PFG

H1’21 Results

Provident Financial Group

11 August, 2021

Today's presentation

Highlights and Overview

Malcolm Le May

Financial Review

Neeraj Kapur

Strategy and Outlook

Malcolm Le May

Questions

Appendix

Contacts

Malcolm Le May, CEO

Neeraj Kapur, CFO

Highlights and Overview

Malcolm Le May
Chief Executive Officer

Highlights and Overview

- Group adjusted profit before tax (PBT) from ongoing operations was £63.5m (H1’20 PBT: £4.9m) excluding CCD
- Total Group adjusted PBT of £5.8m (H1’21 LBT: £32.7m) including CCD
- Scheme of Arrangement for CCD sanctioned by the High Court, following strong creditor approval of c.98%, which paves the way for a managed run-off and eventual closure of CCD by 2022
- Improving trends seen across credit card spend and demand for vehicle finance during Q1’21 remained stable during the second quarter
- Successful refinance of the Group’s RCF and Moneybarn’s securitisation vehicle resulting in a lower weighted average cost of funds

PFG

Capital headroom above TCR & combined buffers[1]

c.£225m

CET1 Ratio[1]

34.0%

Customer receivables[1]

£1.6bn

PFG will accelerate its transition towards being the specialist bank to the underserved customer providing mid-cost products across credit cards, vehicle finance and personal loans

PFG

[1] For the purpose of the presentation, numbers displayed do not include CCD

Consumer Credit Division

- The Scheme of Arrangement ('the Scheme') for CCD was approved by over 98% of creditors who attended and voted at the Scheme meeting on 19 July
- Following the sanction hearing on 30 July, the Scheme was sanctioned on 4 August by the High Court
- The Scheme will begin receiving customer claims in August 2021 with the payouts being delivered in 2022
- Compensation under the Scheme was fully provided for in FY'20 (£50m) and the £20m of associated costs are split between FY'20 (£15m) and FY'21 (£5m)
- As previously stated, the estimated losses that PFG will incur following the decision to enter into a managed wind-down of CCD remains up to £100m
- At the end of June 2021, the receivables book stood at £42m
- The FCA's investigation into CCD is ongoing and PFG has taken a provision of £5m to cover expected costs related to the investigation[1]

Provident

Scheme status:

Approved

Percentage of customers voting in favour of the Scheme at the Scheme meeting:

98%

Total Scheme costs (£65m of which taken in FY'20)

£70m

Customer receivables at H1'21

£42m

[1]A provision of £5m has now been recognised, which includes management's estimate of additional liabilities which has not yet been discussed or agreed with the FCA

PFG: a specialist bank, focused on three core products in growing markets

Primary Products	Brands	Est. market size FY'20[1]	H1'21 Loan book	H1'21 Customer numbers	H1'21 Revenue yield	H1'21 Cost of funds	H1'21 Net interest margin	H1'21 ROA
Sub/Near Prime Credit cards	VANQUIS	£4.6bn (Debt outstanding)	£993m (H1'20: £1,202m)	1,537k (H1'20: 1,694k)	39.0% (H1'20: 38.9%)	2.8% (H1'20: 2.4%)	36.1% (H1'20: 36.5%)	10.8% (H1'20: 9.0%)
Unsecured Personal Loans	VANQUIS	£2.9bn (debt outstanding)						
Sub/Near Prime Vehicle Finance	moneybarn Vehicle Finance	£4.7bn (Credit issued)	£602m (H1'20: £516m)	94k (H1'20: 82k)	23.4% (H1'20: 25.4%)	4.8% (H1'20: 5.3%)	18.6% (H1'20: 20.1%)	10.3% (H1'20: 6.2%)

PFG withdrew from this market during H1'21

Primary Products	Brands	Est. market size FY'20[1]	H1'21 Loan book	H1'21 Customer numbers	H1'21 Revenue yield	H1'21 Cost of funds	H1'21 Net interest margin	H1'21 ROA
Home Credit	Provident	£0.6bn (Credit issued)	£42m (H1'20: £147m)	198k (H1'20: 379k)	118.2% (H1'20: 123.8%)	13.8% (H1'20: 4.8%)	104.4% (H1'20: 119.0%)	(116.4%) (H1'20: (34.5%))
Short Term Loan	Provident	£0.2bn (Credit issued)						

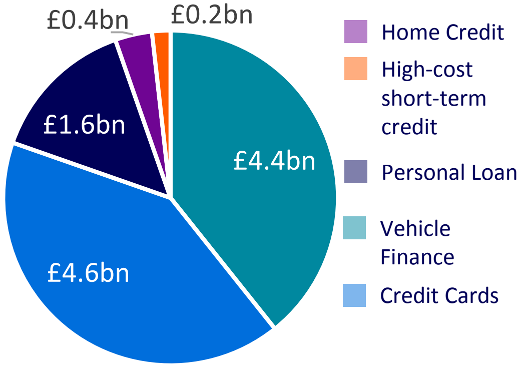
PFG

[1] PFG analysis of TransUnion data as at December 2020. Credit cards and vehicle finance market stats are based on specifically on the non-prime segment of the market.

The market opportunity for PFG

- Specialist bank serving the underserved customer with a mid-cost market focus
- Step change in our addressable market to c.£16bn
- Customer growth driven by Covid-19 factors
- A return to pre-Covid levels could see our markets growth to >£18bn

PFG targeted a c.£11bn market historically[1]…

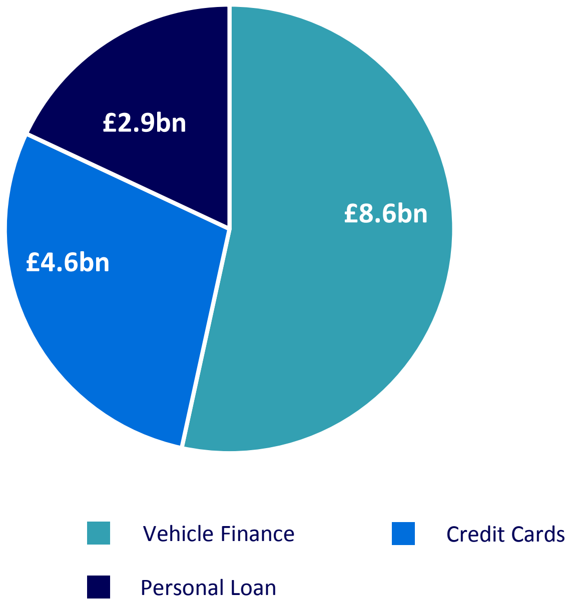


1 Focus on mid-cost market

2 Increased addressable market

3 Customer growth driven by Covid factors (e.g. natural withdrawal of temporary support measures)

…Now targeting a >£16bn market[1]



A typical PFG customer

- Underserved by mainstream banks
- Full-time salaried work (including some self-employed)
- Earnings in line with the national average
- Seeking to improve their credit rating, which sits somewhere between 500 and 600 on average

[1] Based on PFG analysis of TransUnion data (debt outstanding) as at Dec'20. Both market opportunities have been sized as at Dec'20 for comparability. The increase in the personal loan addressable market from the FY'20 presentation is linked to our increased lending appetite in near-prime.

Credit Cards – Vanquis Bank

- Vanquis Bank reported an adjusted PBT of £57.1m (H1’20: £11.8m) driven by lower impairment year-on-year as macroeconomic conditions improved
- Customer expenditure trends improved progressively throughout the first six months of the year as lockdown restrictions were lifted
- Customer bookings for the period were 97k (H1’20: 147k) as a more cautious risk appetite was retained
- Customer receivables ended the period at £978m (H1’20: £1,174m), down year-on-year reflecting lower customer acquisition and a reduction in customer expenditure in Q1’21
- Vanquis Bank will continue to support customers and colleagues through the ongoing disruption from Covid-19
- H2’21 has started with continued positive momentum in customer card spend and delinquency remains stable.
- Further investments planned in the bank’s data and digital capability, as well as broadening the product range.

VANQUIS

Credit card receivables as at H1’21

£978m

Total liquidity held at Vanquis Bank

c.£280m

Market Share as at Dec’20[1]

c.25%

PFG

[1] Based on PFG analysis of TransUnion data (debt outstanding). Market stats are based specifically on the non-prime segment.

Unsecured Personal Loans – Vanquis Bank

- Vanquis Bank is the only provider of unsecured loans in the sub-prime segment which also has a large-scale credit card customer base to leverage new lending opportunities
- The plan is to broaden the loans proposition to better meet the needs of existing and new customers
- £7m investment in new Group IT platform capable of housing multiple products
- The offering will be available in the open market from Q4-21 across a number of leading aggregator partners
- Significant opportunity to pursue in a market segment of c.£2.9bn[1]

VANQUIS

Personal loans receivables as at H1’21

c.£16m

Customer numbers as at H1’21

c.16k

Unsecured personal loan market opportunity as at Dec’20[1]

£2.9bn

Market Share[1]

<1%

[1] PFG analysis of TransUnion data for market sizing (debt outstanding). Personal loans stats are based specifically on the non-prime segment of the market.

Vehicle Finance - Moneybarn

- Moneybarn delivered an adjusted PBT of £15.5m (H1’20: £2.3m) driven by higher revenue, from the growth in the receivables book, and lower impairment.
- Credit issued increased by 30% year-on-year as customer demand for used vehicles improved progressively as lockdown restrictions were eased.
- New customer bookings for the period were 20k (H1’20: 16k)
- Lending to keyworkers accounted for c.34% of new business in H1’21
- Customer receivables at the end of June stood at £602m (H1’20: £516m)
- At the end of June, <0.1% of customers had an active payment holiday representing a similar amount of the receivables.
- In line with seasonal trends observed across the market, new business volumes were lower in July month-on-month and, as a result, receivables saw a modest increase at the end of the month. Arrears trends remained stable.
- Moneybarn will continue to focus on partnerships with its key introducers, whilst developing its direct offering. New products and services will continue to be evaluated.

moneybarn Vehicle Finance

Customer receivables as at H1’21

£602m

Lending to keyworkers of new business

34%

Market Share as at Dec’20[1]

c.9%

PFG

[1] PFG analysis of TransUnion data for market sizing (debt outstanding). Vehicle finance stats are based specifically on the non-prime segment of the market.

Regulation

- We recognise the importance of the relationships we have with our regulators.
- During the Scheme of Arrangement for CCD, we worked collaboratively and openly with the PRA and FCA to deliver the best outcome for customers.
- We have started the process of preparing our application to the PRA to allow us to use retail deposits to fund different parts of the Group.
- Working towards the implementation of CRD V for non-bank Groups.
- The Group’s divisions continue to collaborate on all regulatory developments to ensure best practice is implemented consistently.
- Regulatory developments during H1’21:
    - The Woolard Review was published
    - Breathing Space guidelines came into effect
    - Persistent Debt rules implemented
    - Duty of Care

BANK OF ENGLAND
PRUDENTIAL REGULATION AUTHORITY

FCA FINANCIAL CONDUCT AUTHORITY

Summary

PFG

- The first six months of 2021 saw improvements year-on-year across:
  - Customer demand
  - Credit quality
  - Impairment trends
- We will move forward to execute our strategy of becoming the specialist bank for the underserved customer, focusing on the mid-cost segment of the market, across:
  - Credit cards
  - Vehicle finance
  - Unsecured personal loans
- Macroeconomic uncertainty remains as government support schemes close in September…
- …but we are well positioned to deliver long-term, attractive and sustainable returns to our shareholders.

1. **Focused on attractive core mid-cost markets…**
   - Credit cards
   - Vehicle finance
   - Personal loans
2. **…Underpinned by a strong balance sheet…**
   - Diversified funding with retail and wholesale
   - Capitalised for growth
   - Robust risk management
3. **…Targeting to deliver sustainable returns**
   - Board update on dividend policy at FY'21
   - Supported by RoE > CoE
     - Guidance at FY'21

A long-term, sustainable business model targeting to deliver consistent and attractive returns to shareholders

Financial Review

Neeraj Kapur

Chief Finance Officer

Summary financials

- Group adjusted PBT from ongoing operations of £63.5m (H1'20: £4.9m) excluding CCD.
- Group adjusted PBT including CCD of £5.8m (H1'20 loss before tax: £32.7m).
- Vanquis Bank and Moneybarn were profitable during H1'21 including and excluding provision releases.
- Receivables decline year-on-year driven by lockdown restrictions impacting customer acquisition volumes and credit card spend.
- The Group has maintained its sector leading capital and liquidity positions, including the benefit of a banking license within the Group.
- Shortly after the period end, the Group successfully refinanced its RCF and Moneybarn's securitisation facility increasing the net funding of the non-bank Group by approximately £120m
- Coverage ratios across the Group remain robust, reflecting our prudent approach to any increases in unemployment from the end of furlough in September.

Group (excl. CCD)	H1'21	H1'20
Net interest margin (£m)	239	294
Impairment charge (£m)	(51)	(186)
Risk-adjusted NIM (£m)	188	108
Adjusted ongoing PBT	63.5	4.9
Net receivables (£m)	1,595	1,718
Coverage ratio	29%	26%
Annualised RORE[1] (%)	19.5%	3.8%
Capital headroom (£m)	225	265
Liquidity headroom (£m)	440	1,090

[1]Return on average required regulatory capital (RORE) reflects statutory profit after tax for the period, excluding CCD, multiplied by 365/181 divided by the average regulatory capital requirement for the period.

Group results

	H1'21	H1'20	Change
	£m	£m	%
Credit Cards (Vanquis Bank)	**57.1**	11.8	384%
Vehicle Finance (Moneybarn)[1]	**15.5**	2.3	574%
Central costs	**(9.1)**	(9.2)	1%
Adjusted ongoing profit before tax[2]	**63.5**	4.9	1,196%
Amortisation of acquired intangibles	**(3.7)**	(3.7)	-
Exceptional items	**(46.3)**	8.3	(658%)
Home Credit & HCSTC (CCD – closed in May'21)	**(57.7)**	(37.6)	(53%)
Statutory Loss	**(44.2)**	(28.1)	(57%)
Total receivables	**1,637**	1,865	(12%)
Total borrowings including retail deposits	**1,630**	2,393	(32%)

Please refer to slide 44 for the footnotes.

Product Snapshot

Primary Products	Brands		Average YTD receivables (£m)	Net interest margin (£m)	Impairment (£m)	Risk-adjusted net interest margin (£m)	Adjusted PBT/(loss) (£m)
Credit Cards & Unsecured Personal Loans	VANQUIS	H1'21	1,004	181.4	(30.8)	150.6	**57.1**
		H1'20	1,341	244.8	(149.9)	94.9	**11.8**
Vehicle Finance	moneybarn Vehicle Finance	H1'21	588	54.7	(20.0)	34.7	**15.5**
		H1'20	505	50.8	(35.6)	15.2	**2.3**
PFG withdrew from this market during H1'21							
Home Credit & Short Term Loans	Provident	H1'21	89	46.2	(38.5)	7.7	**(57.7)**
		H1'20	191	113.8	(52.9)	60.9	**(37.6)**

Key performance indicators ('KPIs')

Shareholder KPIs	H1'19	H1'20	H1'21
EPS (basic)	15.6	3.5	**17.0**
EPS (adjusted)[1]	26.6	2.3	**18.9**
RORE	16.5%	3.8%	**19.5%**
ROTE	11.5%	2.4%	**10.3%**
ROA[1]	9.6%	3.1%	**8.4%**

Revenue KPIs[1]	H1'19	H1'20	H1'21
Revenue yield	36.3%	35.2%	**33.2%**
Net-interest margin[1]	33.0%	31.8%	**30.1%**
Risk-adjusted net-interest margin[1]	20.9%	11.7%	**23.7%**

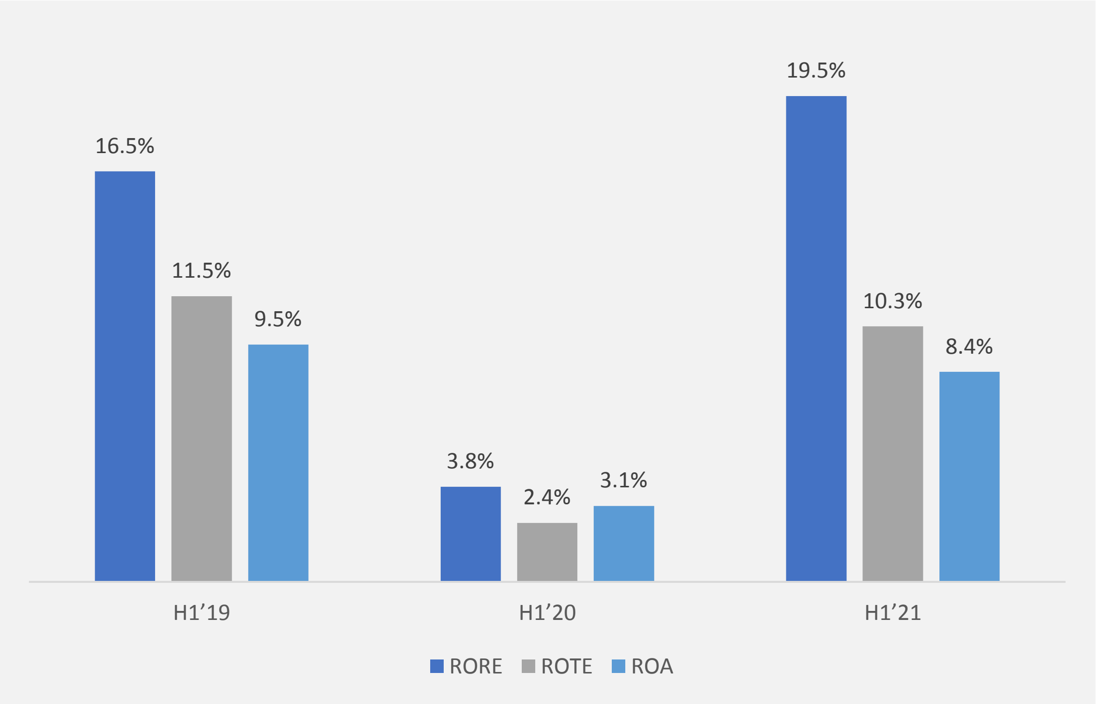
Cost KPIs[1]	H1'19	H1'20	H1'21
Cost of risk	12.1%	20.1%	**6.4%**
Cost of funding[1]	3.3%	3.4%	**3.2%**
Cost to income ratio[1]	31.1%	31.8%	**47.3%**

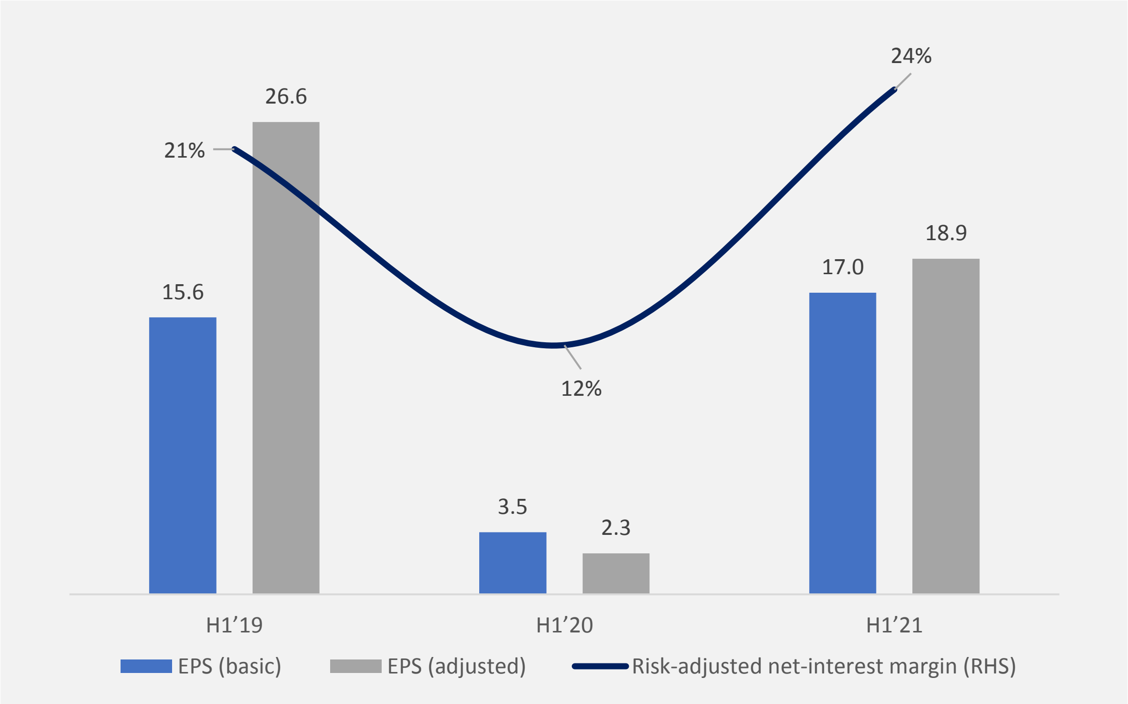
Capital & Liquidity KPIs	H1'19	H1'20	H1'21
Common equity tier 1 ratio	33.0%	39.7%	**34.0%**
Leverage ratio	22.6%	21.7%	**22.6%**
Capital headroom[2]	144	265	**225**
Non-bank liquidity	323	164	**224**
Total liquidity (£m)	749	1,178	**505**
Liquidity headroom (£m)	565	1,090	**440**

PFG

[1] Adjusted [2] Based on current capital requirements, excluding any confidential PRA buffers, if applicable.

Key performance indicators ('KPIs')

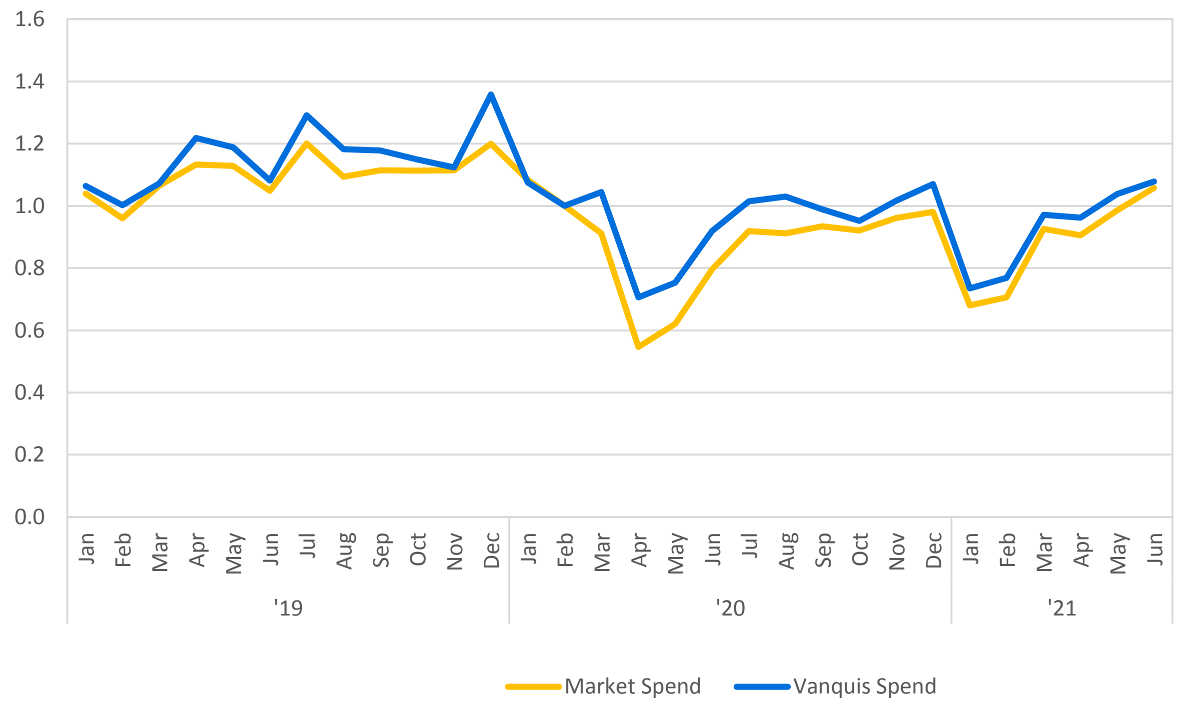




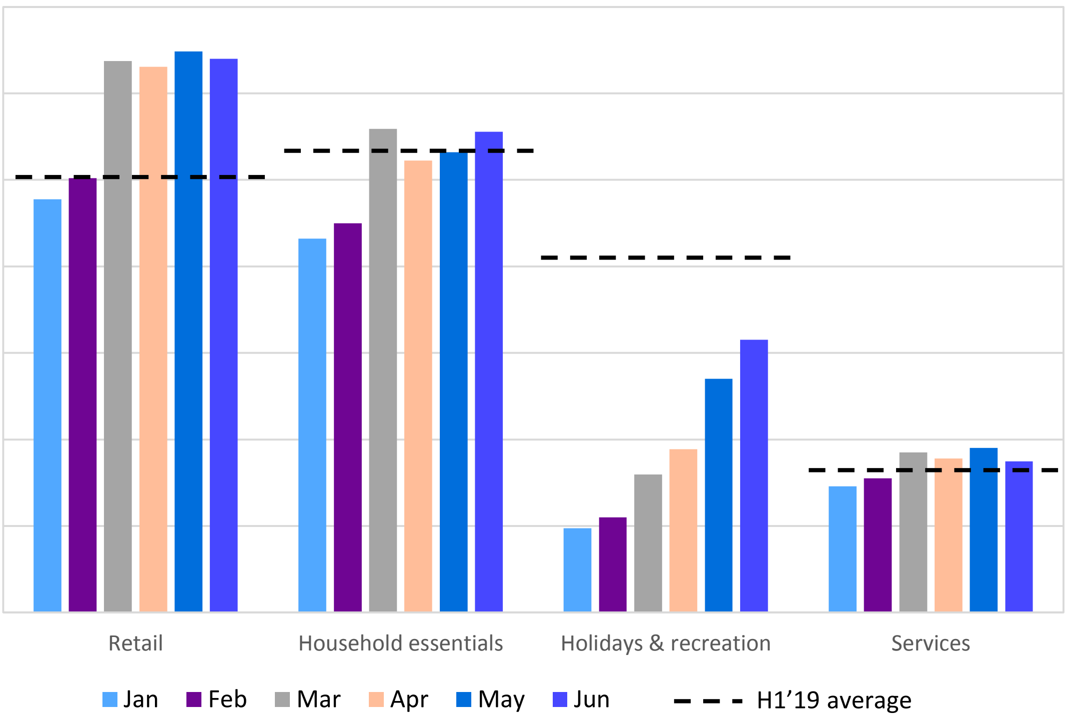
- Significant recovery across key return metrics seen in H1'21 vs. H1'20
- Recovery in risk-adjusted margin reflects lower impairments in H1'21

Credit card spending back to pre-Covid levels

Vanquis and Market[1] Credit Card Spend – indexed at Feb'20



Vanquis Spend By Category H1’21

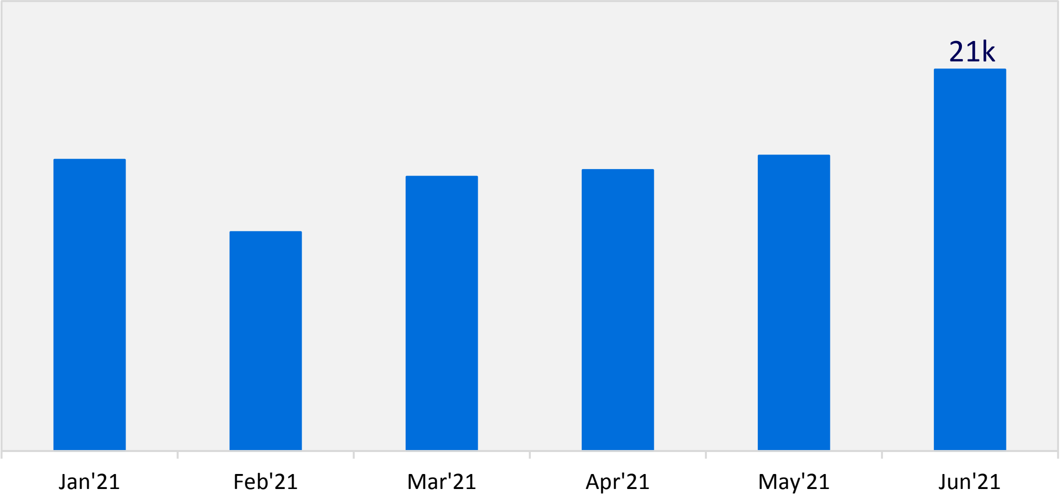


- Credit card spend returned to pre-Covid levels (Feb’20) more quickly than the rest of the credit card market
- Customer expenditure improved quickly as lockdown restrictions eased and is above H1’19 averages in most spend categories

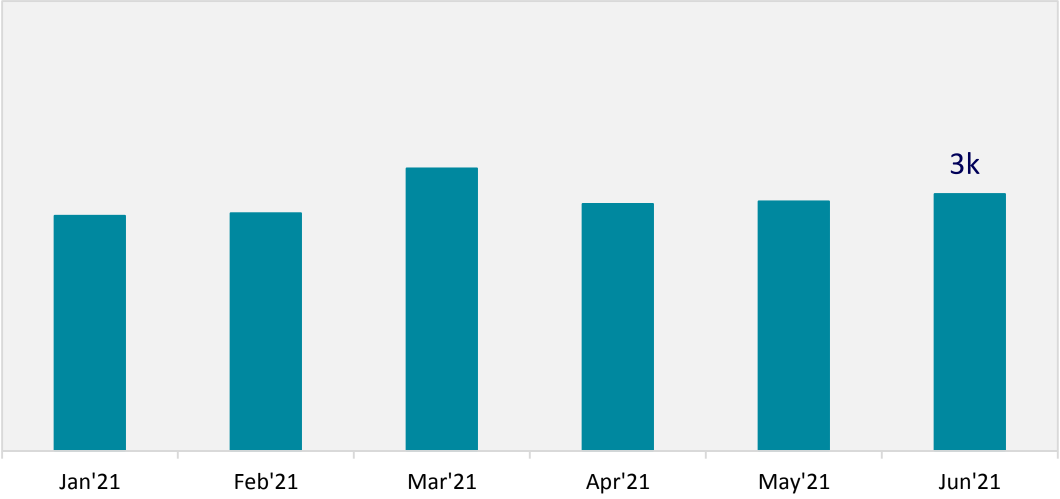
[1] UK Finance Total Market Credit Card Statistics June 2021.

Customer bookings improved during H1’21

Credit Card New Bookings by Month Trend[1]



Motor Finance New Bookings by Month Trend

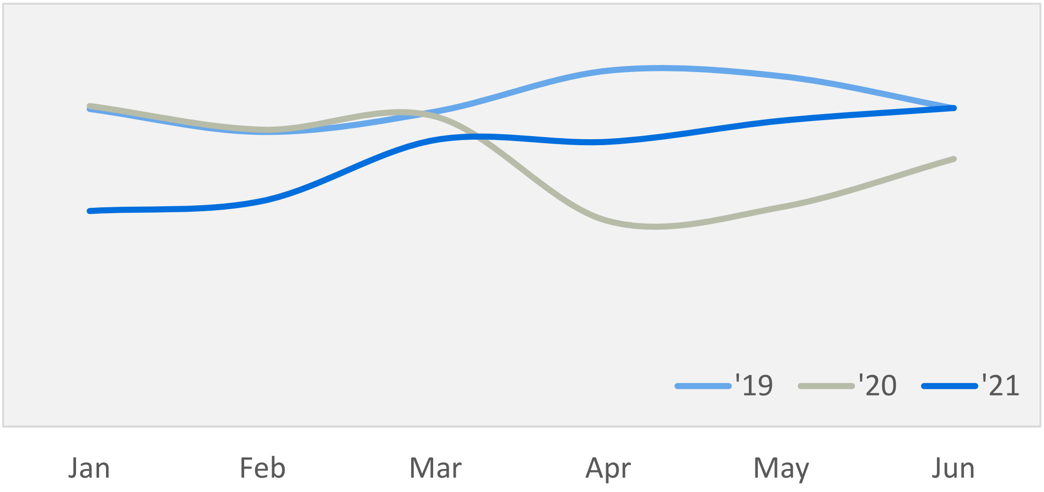


- Credit card bookings improved as restrictions lifted and following the success of the ‘Walk Tall’ TV advertising campaign
- Level of customer demand for used-vehicles was strong during FY’20 and remained buoyant during H1’21

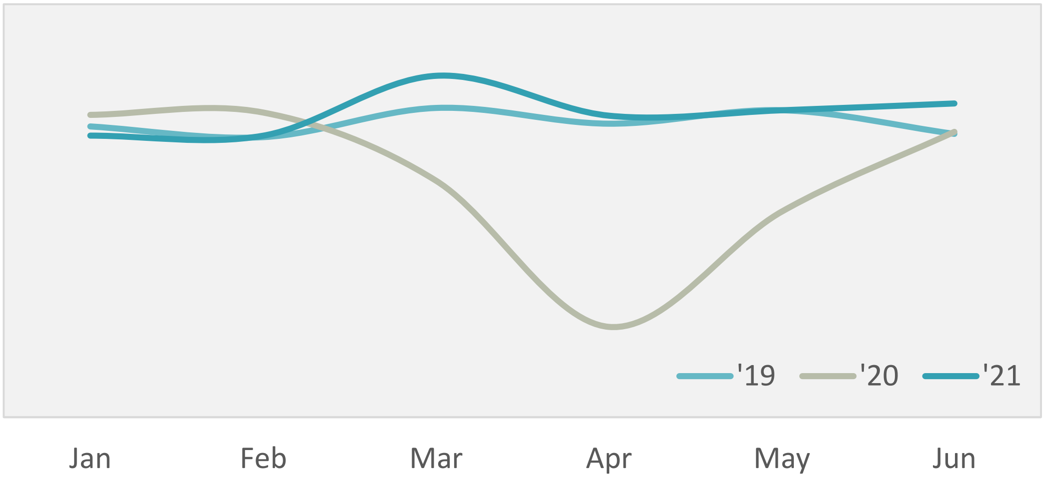
[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Jun’21).

Credit issued above H1’20 levels

Credit card credit issued has returned to pre-Covid levels



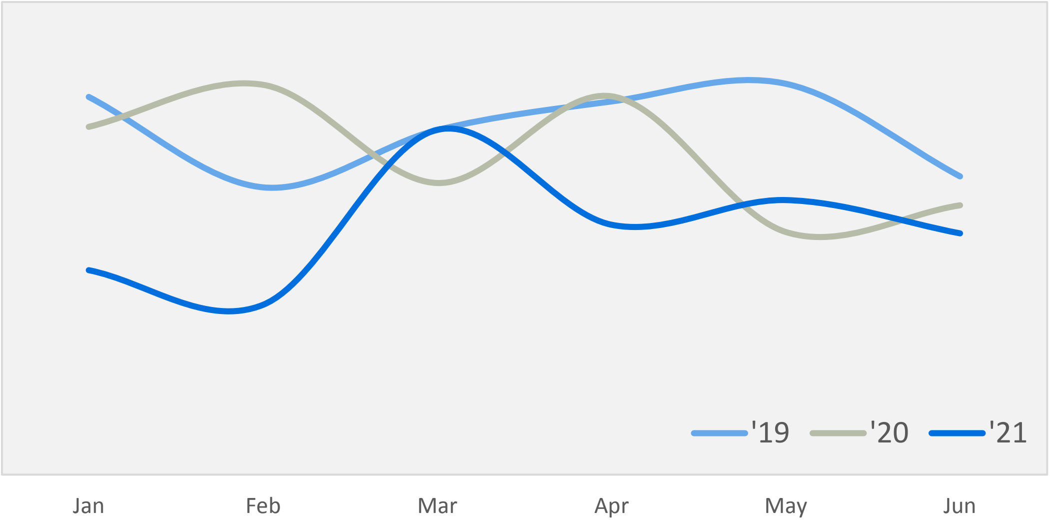
Motor finance credit issued above pre-Covid levels



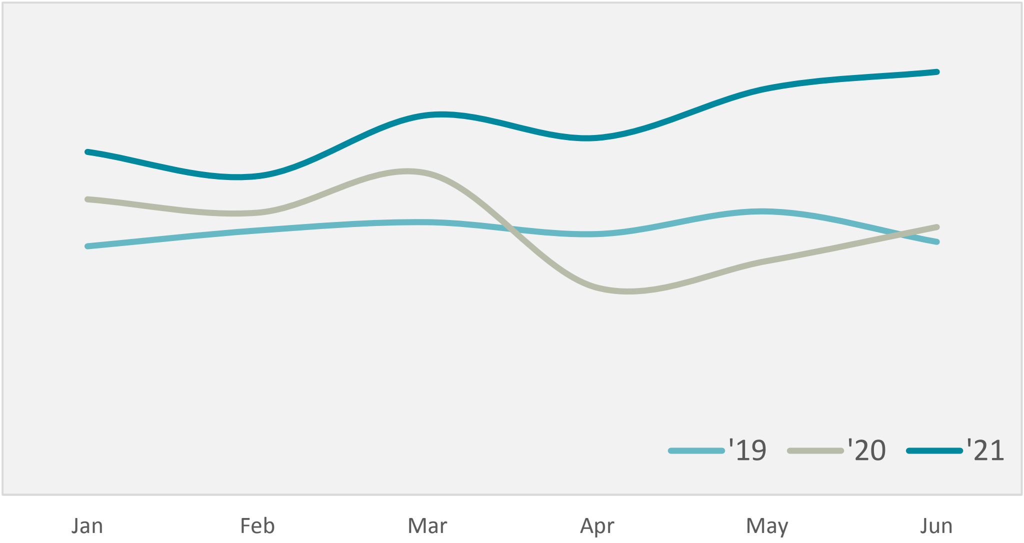
- Credit card credit issued improved as restrictions lifted and H1’21 levels were above those seen in H1’20
- Vehicle finance credit issued increased by 30% year-on-year to £150m

Collections performance robust overall

Credit card collections slightly below pre-Covid levels due to average book size



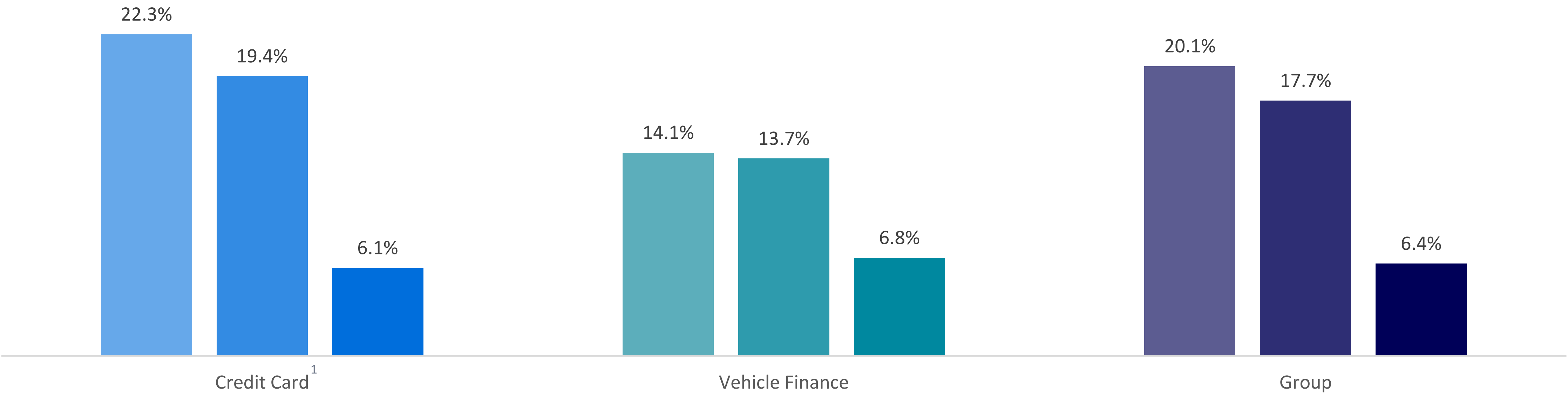
Motor finance collections notably above pre-Covid levels



- Collections from credit card customers in absolute terms are slightly lower year-on-year owing to the smaller receivables book
- Vehicle finance collections have improved significantly year-on-year and are above H1’19 levels

Falling impairment trends in H1'21

Impairment Rates



	Credit Card[1]			Vehicle Finance			Group		
	H1'20	H2'20	H1'21	H1'20	H2'20	H1'21	H1'20	H2'20	H1'21
Net Receivables	1,202	1,094	993	516	567	602	1,718	1,661	1,595

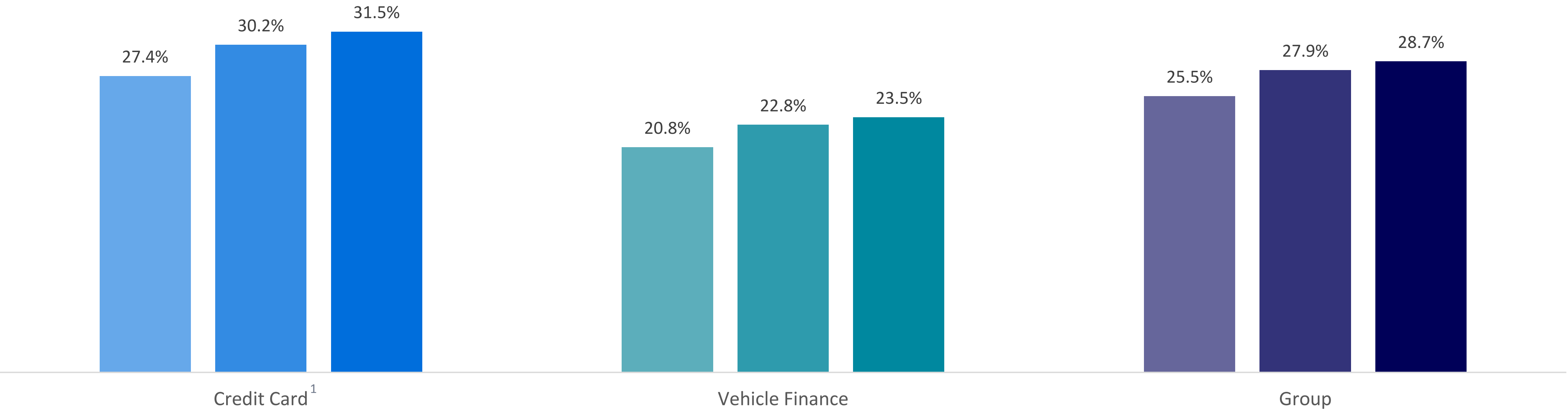
- Underlying delinquency and a smaller receivables book combined to result in a lower impairment rate for the credit card business
- Arrears in the vehicle finance receivables book improved to help offset the impact of a larger overall receivables balance

PFG

[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Jun'21).

Coverage ratios remain robust

Coverage ratios



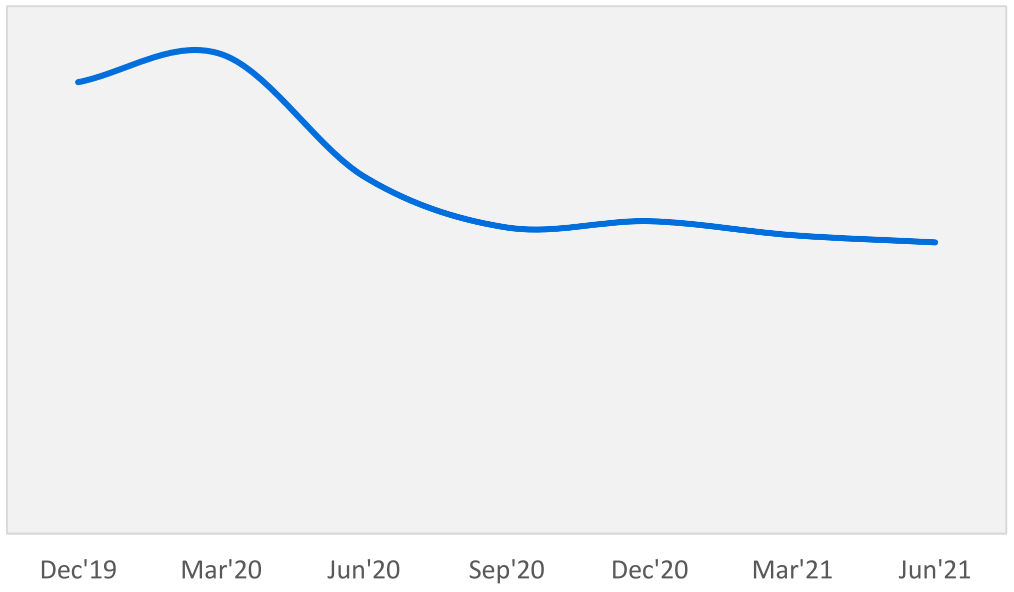
	Credit Card			Vehicle Finance			Group		
	H1’20	H2’20	H1’21	H1’20	H2’20	H1’21	H1’20	H2’20	H1’21
Net Receivables	1,202	1,094	993	516	567	602	1,718	1,661	1,595

- Coverage of the credit card receivables book increased during the period as outstanding receivables declined
- Vehicle finance receivables grew during the period and the coverage ratio increased

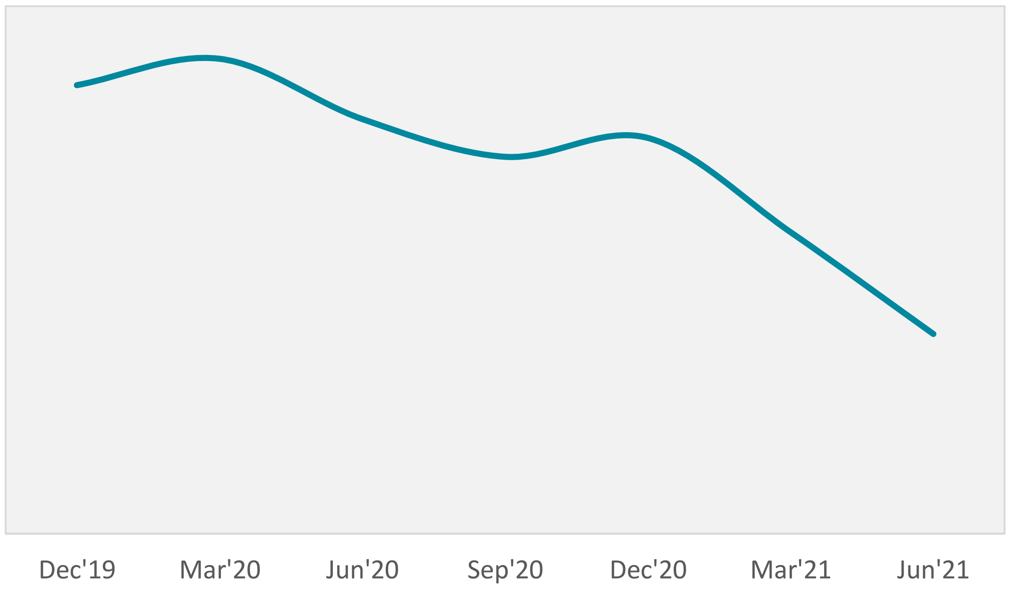
[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Jun’21).

Delinquency rates improving

Credit Card delinquency rates



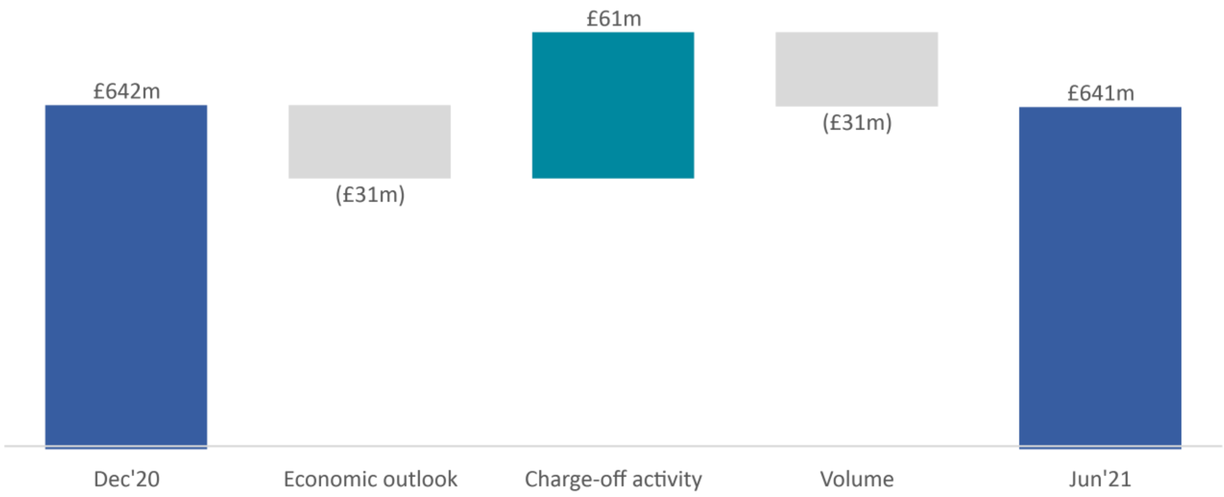
Vehicle Finance delinquency rates



- Delinquency rates across both credit cards and vehicle finance continued to improve during H1’21
- We remain alert for any short-term increases driven by the end of furlough in September 2021

ECL driven by significant deterioration in the macroeconomic outlook

Expected credit losses have remained flat[1]



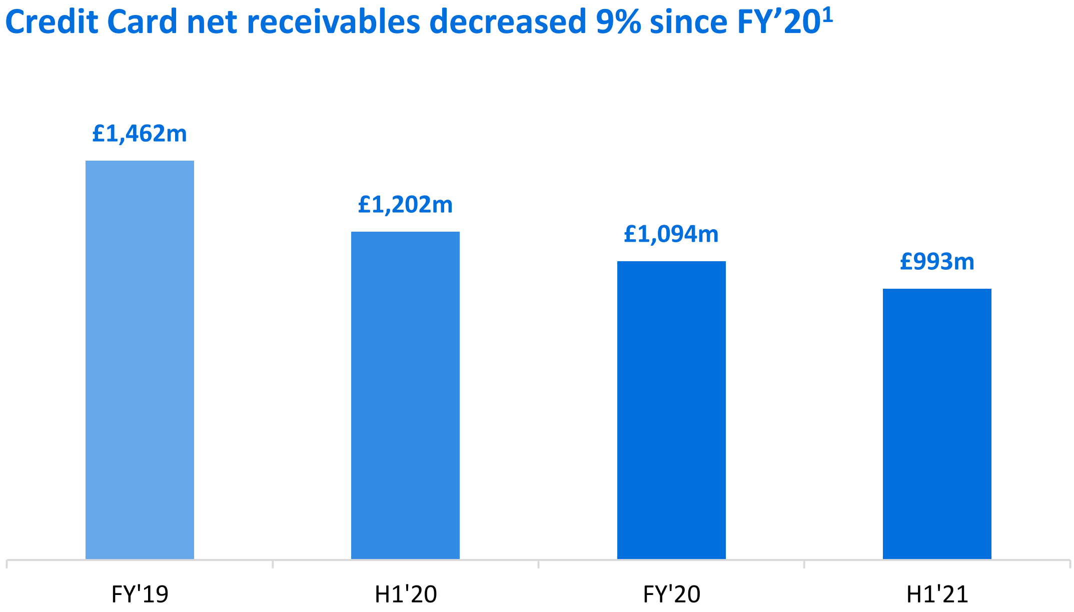
	Assumed UK unemployment	
	2021	**2022**
Peak Base	6.0%	5.9%
Average Base	5.4%	5.5%

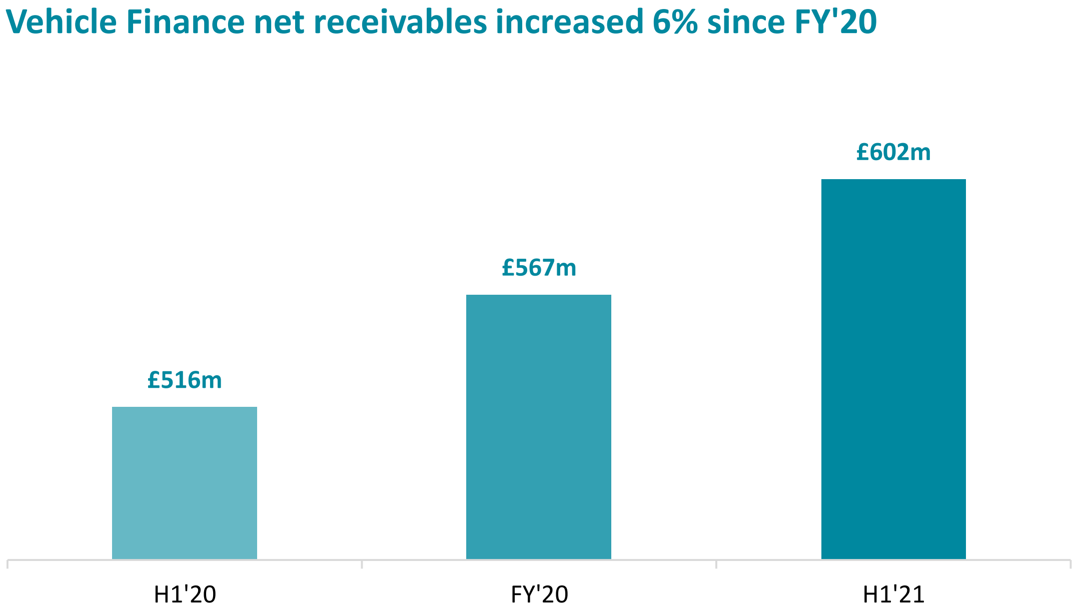
- The Group's coverage ratio rose to 28.7% at the end of H1'21 vs. 25.5% at H1'20
- Total ECLs outstanding remained broadly flat year-on-year reflecting PFG's prudent approach given the macroeconomic backdrop

PFG

[1]Expected Credit Losses and Coverage Ratios are displayed excluding CCD

Future growth potential





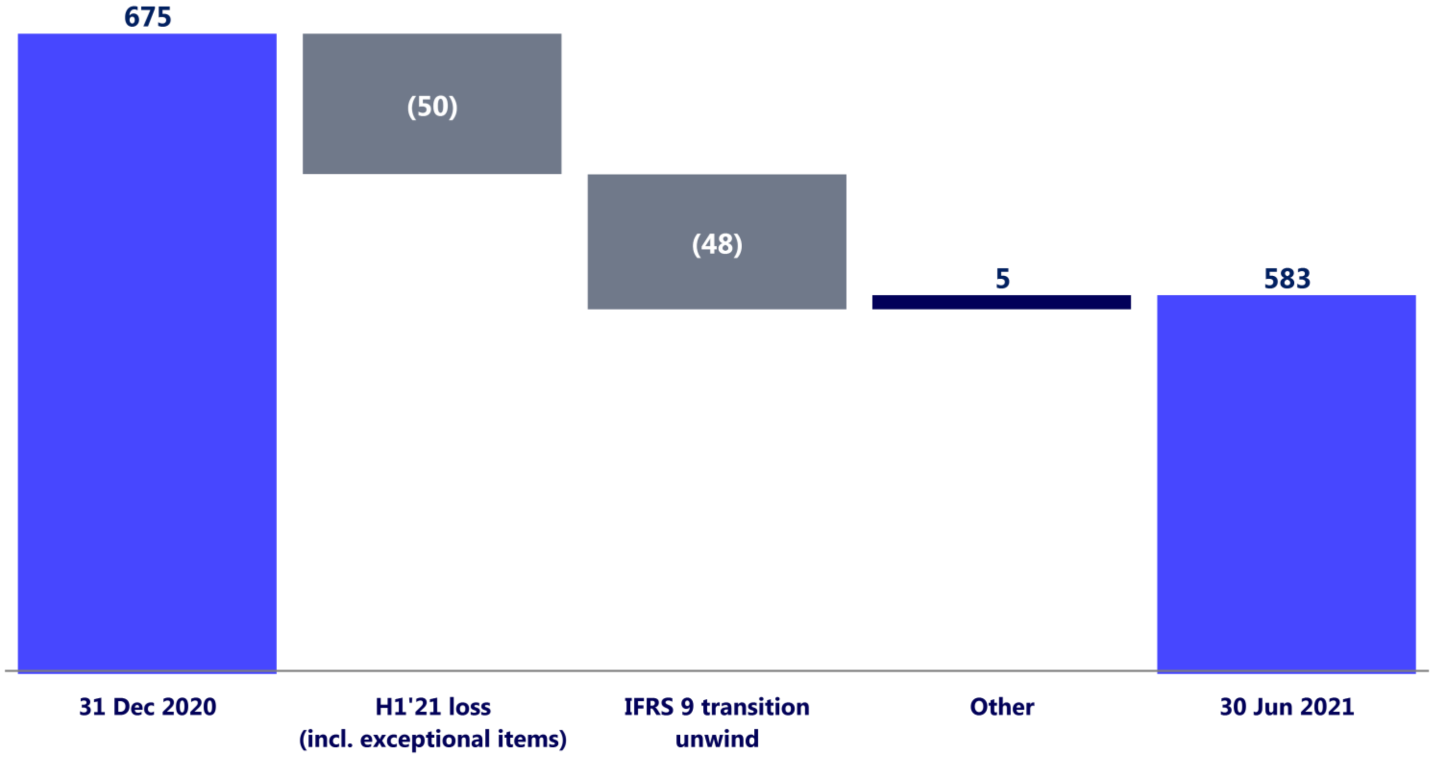
- Credit card receivables were impacted by lower customer acquisition and reduced customer spend; customer spend trends have been encouraging recently
- Vehicle finance receivables continued to grow throughout Covid-19 as demand for used vehicles remained high

PFG

[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec'20).

Regulatory capital

Resilient and appropriate capital base including absorption of expected reductions



Capital ratio meets regulatory requirements over the next three years

CET1 ratio 34.0%[1]

TCR & CRD buffers 20.8%

- Regulatory capital assessed over a three year view
- Total capital ratio is 32.5%, including CCD, -2.6% year on year, driven by:
  - £70m impact of CCD Scheme
  - Exceptional charges in respect of CCD closure
  - Absorption of the 1 Jan 2021 unwind of the IFRS 9 transition

[1] Excluding CCD.

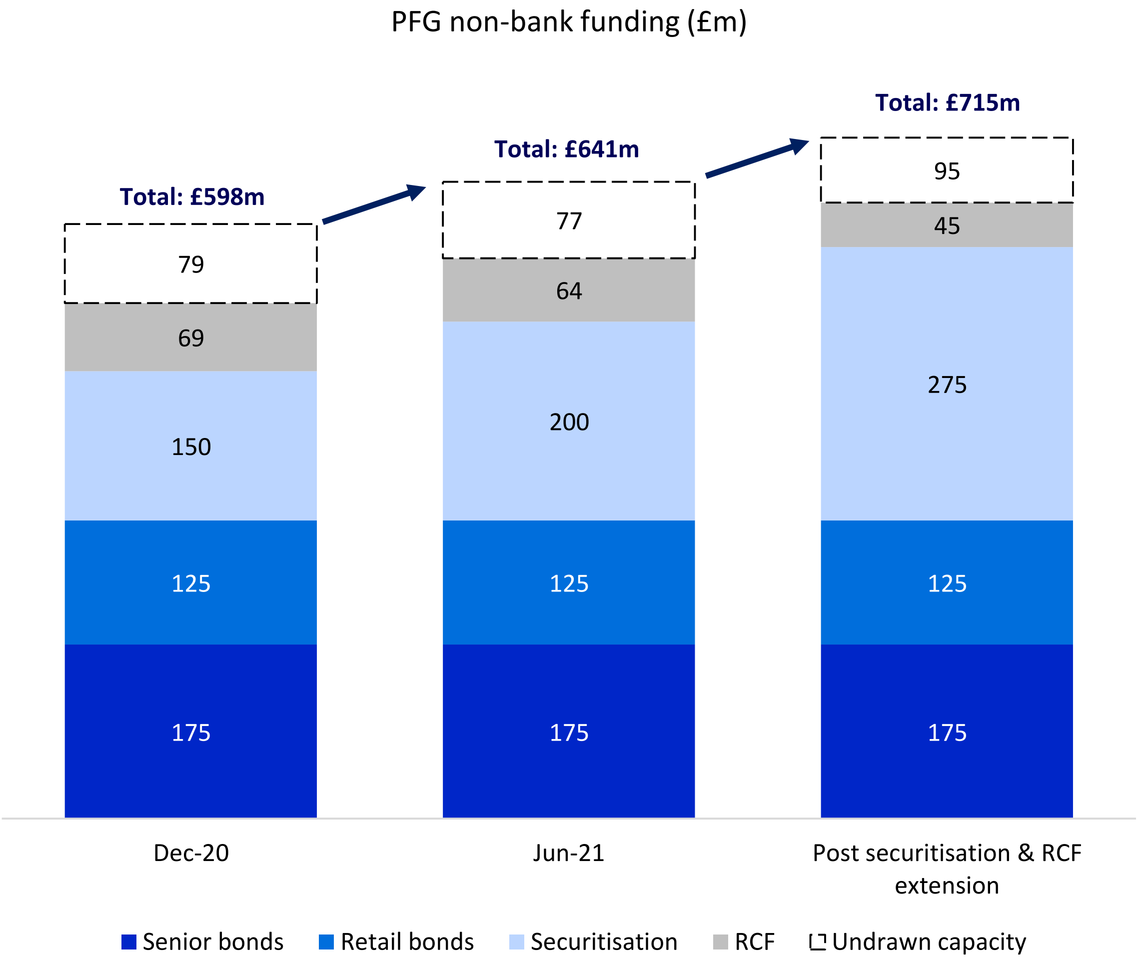
Diversified funding mix across the Group

Liquidity and Funding Profile

- Highly liquid position, with in excess of £200m held by both Vanquis Bank and Group above Liquidity Coverage Ratio requirements, and a ratio of 472% at Group. This represents more normalised liquidity levels at Vanquis Bank.
- Cash and undrawn liquidity at non-Bank Group of £226m
- Leverage Ratio of 22.4% facilitating increased lending

Delivered in 2021

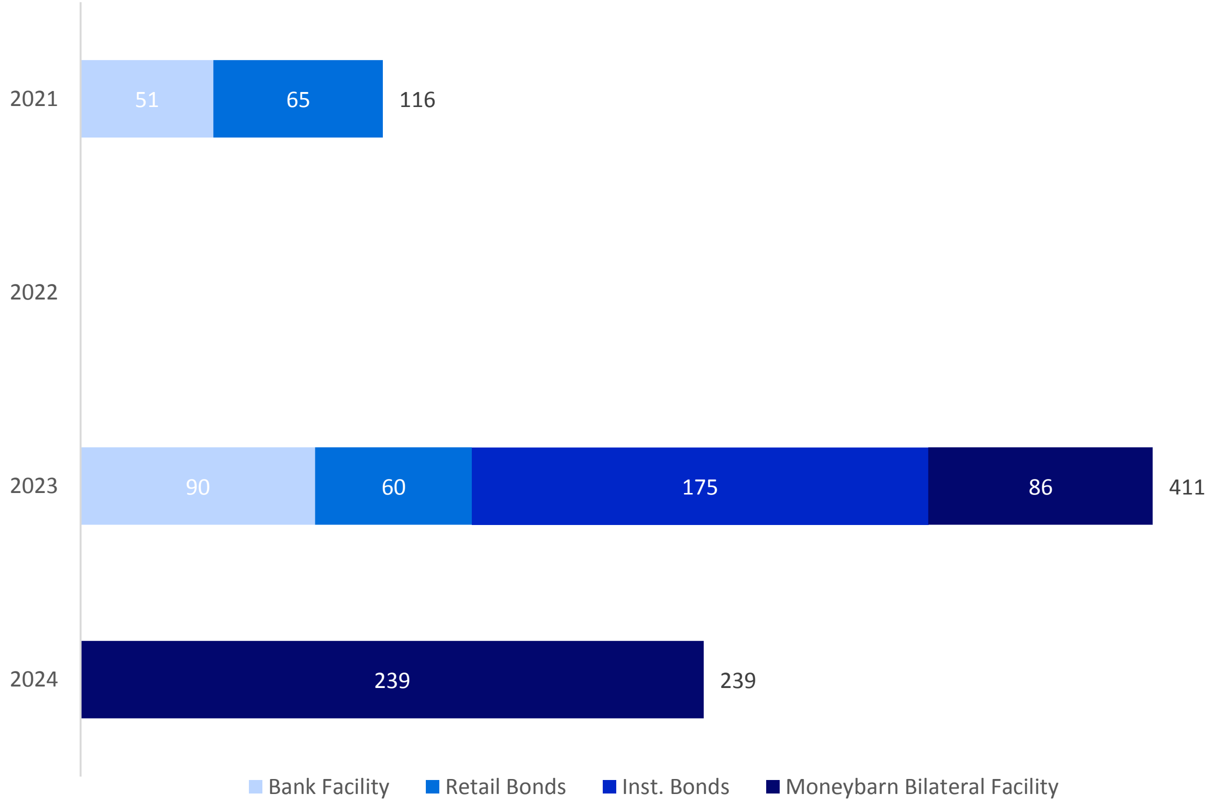
- Moneybarn securitisation refinanced and upsized in July 2021- commitment of £325m secured (of which £50m is undrawn) to 2023 and beyond
- The cost of the new facility is broadly unchanged cost from the previous warehouse at a higher advance rate resulting in a reduction in the weighted average cost of funding for Moneybarn.
- Syndicated Revolving Credit Facility reduced from £148m to £90m but extended by 12 months to July 2023
- Combined, £415m of committed funding written to 2023 and beyond on extended terms
- Strengthening of the Group's liquidity resources



Wholesale funding maturity profile – update

- The chart shows the Group's maturity profile post refinancing of the RCF and Moneybarn securitisation.
- Beyond the maturity of a £65m retail bond in September 2021, no further wholesale maturities until H2'23.
- We are updating our EMTN programme, to allow optionality for a potential Tier 2 issuance subject to market conditions.
- Vanquis Bank will remain primarily retail deposit funded.
- We have started the process of preparing our application to the PRA to allow us to use retail deposits to fund different part of the Group.
- Refinancing from FY'23 onwards is planned to be through retail deposits.
- Vanquis Bank AAA-rated notes have been accepted as eligible collateral for the Bank of England funding and liquidity schemes.

Maturity Profile - after securitisation & RCF extension (£m)



[1]£51m RCF dilution in 2021 represents reduction in undrawn RCF headroom, hence no movement in cash.

Strategy and Outlook

Malcolm Le May
Chief Executive Officer

PFG: *a specialist bank for the underserved*

1

Focused on attractive core mid-cost markets…

- Credit cards
- Vehicle finance
- Personal loans

2

…Underpinned by a strong balance sheet…

- Diversified funding with retail and wholesale
- Capitalised for growth
- Robust risk management

3

…Targeting to deliver sustainable returns

- Board update on dividend policy at FY’21
- Supported by RoE > CoE
- Guidance at FY’21

A long-term, sustainable business model targeting to deliver consistent and attractive returns to shareholders

Well-positioned to deliver in growing markets

Credit cards

c.£1bn receivables book

- Strong capabilities across underwriting and collections
- Strong capital and liquidity
- Deep customer expertise
- Product and customer focus

c.25% Market Share

Vehicle finance

c.£600m receivables book

- Improved funding profile
- Platform & IT investment to support growth
- Product & market development
- Channel optimisation

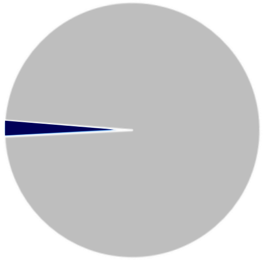
c.9% Market Share

Personal loans

c.£16m receivables book

- Unique market offering
- Leading technology platform
- Leveraging deep customer understanding
- Q4’21 launch

<1% Market Share



Strategic and operational initiatives

- **Investing in the future with our IT and talent:**
  - Invested £7m in a new Group IT platform capable of housing multiple products
  - Strengthened the executive team significantly with new hires
    - CRO, CTO, Divisional MDs, Group Treasurer
- **Expanding our customer offering with new products and digital enhancements:**
  - Customer-led, product-focused approach in the mid-cost segment, including credit cards price point expansion, near prime vehicle finance, personal loans product launch
  - Enhanced digital offering, e.g. Vanquis App
- **Optimisation of operational and governance structure:**
  - Developing plans to access retail deposits to fund different parts of the Group
  - Target Operating Model roll-out post-CCD
- **Well positioned for growth**
  - PFG is the only specialist bank offering this suite of products to our underserved customers
  - Selective M&A opportunities as sector consolidates and evolves

Outlook

- Proceed with managed run-off and closure of CCD business during H2’21
- Macroeconomic uncertainty will remain but we see scope for cautious optimism
- Coverage ratios will be assessed over the course of 2021
- The Board will evaluate our dividend policy and provide an update.
- We will continue to work towards our strategic and operational ambitions.
- Well-positioned in growing markets to continue to serve the underserved customer across credit cards, vehicle finance and personal loans.
- We plan to host a Capital Markets Day during Q1’22, to update the market on our growth ambitions, return targets and capital management framework.

“

PFG, the specialist bank for the underserved customer, remains committed to delivering long-term, sustainable returns to its shareholders as we target the growing mid-cost market segment…

Malcolm Le May
CEO

Questions

- Appendix
- Contacts

PFG

Provident Financial Group

Appendix

Group results – P&L

	H1'21 £m	H1'20 £m	Change %
Customer numbers ('000)	1,829	2,154	(15.1%)
Period end receivables	1,637	1,865	(12.2%)
Average receivables	1,681	2,037	(17.5%)
Revenue	317	444	(28.6%)
Interest	(31)	(36)	13.3%
Net interest margin	286	408	(30.0%)
Revenue yield	*37.7%*	*43.6%*	*(5.9%)*
Cost of funding	*3.7%*	*3.5%*	*0.2%*
Net-interest margin	*34.0%*	40.0%	*(6.0%)*
Impairment	(89)	(238)	62.5%
Risk-adjusted net interest margin	196	169	16.0%
Costs	(190)	(202)	5.7%
Adjusted profit before tax/(loss)	5.8	(32.7)	117.7%
Cost income ratio	*60.1%*	45.5%	*14.6%*
Return on assets	*3.0%*	0.1%	*2.9%*

Key performance indicators ('KPIs') including CCD

Shareholder KPIs	H1'21	H1'20	H1'19
EPS (basic)	(19.6)	(9.2)	8.6
EPS (adjusted) [1]	(3.1)	(10.1)	22.2
RORE	(20.6%)	(8.8%)	7.7%
ROTE	(17.4%)	(6.9%)	6.8%
ROA[1]	3.0%	0.1%	7.7%

Revenue KPIs	H1'21	H1'20	H1'19
Revenue yield	37.7%	43.6%	45.7%
Net-interest margin[1]	34.0%	40.0%	42.4%
Risk-adjusted net-interest margin[1]	23.4%	16.6%	27.0%

Cost KPIs[1]	H1'21	H1'20	H1'19
Cost of risk	10.6%	23.4%	15.4%
Cost of funding[1]	3.7%	3.5%	3.3%
Cost to income ratio[1]	60.1%	45.5%	43.7%

Capital & Liquidity KPIs	H1'21	H1'20	H1'19
Common equity tier 1 ratio	32.5%	35.4%	28.3%
Capital headroom[2]	210	215	66
Leverage ratio	22.4%	20.5%	20.3%
Non-bank liquidity	226	166	326
Total liquidity (£m)	508	1,180	752
Liquidity headroom (£m)	447	1,102	580

[1] (Adjusted).

[2] Based on current capital requirements, excluding any confidential PRA buffers, if applicable.

Group results – Statutory Balance sheet

Assets	H1’21 £m	H1’20 £m	Change %
Cash and balances at central banks	**486**	1,043	(53.4%)
Amounts receivables from customers	**1,637**	1,865	(12.2%)
Pension asset	**93**	118	(21.7%)
Goodwill and other intangibles	**112**	112	0.1%
Other assets	**142**	166	(14.5%)
Total assets	***2,470***	*3,304*	*(25.2%)*

Liabilities and equity			
Retail deposits	**1,063**	1,917	(44.6%)
Bank and other borrowings	**567**	476	19.1%
Trade and other payables	**108**	80	35.0%
Other liabilities	**129**	94	37.2%
Equity	**603**	737	(18.1%)
Total liabilities and equity	***2,470***	*3,304*	*(25.2%)*

Credit Cards (Vanquis Bank) results[1]

	H1'21 £m	H1'20 £m	Change %
Customer numbers ('000)	1,537	1,694	(9.3%)
Period end receivables	993	1,202	(17.4%)
Average receivables	1,004	1,341	(25.1%)
Revenue	196	261	(25.1%)
Interest	(14)	(16)	12.9%
Net interest margin	181	245	(25.9%)
Revenue yield	*39.0%*	*38.9%*	*0.1%*
Cost of funding	*2.8%*	*2.4%*	*(0.4%)*
Net-interest margin	*36.1%*	*36.5%*	*(0.4%)*
Impairment	(31)	(150)	79.5%
Risk-adjusted net interest margin	151	95	58.7%
Costs	94	83	(12.5%)
Adjusted profit before tax	57	12	384%
Cost income ratio	*47.8%*	*31.8%*	*(16.0%)*
Return on assets	*24.8%*	*7.4%*	*17.4%*
Return on equity	*28.2%*	*5.6%*	*22.6%*

PFG

[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Jun'20).

Vehicle Finance (Moneybarn) results

	H1'21 £m	H1'20 £m	Change %
Customer numbers ('000)	94	82	14.8%
Period end receivables	602	516	16.5%
Average receivables	588	505	16.5%
Revenue	69	64	7.3%
Interest	(14)	(13)	(6.0%)
Net interest margin	55	51	7.7%
Revenue yield	*23.4%*	*25.4%*	*(2.0%)*
Cost of funding	*4.8%*	*5.3%*	*0.5%*
Net-interest margin	*18.6%*	*20.1%*	*(1.5%)*
Impairment	(20)	(36)	43.8%
Risk-adjusted net interest margin	35	15	128.3%
Costs	(19)	(13)	(48.8%)
Adjusted profit before tax	16	2	573.9%
Cost income ratio	*27.9%*	*20.1%*	*(7.8%)*
Return on assets	*10.3%*	*6.2%*	*4.1%*

Home Credit & HCSTC (CCD) results

	H1-21 £m	H1-20 £m	Change %
Customer numbers ('000)	198	379	(47.6%)
Period end receivables	42	147	(71.3%)
Average receivables	89	191	(53.7%)
Revenue	52	118	(55.8%)
Interest	(6)	(5)	(32.6%)
Net interest margin	46	114	(59.4%)
Revenue yield	*118.2%*	*123.8%*	*(5.6%)*
Cost of funding	*13.8%*	*4.8%*	*(9.0%)*
Net-interest margin	*104.4%*	*119.0%*	*(14.6%)*
Impairment	(39)	(53)	27.2%
Risk-adjusted net interest margin	8	61	(87.4%)
Costs	65	99	33.6%
Adjusted loss before tax	(58)	(38)	(53.5%)
Cost income ratio	*125.0%*	*83.2%*	*(41.8%)*
Return on assets	*(116.4%)*	*(34.5%)*	*(81.9%)*

Group results footnote for slide 15

[1] *The 2020 June comparatives have been restated to incorporate the changes in Moneybarn accounting policies in relation to the definition of default reflected in the 2020 financial statements*

[2] *Adjusted profit before tax from ongoing operations is defined as adjusted profit before tax before any losses incurred relating to CCD*

Alternative Performance Measure Calculations

Alternative Performance Measures	Method of Calculation
Adjusted basic earnings per share (EPS)	Profit after tax, excluding the amortisation of acquisition intangibles and exceptional items, divided by the weighted average number of shares in issue
Return on Average Required Capital (RORE)	Statutory profit after tax for the period, excluding CCD, multiplied by 365/181 divided by the average regulatory capital requirement for the period.
Annualised Return on Tangible Equity (ROTE)	Statutory profit after tax for the period, excluding CCD, multiplied by 365/181 divided by the average equity for the period less intangible assets
Average Receivables	Average of month-end net receivables for the 6 months ended 30 June
Common Equity Tier 1 (CET1) Ratio	The ratio of the Group's regulatory capital to the Group's risk-weighted assets measured in accordance with CRD IV
Cost Income Ratio	Costs, comprising administrative and other operating costs, as a percentage of revenue for the 6 months ended 30 June
Cost of Funds	Finance costs for the period multiplied by 365/181 as a percentage of average receivables for the 6 months ended 30 June
Cost of Risk	Impairment for the period multiplied by 365/181 as a percentage of average receivables for the 6 months ended 30 June
Coverage Ratio	Impairment provision as a proportion of gross receivables as at 30 June
Funding Headroom	Committed bank and debt facilities less borrowings on those facilities
Impairment Rate	Impairment for the period multiplied by 365/181 as a percentage of average receivables for the 6 months ended 30 June
Net-Interest Margin (£)	Revenue less finance costs
Net-Interest Margin (%)	Revenue less finance costs for the period multiplied by 365/181 as a percentage of average receivables for the 6 months ended 30 June
Revenue Yield	Revenue for the period multiplied by 365/181 as a percentage of average receivables for the 6 months ended 30 June
Return on Assets (ROA)	Adjusted profit before interest after tax multiplied by 365/181 as a percentage of average receivables
Return on Equity (ROE)	Adjusted profit after tax multiplied by 365/181 as a percentage of average equity. Equity is stated after deducting the Group's pension asset, net of deferred tax, and the fair value of derivative financial instruments
Risk-Adjusted Net-Interest Margin	Net-interest margin less impairment charge for the period multiplied by 365/181 divided by average receivables for the 6 months ended 30 June

Contact details

Provident Financial plc

No.1 Godwin Street

Bradford

BD1 2SU

Contacts:

Owen Jones, Group Head of Investor Relations

Vicki Turner, Group Financial Controller

Telephone: +44 (0)7341 007842

Email: investors@providentfinancial.com

Website: www.providentfinancial.com