Speciality Finance Conference
November 2003
Past, Present & Future
Provident Financial

Group key statistics

<table>
<thead>
<tr>
<th>Category</th>
<th>2002 pre-exceptional PBT</th>
<th>2002 Turnover</th>
<th>Market capitalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£182.1 million</td>
<td>£875.0 million</td>
<td>£1.5 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Employees</th>
<th>Customers</th>
<th>Self-employed agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>7,500</td>
<td>3.4 million</td>
<td>27,000</td>
</tr>
</tbody>
</table>
Provident Financial

Strategy

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

> Serving customers earning moderate incomes
> Growing by:
  – international expansion
  – broader range of credit products
## Provident Financial

### Group composition comparison

#### 1996

<table>
<thead>
<tr>
<th>UK</th>
<th>Motor Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK home credit</td>
<td>Provident Insurance</td>
</tr>
<tr>
<td></td>
<td>Colonnade Insurance Brokers</td>
</tr>
</tbody>
</table>

#### 2003

<table>
<thead>
<tr>
<th>UK Consumer Credit</th>
<th>International Home Credit</th>
<th>Motor Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK home credit</td>
<td>Poland Czech Republic</td>
<td>Provident Insurance</td>
</tr>
<tr>
<td>Yes Car Credit</td>
<td>Hungary Slovakia</td>
<td></td>
</tr>
<tr>
<td>Credit cards (pilot)</td>
<td>Mexico (pilot)</td>
<td></td>
</tr>
</tbody>
</table>
Provident Financial

Divisional turnover mix comparison

1996
- UK home credit: 71%
- Motor insurance: 29%

2003
- UK home credit: 43%
- Motor insurance: 19%
- International: 16%
- Yes Car Credit: 22%

6 months to 30 June 2003
Provident Financial

**Strategy: international home credit**

Poland  
Czech Republic  
Slovakia  
Hungary  
Mexico
International home credit

**Why international expansion?**

- Slowing UK growth
- Opportunity for diversification and profitable growth
- Create shareholder value
International home credit

Timeline of international development

Market research  Single location  Slow roll-out  Accelerated rollout

Poland

Czech

Hungary

Slovakia

Mexico (pilot)

International home credit

Central Europe: progress

> Operations in most central European towns and cities
> 1.1 million customers
> Poland and Czech Republic pre-tax profit of £31m in 12 months to June 2003
> On course for medium term targets
> Substantial shareholder value created
International home credit

Customer numbers (`000)

Poland

Czech Republic

Hungary

Slovakia
International home credit

Credit issued (£m)

Poland

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.8</td>
<td>15.2</td>
<td>74.1</td>
<td>157.9</td>
<td>198.1</td>
<td>217.4</td>
<td></td>
</tr>
</tbody>
</table>

Czech Republic

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.8</td>
<td>13.0</td>
<td>42.2</td>
<td>53.2</td>
<td>69.8</td>
<td>71.5</td>
<td></td>
</tr>
</tbody>
</table>

Hungary

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.7</td>
<td>13.7</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Slovakia

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.7</td>
<td>5.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>
Annual profits

Poland (£m)
- D 97: (0.6)
- D 98: 1.5
- D 99: 2.6
- D 00: 2.8
- D 01: 6.7
- D 02: 16.7
- J 03: 23.7

Czech Republic (£m)
- D 97: (0.2)
- D 98: 1.1
- D 99: 2.7
- D 00: 0.1
- D 01: 2.5
- D 02: 5.1
- J 03: 7.2

Hungary (£m)
- D 01: 2.3
- D 02: 3.1
- J 03: 3.1

Slovakia (£m)
- D 01: 1.3
- D 02: 2.0
- J 03: 2.0
International home credit

Annual profits/(losses) since 1999 (£m)

<table>
<thead>
<tr>
<th>Date</th>
<th>Profit/Loss (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 99</td>
<td>(7.7)</td>
</tr>
<tr>
<td>June 00</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Dec 00</td>
<td>(5.9)</td>
</tr>
<tr>
<td>June 01</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Dec 01</td>
<td>0.8</td>
</tr>
<tr>
<td>June 02</td>
<td>3.5</td>
</tr>
<tr>
<td>Dec 02</td>
<td>10.6</td>
</tr>
<tr>
<td>June 03</td>
<td>19.4</td>
</tr>
</tbody>
</table>
### International home credit

#### Central European market potential

<table>
<thead>
<tr>
<th></th>
<th>Poland</th>
<th>Czech</th>
<th>Hungary</th>
<th>Slovakia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>39</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>64</td>
</tr>
<tr>
<td>Target customers (000)</td>
<td>1,000</td>
<td>250</td>
<td>250</td>
<td>125</td>
<td>1,625</td>
</tr>
<tr>
<td>Current customers (000)</td>
<td>750</td>
<td>212</td>
<td>80</td>
<td>39</td>
<td>1,081</td>
</tr>
<tr>
<td>Target annual credit issued per customer (£)</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>270</td>
<td>390</td>
</tr>
<tr>
<td>Target annual profit per customer (£)</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>40</td>
<td>58</td>
</tr>
</tbody>
</table>
International home credit

**EU enlargement: impact on existing markets**

> All candidate countries preparing for at least a decade
> Accession will be positive
> Financial benefits
> GDP growth
> Trading will be simplified
> Legislation will be harmonised
> Beneficial but no major impact expected
International home credit

**Mexico: pilot commenced**

> First loan made in August 2003
**Mexico: country information**

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>103 million</td>
<td>39 million</td>
</tr>
<tr>
<td>% of cities with over 10,000 people</td>
<td>82%</td>
<td>62%</td>
</tr>
<tr>
<td>Per capita annual income</td>
<td>$8,800</td>
<td>$9,000</td>
</tr>
<tr>
<td>S&amp;P country rating</td>
<td>A-</td>
<td>A-</td>
</tr>
<tr>
<td>Economic growth rate (2003 est.)</td>
<td>3.5%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Inflation</td>
<td>5.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Interest rate</td>
<td>10.2%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
International home credit

Country selection: where next?

> No new countries before 2005
> Rule of law
> Relatively stable economy
> Safe to lend and collect
> Urbanised
> Can be funded in local currency
> Well educated workforce
> Sufficient potential
Provident Financial

Strategy: broader range of credit products
UK consumer credit

Yes Car Credit: an excellent acquisition

> Important broadening of product range
> Good strategic fit
> Opportunity for leading position in attractive market
> Excellent growth prospects
UK consumer credit

Yes Car Credit: proposition & business model

> Credit-led business model
> Integrated sub-prime car finance, car sales and insurance
  > Contact with call centre
  > Finance first, then select car
  > Related insurances arranged
  > High ratio of sales to appointments
> Sells & provides 4-year finance for cars, normally 3 - 5 years old
> Average vehicle sales price around £5,000
> Repayment by direct debit
UK consumer credit

Yes Car Credit: competitive advantages

> Control of customer acquisition
> Ownership of the customer relationship
> Captures all of the profit
> Direct control of quality of cars
UK consumer credit

**Yes Car Credit: customer benefits**

- Confidence of acceptance
- No complicated forms
- Quality car
- Insurance products to reduce risk
- Competitive APRs
UK consumer credit

Yes Car Credit: progress

> Successfully integrated into the group
> Increase in % of car sales financed in-house
> Increased branch network
> Substantial growth in turnover
> Substantial growth in profit
<table>
<thead>
<tr>
<th>Category</th>
<th>H1 2003</th>
<th>H1 2002</th>
<th>change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars sold</td>
<td>17,600</td>
<td>15,716</td>
<td>12</td>
</tr>
<tr>
<td>Cars financed in-house</td>
<td>15,819</td>
<td>11,327</td>
<td>40</td>
</tr>
<tr>
<td>% financed in-house</td>
<td>90%</td>
<td>72%</td>
<td>18</td>
</tr>
<tr>
<td>Customer receivables (£m)</td>
<td>204</td>
<td>149</td>
<td>37</td>
</tr>
<tr>
<td>Turnover (£m)</td>
<td>123</td>
<td>101</td>
<td>23</td>
</tr>
<tr>
<td>Bad debt charge as % of average net receivables (MAT)</td>
<td>14.3%</td>
<td>15.3%</td>
<td>(1)</td>
</tr>
<tr>
<td>Profit before tax (£m)</td>
<td>4.5</td>
<td>3.4</td>
<td>35</td>
</tr>
</tbody>
</table>

6 months to 30 June
UK consumer credit

Vanquis Bank: market test of credit card

> Market opportunity for differentiated product
> Experienced team
> Outsourced card processing infrastructure
> Several thousand cards in issue
> Data is being collected to assess whether to roll-out
Provident Financial

Summary

> In recent years the group has successfully internationalised and broadened its product range
> UK home credit market is mature
> Excellent growth prospects in international markets and Yes Car Credit
> Good progress in executing our strategy
Provident Financial

An impressive record of growth

Pre-exceptional profit before tax (£m)

Year ended 31 December