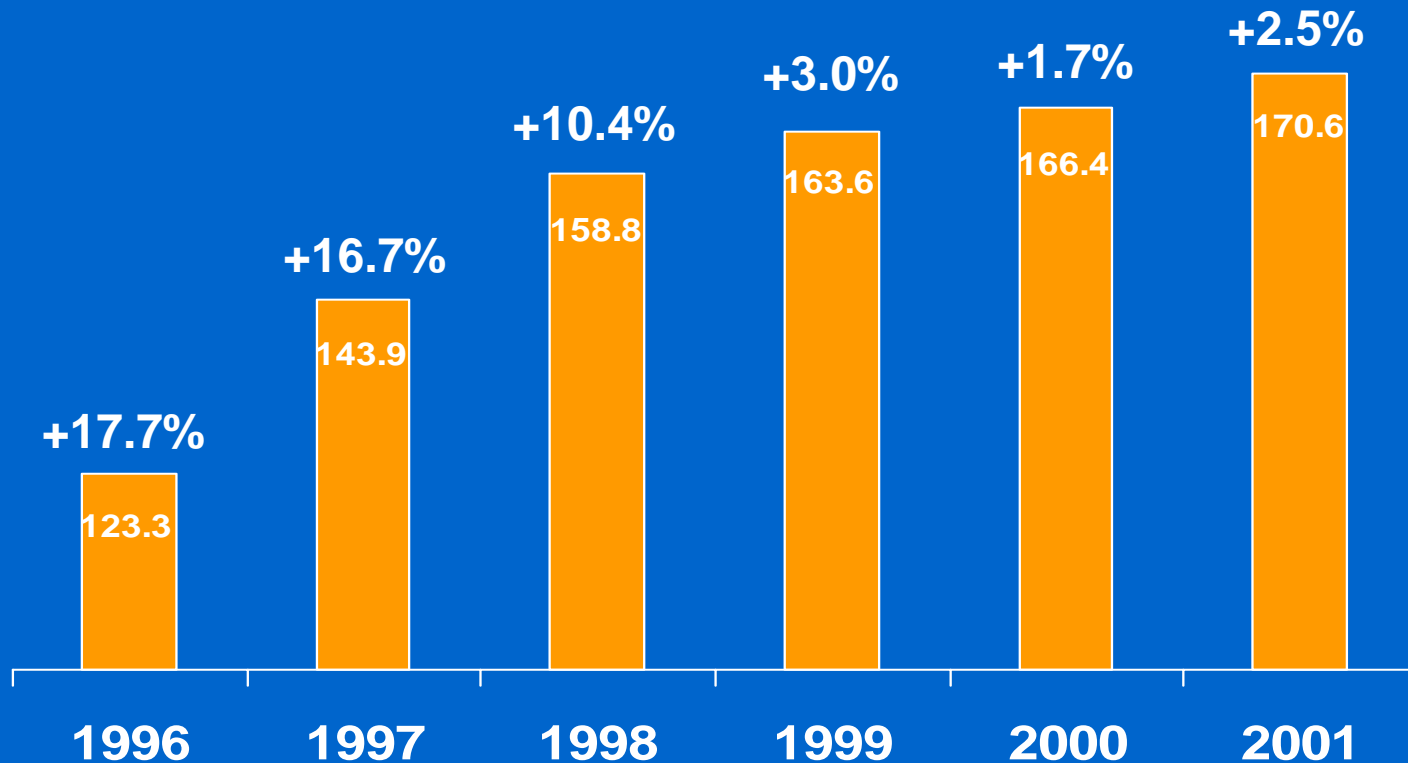
% of turnover



UK home credit

UK home credit profit record

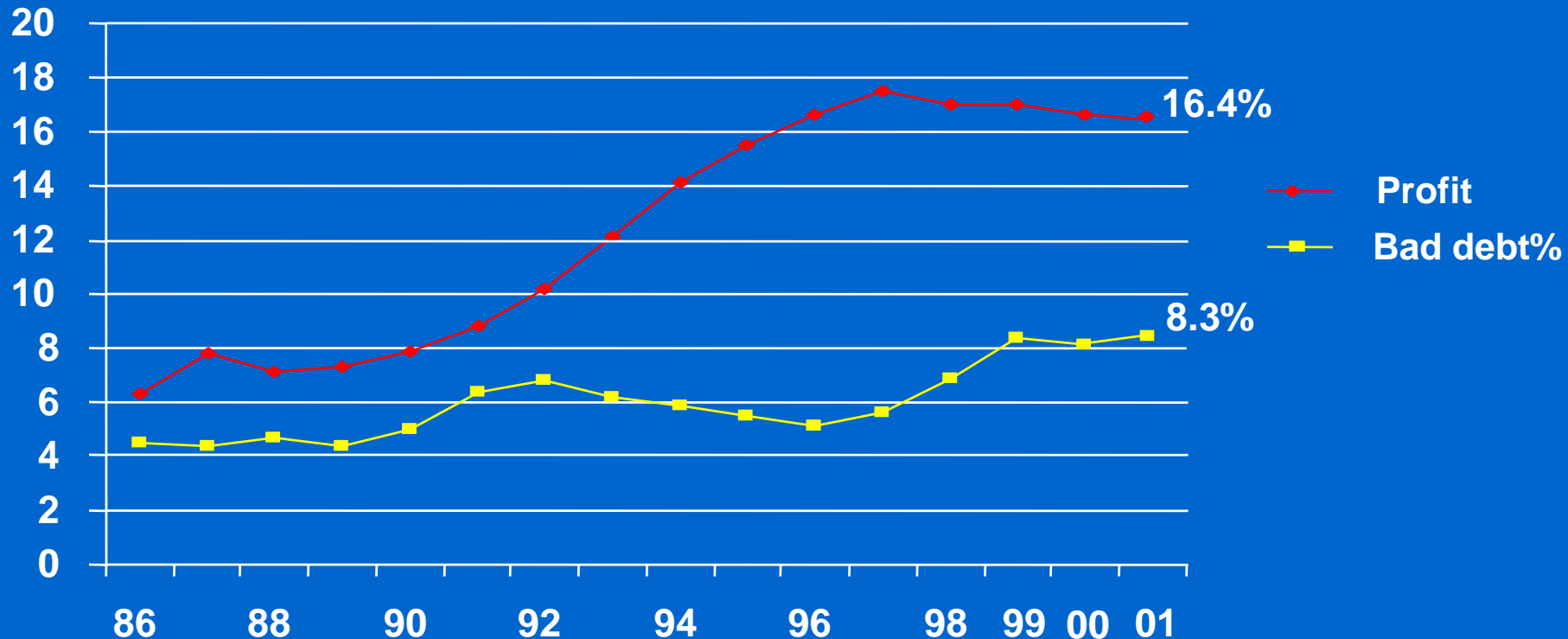
PBIT (£m)



UK home credit

Resilient to economic cycles

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



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International home credit

Poland

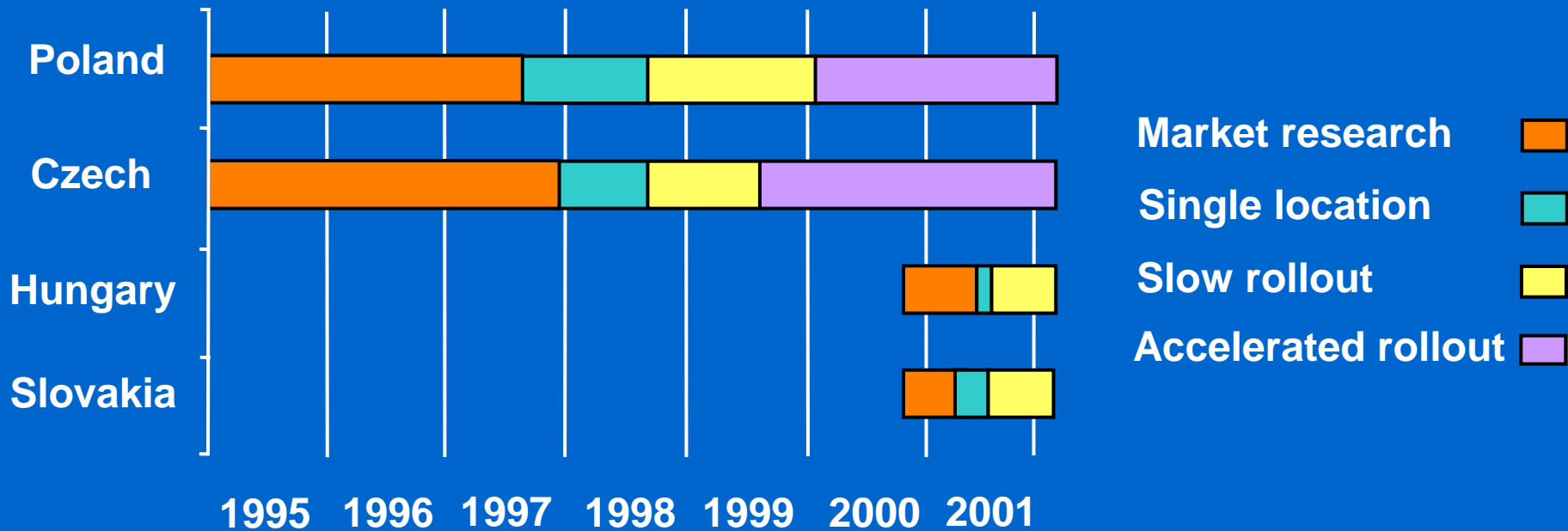
Czech Republic

Hungary

Slovakia

International home credit

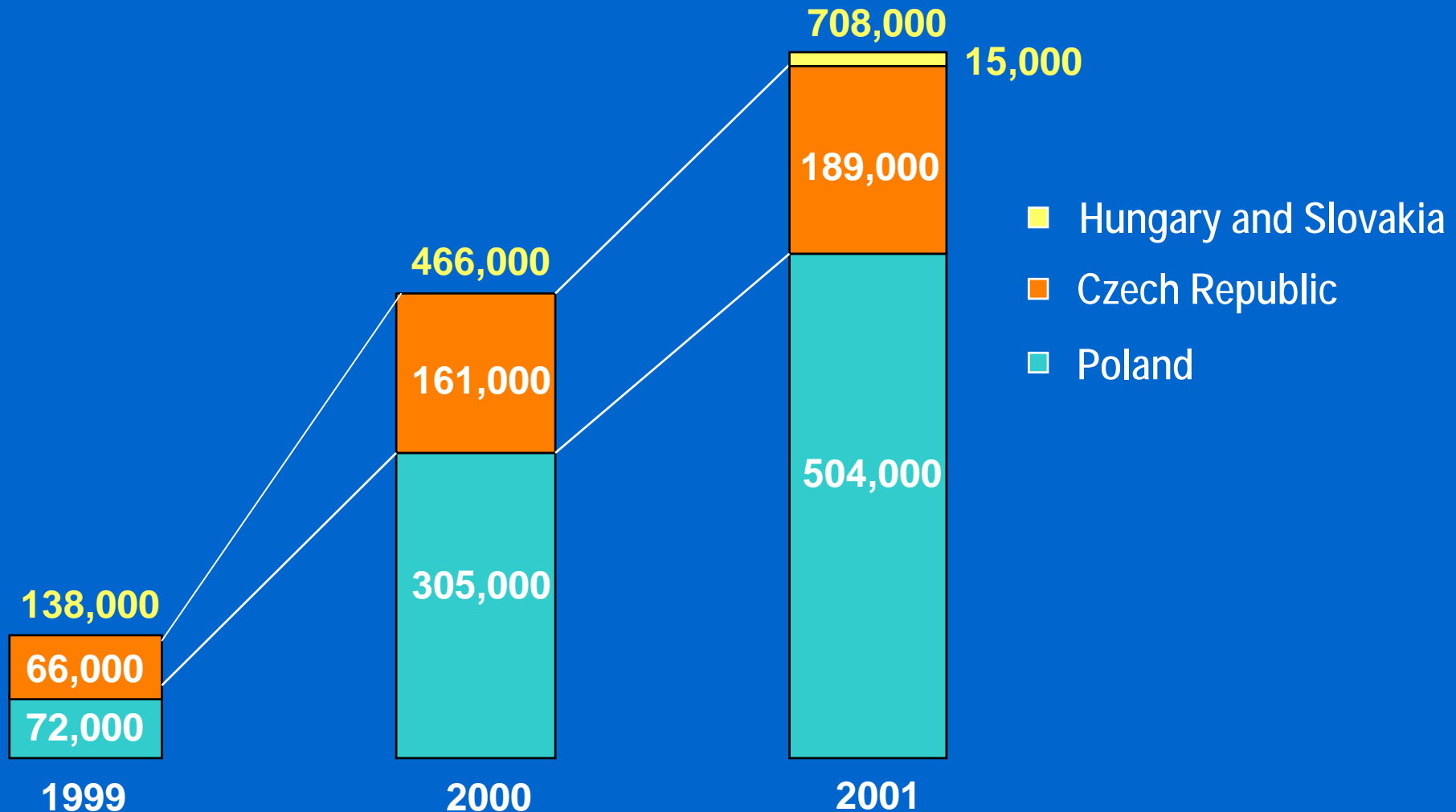
Timeline of international development



International home credit

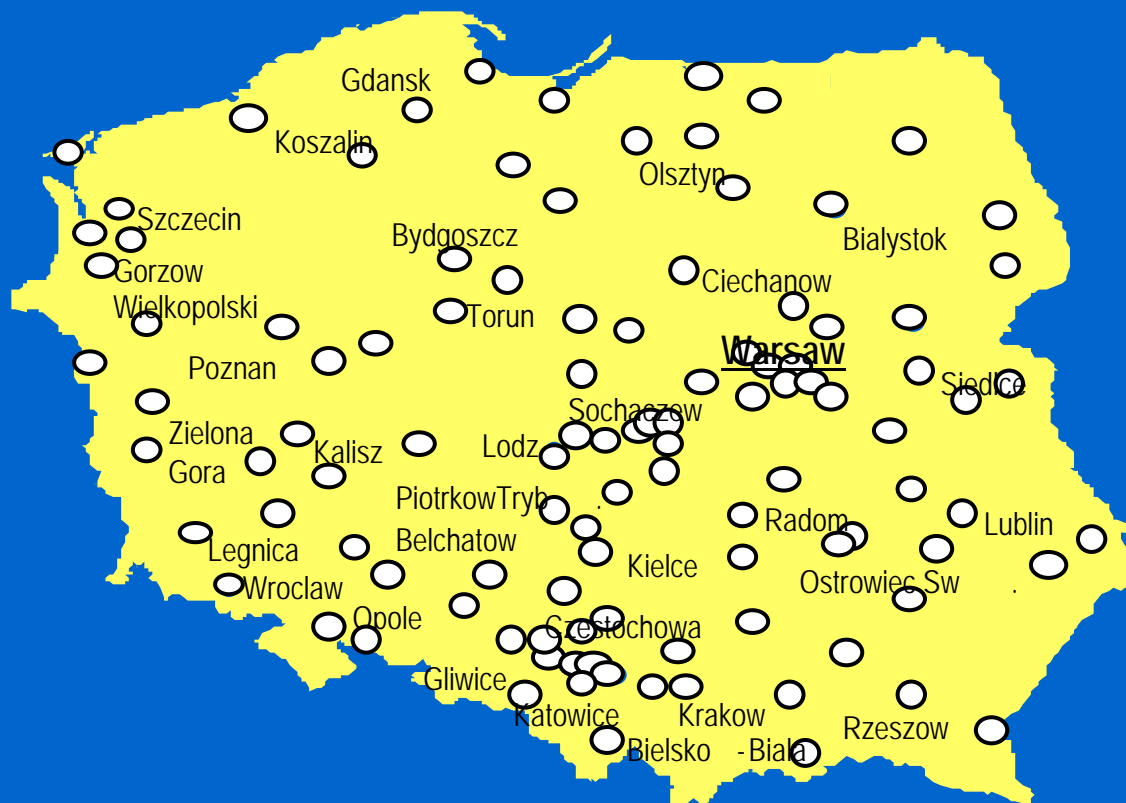
Strong customer growth continues

Customers at 31 December



International home credit

Polish coverage



International home credit

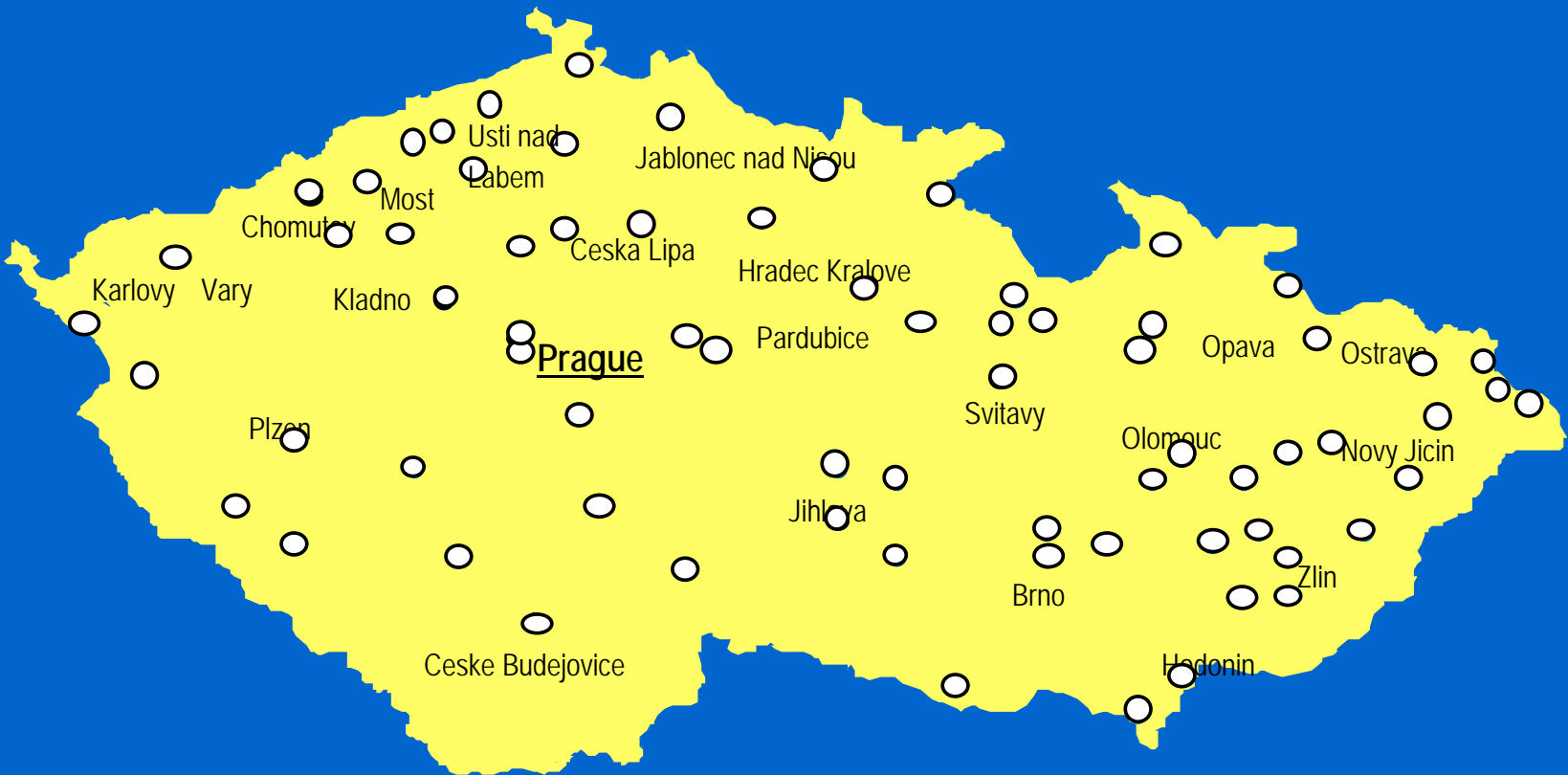
Poland

Market potential

- Assume market segments as UK
- Home credit market c.2m customers
- Provident to have leading market position
- Issue per customer about 2/3rds of UK
- Underlying level of bad debt at 9% - 10%
- Profit per customer c. £60

International home credit

Czech coverage



International home credit

Czech Republic

Market potential

- Assume market segments as UK
- Home credit market c.0.5m customers
- Issue per customer about 2/3rds of UK
- Underlying level of bad debt in range 11% - 12%
- Profit per customer expected to be c. £60

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Motor insurance division

Motor insurance

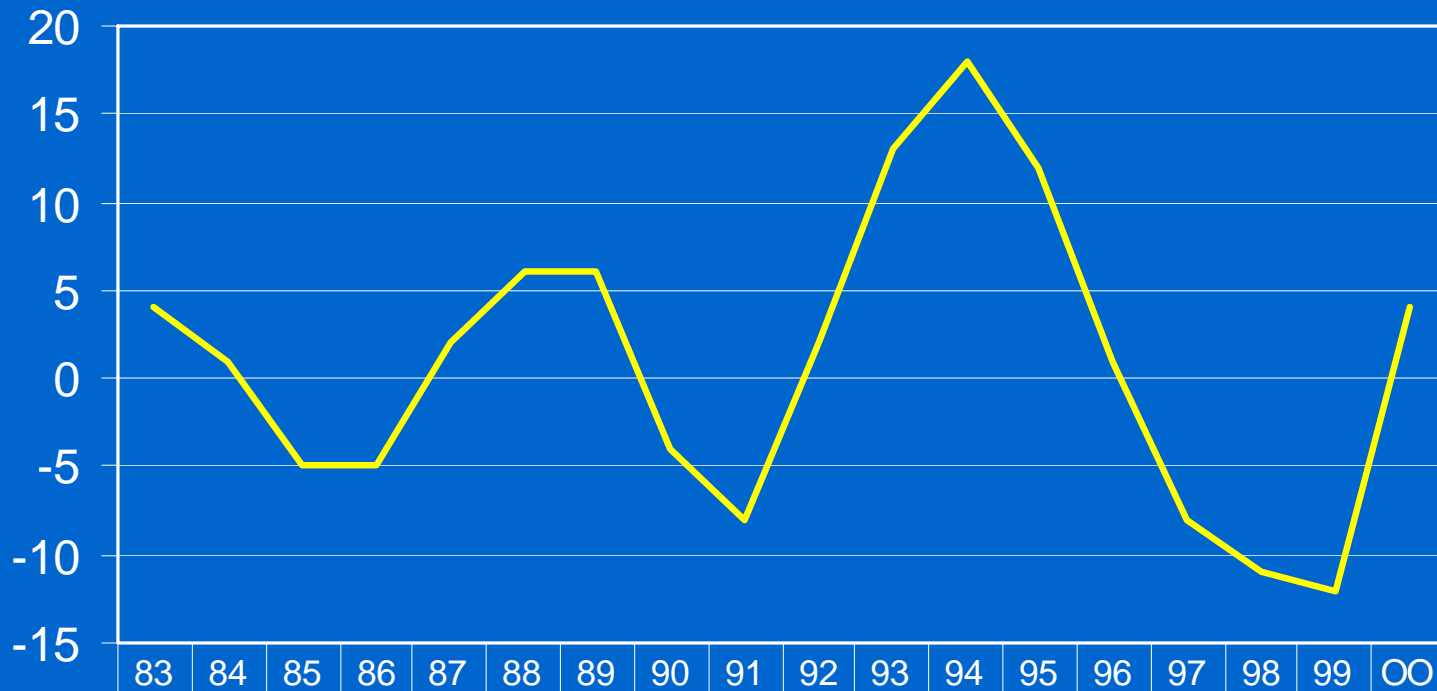
The business

- Underwriting and broking
- Underwriting - a niche market:
 - Women drivers
 - Second cars
 - Low average premium
 - Non comprehensive
- Competitive advantage from cost efficiency and underwriting focus

Motor insurance

Market profit trends

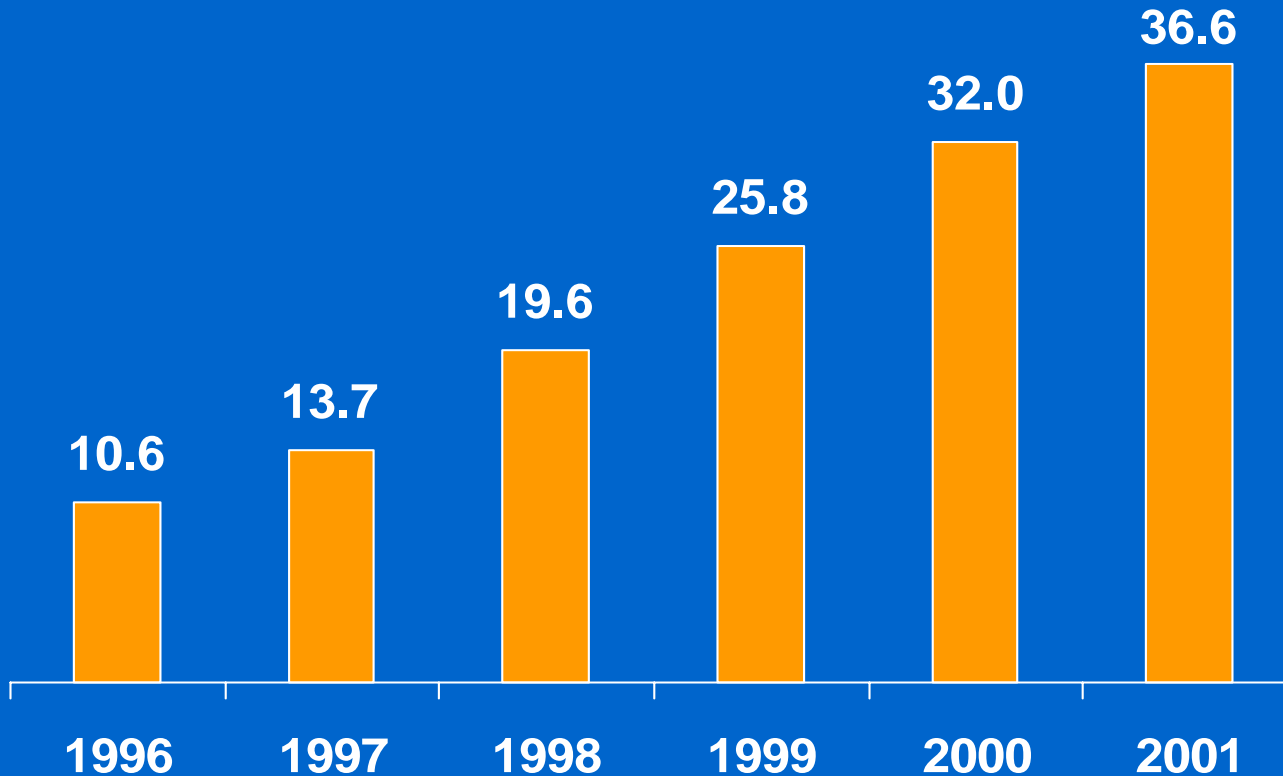
Motor insurance industry profit as % of earned premiums



— Market	4	1	-5	-5	2	6	6	-4	-8	2	13	18	12	1	-8	-11	-12	4
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Motor insurance

Motor insurance division profit trends (£m)





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