

HELPING HOUSEHOLDS...

A photograph of a man and a woman looking at a document together. The man is on the left, wearing a yellow jacket, and the woman is on the right, wearing a blue jacket over an orange turtleneck. They are both looking down at a document held by the woman. The background is blurred, suggesting an indoor setting like a store or office.

PROVIDENT FINANCIAL
INTERIM 2001

WHEREVER WE GO, WE FIND THAT PEOPLE FACE THE SAME ISSUES AND THE SAME CONCERNS.

THEY WANT TO DO UP THEIR HOMES. THEY WANT THE BEST FOR THEIR CHILDREN. WHAT THEY DON'T WANT ARE FORMS TO FILL IN, QUESTIONS FROM SOMEONE THEY DON'T KNOW AND QUEUES.

THAT'S WHY OUR SIMPLE SYSTEM OF SMALL CASH LOANS GOES DOWN EQUALLY WELL IN THE UK, THE REPUBLIC OF IRELAND, POLAND, THE CZECH REPUBLIC, SOUTH AFRICA, HUNGARY AND SLOVAKIA.

WE KNOW OUR MARKET. WE KNOW WHAT PEOPLE WANT. WE HAVE A UNIQUE SERVICE THAT CROSSES FRONTIERS AND LANGUAGE BARRIERS.

HELPING HOUSEHOLDS MANAGE IS WHAT WE DO.

...IN BRNO AND
BUDAPEST...

...BRISTOL AND
BRATISLAVA

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HIGHLIGHTS

> *PROFIT BEFORE TAX UP 7.8% TO £70.2M*

> *TURNOVER UP 17%*

> *CUSTOMERS UP 15% TO 3.4M*

> *EARNINGS PER SHARE UP 7.5% TO 20.52P*

> *DIVIDEND PER SHARE UP 7.8% TO 11.75P*

CHAIRMAN'S STATE

OVERALL, WE ARE MAKING GOOD PROGRESS AND REMAIN CONFIDENT OF A GOOD RESULT FOR 2001.

JOHN VAN KUFFELER
CHAIRMAN

Overview

I am pleased to announce that the group has made good progress in the first half of 2001. We achieved strong growth, with turnover up by 17% to £399 million and customers up by 15% to 3.4 million (2000 2.9 million). Profit before tax increased 7.8% to £70.2 million (2000 £65.1 million). Earnings per share increased by 7.5% from 19.08 pence to 20.52 pence per share. An interim dividend of 11.75 pence (2000 10.9 pence), an increase of 7.8%, has been declared.

Operations

An analysis of the results for the first half of 2001 is set out below:

| Half year ended 30 June | 2001 £m | 2000 £m |
|-------------------------|------------|------------|
| UK home credit | 61.3 | 60.3 |
| International | (2.3) | (6.9) |
| Motor insurance | 19.4 | 16.3 |
| balance | (1.8) | (0.6) |
| Central costs | (6.4) | (4.0) |
| | <hr/> 70.2 | <hr/> 65.1 |

UK home credit division

Explanatory note

The 2000 financial year comprised 53 working weeks, the last of which fell between Christmas and New Year. This traditionally poor week for credit issued and collections usually forms the first week of the new financial year. This has had the effect of inflating the growth in turnover, credit issued and collections in the first half of 2001 and distorting the comparison with the first half of 2000. In order to give a true comparative, adjusted 'like for like' figures are provided.

Trading in the first half of the year has been as expected. Turnover for the UK home credit division rose by 5.6% (3.4% like for like) to £224.3 million and profit before tax increased by 1.7% to £61.3 million (2000 £60.3 million).

The UK home credit market remains competitive but stable. The market conditions we experienced in 2000

have, as expected, continued into 2001. Consequently, we have continued to focus on maintaining the quality of our lending and in the first half of this year we have further tightened our controls over customer recruitment. Customer numbers have fallen slightly (0.8%), as compared to June 2000. Bad debt as a percentage of credit issued has remained stable at 8.2% (June 2000 8.2%). Credit issued grew by 7.3% (3.5% like for like) in the first half of 2001 to £390.6 million and collections were up by 6.3% (4.5% like for like) to £634 million.

We are working actively to improve our customer recruitment techniques in order to increase the recruitment and retention of good quality customers. We have recently launched a Provident branded home-shopping catalogue produced and managed by Findel plc. In addition, we intend to roll out the cross-selling of motor insurance, which we piloted successfully last year, throughout the agent network. As a result, promotional expenditure has increased by over £2 million in the first half of the year and we expect to see the benefit of these initiatives in improved customer growth during the second half.

International division

In the international division, our aims for this year were to continue with rapid customer growth in Poland and the Czech Republic, bringing both countries into profit for the year, and to open pilot operations in Hungary and Slovakia. Our progress in the first half of this year has been good with both Poland and the Czech Republic reporting a profit. The division has reported turnover up 258% to £46.2 million and a half year loss of £2.3 million, much reduced from the £6.9 million loss at the 2000 half year. This includes an investment of £1.3 million in start-up losses in launching our home credit service in Hungary and Slovakia. Customer numbers for the division have increased by 141,000 (28%) to 641,000 in the first half of the year.

Poland has for the first time reported a profit of £0.9 million compared to a loss of £3.4 million in the first half of 2000 and customer numbers have grown by 111,000 (36.4%) from 305,000 to 416,000 in the first half of the year.

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The Czech Republic has reported a profit of £0.8 million compared to a first half loss in 2000 of £1.4 million and customer numbers grew by 23,000 (14.3%) from 161,000 to 184,000.

As expected, as the businesses mature, the bad debt rate in the fast growing Central European operations is increasing from the exceptionally low levels seen in 2000. In Poland, our largest international market, credit quality is developing broadly as expected and bad debts as a percentage of credit issued are running at around 6% (June 2000 4.3%). In the Czech Republic, bad debt as a percentage of credit issued has increased a little more than was expected to 7.25% (June 2000 4.0%) and prices have been increased to compensate for the additional costs.

South Africa remains a small part of the international division. It has experienced tougher trading conditions and, in particular, rising levels of bad debt in the first half of this year. This is disappointing after the substantial improvement in performance seen in the second half of 2000. We have taken remedial action, shortening the maturity of loans and tightening lending criteria. We intend to review the success of these actions in the second half of this year.

Motor insurance division

The motor insurance division has performed well, benefiting from good conditions in the motor insurance market. Profits were up by 19% to £19.4 million and policyholders up by 18% to 833,000. As expected, premium increases in the market have slowed significantly, averaging about 5% in the first half of this year compared to about 10% at the same time last year and there are clear signs that we have reached the top of the insurance pricing cycle.

balance

We have piloted a bill paying service in a small number of UK locations during the last year. In June we reviewed the performance of these pilots and concluded that the prospects for the service were insufficiently good to merit further investment. Consequently, the business has been closed. A loss of £1.8 million, inclusive of all closure costs, was incurred in the first half of 2001 (2000 £0.6 million).

Prospects

In the UK home credit division we expect the current market conditions to continue for this year and into next and so we will continue to concentrate on maintaining the quality of our lending. As a result, we continue to expect customer numbers, credit issued and profits for 2001 to grow at similar rates to those in 2000. The bad debt ratio is expected to remain stable at around the current level.

The international division's customer numbers, credit issued and profits are expected to grow substantially. The division as a whole is on target to report a profit in 2001, after bearing start-up losses of about £4 million in developing Hungary and Slovakia and to earn increasing levels of profit thereafter.

We are closely monitoring the quality of lending in the division. In response to the recent increase in bad debt, we intend to ease slightly the rate of growth in customer numbers and credit issued to allow the better management of credit quality, particularly in the Czech Republic.

We continue to believe home credit has wide international appeal and our aim remains to launch our service in one new country each year.

The motor insurance market is cyclical and we are currently benefiting from conditions at the top of the cycle. We continue to expect another good result in 2001 but we have seen the first signs of more competitive market conditions.

Overall, we are making good progress and remain confident of a good result for 2001.

John van Kuffeler
Chairman
23 July 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the half-year to 30 June 2001

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---|--|--|---------------------------------------|
| Turnover | 398,951 | 340,325 | 727,894 |
| Operating profit and profit before taxation | 70,210 | 65,116 | 160,219 |
| Taxation (note 3) | (19,659) | (17,581) | (42,613) |
| Profit after taxation | 50,551 | 47,535 | 117,606 |
| Dividends (note 4) | (28,946) | (25,333) | (65,810) |
| Retained profit | 21,605 | 22,202 | 51,796 |
| Earnings per share (note 5) | | | |
| Basic | 20.52p | 19.08p | 47.52p |
| Diluted | 20.37p | 19.02p | 47.27p |
| Dividend per share (note 4) | 11.75p | 10.90p | 27.30p |

The results shown in the profit and loss account derive wholly from continuing activities.

There is no material difference between the retained profit as shown above and the historical cost equivalent.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the half-year to 30 June 2001

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---|--|--|---------------------------------------|
| Profit after taxation | 50,551 | 47,535 | 117,606 |
| Currency translation differences | 654 | (148) | 160 |
| Total recognised gains and losses relating to the period | 51,205 | 47,387 | 117,766 |

SEGMENTAL ANALYSIS OF TURNOVER for the half-year to 30 June 2001

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---------------------------|--|--|---------------------------------------|
| UK home credit | 224,267 | 212,374 | 457,242 |
| International home credit | 46,168 | 12,909 | 41,901 |
| Insurance | 128,479 | 115,038 | 228,723 |
| balance | 37 | 4 | 28 |
| | <u>398,951</u> | <u>340,325</u> | <u>727,894</u> |

SEGMENTAL ANALYSIS OF PROFIT BEFORE TAXATION for the half-year to 30 June 2001

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---------------------------|--|--|---------------------------------------|
| UK home credit | 61,329 | 60,332 | 146,985 |
| International home credit | (2,347) | (6,860) | (6,745) |
| Insurance | 19,451 | 16,259 | 32,042 |
| balance | (1,828) | (614) | (1,493) |
| Central costs | (6,395) | (4,001) | (10,570) |
| | <u>70,210</u> | <u>65,116</u> | <u>160,219</u> |

The international home credit turnover and profit/(loss) before taxation can be analysed as follows:

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|--------------------------------------|--|--|---------------------------------------|
| Turnover | | | |
| Poland | 33,014 | 7,525 | 26,020 |
| Czech Republic | 11,794 | 4,867 | 14,167 |
| South Africa | 1,331 | 517 | 1,714 |
| New countries | 29 | - | - |
| | <u>46,168</u> | <u>12,909</u> | <u>41,901</u> |
| Profit/(loss) before taxation | | | |
| Poland | 900 | (3,430) | (2,769) |
| Czech Republic | 820 | (1,369) | 87 |
| South Africa | (779) | (505) | (789) |
| New countries | (1,262) | - | - |
| Divisional overheads | (2,026) | (1,556) | (3,274) |
| | <u>(2,347)</u> | <u>(6,860)</u> | <u>(6,745)</u> |

CONSOLIDATED BALANCE SHEET as at 30 June 2001

| | Unaudited As at 30 June 2001 £'000 | Unaudited As at 30 June 2000 £'000 | Audited As at 31 December 2000 £'000 |
|---|---|---|---|
| Fixed assets | 50,227 | 37,143 | 41,184 |
| Current assets | | | |
| Amounts receivable from customers (note 7) | | | |
| – due within one year | 606,133 | 519,405 | 637,706 |
| – due in more than one year | 8,091 | 7,524 | 9,497 |
| Debtors | 171,165 | 146,118 | 162,727 |
| Investments | | | |
| – realisable within one year | 365,000 | 289,647 | 330,000 |
| – realisable in more than one year | – | 10,000 | – |
| Cash at bank and in hand | 69,396 | 38,490 | 50,881 |
| | 1,219,785 | 1,011,184 | 1,190,811 |
| Current liabilities | | | |
| Bank and other borrowings | (20,891) | (25,513) | (37,133) |
| Creditors – amounts falling due within one year | (170,842) | (138,844) | (166,091) |
| Insurance accruals and deferred income | (408,843) | (335,945) | (374,611) |
| | (600,576) | (500,302) | (577,835) |
| Net current assets | 619,209 | 510,882 | 612,976 |
| Total assets less current liabilities | 669,436 | 548,025 | 654,160 |
| Non-current liabilities | | | |
| Bank and other borrowings | (377,142) | (311,084) | (384,908) |
| Creditors – amounts falling due after more than one year | – | (4,923) | – |
| Provision for liabilities and charges – deferred taxation | (2,566) | – | (2,566) |
| | (379,708) | (316,007) | (387,474) |
| Net assets | 289,728 | 232,018 | 266,686 |
| Capital and reserves | | | |
| Called-up share capital | 25,814 | 25,728 | 25,798 |
| Share premium account | 52,405 | 45,332 | 51,638 |
| Revaluation reserve | 1,641 | 1,641 | 1,641 |
| Other reserves | 3,967 | 3,967 | 3,967 |
| Profit and loss account | 205,901 | 155,350 | 183,642 |
| Equity shareholders' funds | 289,728 | 232,018 | 266,686 |

CONSOLIDATED CASH FLOW STATEMENT for the half-year to 30 June 2001

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|--|--|--|---------------------------------------|
| Net cash inflow from operating activities | 145,314 | 116,934 | 136,994 |
| Taxation | (15,867) | (17,160) | (49,628) |
| Capital expenditure and financial investment | (8,816) | 15,920 | 28,264 |
| Acquisitions and disposals | (2,510) | - | - |
| Equity dividends paid | (40,401) | (36,545) | (63,367) |
| Management of liquid resources | (35,000) | (53,345) | (98,698) |
| Financing | (22,328) | (29,909) | 48,938 |
| Increase/(decrease) in cash in the period | 20,392 | (4,105) | 2,503 |

The cash flow statement above has been prepared in accordance with FRS 1 (Revised 1996) "Cash Flow Statements". As required by that standard, the statement aggregates the cash flows arising from the insurance and home credit divisions. However, the cash and investments held by the insurance division are required by its regulators to be strictly segregated from the rest of the group and are not available to repay group borrowings.

At 30 June 2001 the cash and investments held by the insurance division amounted to £386 million (30 June 2000 – £316 million).

| Reconciliation of net cash flow to movement in net (debt)/funds | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|--|--|--|---------------------------------------|
| Increase/(decrease) in net cash for the period | 20,392 | (4,105) | 2,503 |
| Cash outflow from increase in liquid resources | 35,000 | 53,345 | 98,698 |
| | 55,392 | 49,240 | 101,201 |
| Cash outflow/(inflow) from decrease/(increase) in debt | 23,111 | (19,143) | (97,766) |
| Change in net debt resulting from cash flows | 78,503 | 30,097 | 3,435 |
| Loans relating to business acquired | (975) | - | - |
| Exchange adjustments | (5) | - | (1,038) |
| Net debt at start of period | (51,160) | (53,557) | (53,557) |
| Net funds/(debt) at end of period | 26,363 | (23,460) | (51,160) |

CONSOLIDATED CASH FLOW STATEMENT for the half-year to 30 June 2001

| | 31 December 2000 £'000 | Cash flows £'000 | Acquisition £'000 | Exchange movements £'000 | 30 June 2001 £'000 |
|--|------------------------------|---------------------|----------------------|--------------------------------|-----------------------|
| Analysis of changes in net funds/(debt) | | | | | |
| Cash at bank and in hand | 50,881 | 17,757 | – | 758 | 69,396 |
| Overdrafts | (12,389) | 2,635 | – | – | (9,754) |
| | 38,492 | 20,392 | – | 758 | 59,642 |
| Investments realisable within one year | 320,000 | 35,000 | – | – | 355,000 |
| Bank and other borrowings | | | | | |
| – less than one year | (24,744) | 13,607 | – | – | (11,137) |
| – more than one year | (384,908) | 9,504 | (975) | (763) | (377,142) |
| | (409,652) | 23,111 | (975) | (763) | (388,279) |
| Net funds/(debt) | (51,160) | 78,503 | (975) | (5) | 26,363 |

Cash, borrowings and overdraft balances shown above at 31 December 2000 and 30 June 2001 agree to the balance sheets at those dates. Investments realisable within one year exclude those current asset investments which are not considered to be liquid resources (being those investments with more than one year to maturity when acquired, but less than one year to maturity at the balance sheet date, other than investments which are traded on an active market).

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|--|--|--|---------------------------------------|
| Reconciliation of operating profit to net cash inflow from operating activities | | | |
| Operating profit | 70,210 | 65,116 | 160,219 |
| Depreciation | 3,549 | 2,858 | 5,935 |
| Loss on sale of tangible fixed assets | 124 | 154 | 312 |
| Decrease/(increase) in amounts receivable from customers | 33,381 | 48,203 | (72,071) |
| Increase in debtors | (8,144) | (15,776) | (33,098) |
| Increase in insurance accruals and deferred income | 34,232 | 29,091 | 67,638 |
| Increase/(decrease) in other creditors | 11,962 | (12,712) | 8,059 |
| Net cash inflow from operating activities | 145,314 | 116,934 | 136,994 |

Net cash inflow from operating activities can be analysed as follows:

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---------------------------|--|--|---------------------------------------|
| UK home credit | 124,644 | 109,565 | 131,320 |
| International home credit | (31,923) | (18,246) | (50,936) |
| Insurance | 56,699 | 32,030 | 67,163 |
| Central | (4,106) | (6,415) | (10,553) |
| | 145,314 | 116,934 | 136,994 |

NOTES TO THE FINANCIAL INFORMATION Results for the half-year to 30 June 2001

1 The financial information, which has been prepared on the basis of the accounting policies set out in the group's 2000 statutory accounts, does not constitute a set of statutory accounts and is unaudited. This document (the 2001 interim report) will be published on the company's website (in addition to the normal paper version). The maintenance and integrity of the Provident Financial website is the responsibility of the directors and the work carried out by the auditors does not involve consideration of these matters. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2 The information relating to the full year ended 31 December 2000 is an extract from the latest published accounts on which the auditors gave an unqualified opinion and which have been delivered to the Registrar of Companies.

3 The taxation charge has been calculated by applying the directors' best estimate of the effective tax rate for the year, which is 28% (30 June 2000 – 27%), to the profit for the period.

4 Dividends paid and proposed

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---|--|--|---------------------------------------|
| Interim dividend declared 11.75p (2000 – 10.9p) | 28,946 | 25,333 | 25,421 |
| Final dividend paid 16.4p | – | – | 40,389 |
| | 28,946 | 25,333 | 65,810 |
| Dividend cover | 1.75 | 1.75 | 1.74 |

5 Earnings per share

The basic and diluted earnings per share figures have been calculated using the profit for the period attributed to ordinary shareholders of £50,551,000 (30 June 2000 – £47,535,000) and the weighted average number of shares in issue during the period.

The weighted average number of shares in issue during the period can be reconciled to the number used in the basic and diluted earnings per share calculations as follows:

| | Unaudited Half-year to 30 June 2001 Number | Unaudited Half-year to 30 June 2000 Number | Audited Full year 2000 Number |
|--|---|---|--|
| Weighted average number of shares | | | |
| In issue during the period | 248,965,864 | 252,066,217 | 250,221,347 |
| Held by the QUEST | (2,643,915) | (2,990,972) | (2,727,626) |
| Used in basic earnings per share calculation | 246,321,949 | 249,075,245 | 247,493,721 |
| Issuable on conversion of outstanding options | 1,821,287 | 852,768 | 1,286,831 |
| Used in diluted earnings per share calculation | 248,143,236 | 249,928,013 | 248,780,552 |

The movement on the number of shares in issue during the period is as follows:

| | Number |
|---|--------------------|
| At 1 January 2001 | 248,931,030 |
| Shares issued pursuant to the exercise of options | 184,309 |
| At 30 June 2001 | 249,115,339 |

NOTES TO THE FINANCIAL INFORMATION Results for the half-year to 30 June 2001

6 Reconciliation of movement in equity shareholders' funds

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|---|--|--|---------------------------------------|
| Profit attributable to equity shareholders | 50,551 | 47,535 | 117,606 |
| Dividends | (28,946) | (25,333) | (65,810) |
| Retained profit | 21,605 | 22,202 | 51,796 |
| New share capital issued | 783 | – | 6,376 |
| Share capital cancelled on share buy-back | – | (1,879) | (1,879) |
| Share buy-back | – | (47,173) | (47,173) |
| Shares issued to the QUEST | – | – | (1,610) |
| Currency translation differences | 654 | (148) | 160 |
| Net addition to/(reduction in) equity shareholders' funds | 23,042 | (26,998) | 7,670 |
| Equity shareholders' funds at beginning of period | 266,686 | 259,016 | 259,016 |
| Equity shareholders' funds at end of period | <u>289,728</u> | <u>232,018</u> | <u>266,686</u> |

7 Amounts receivable from customers

| | Unaudited As at 30 June 2001 £'000 | Unaudited As at 30 June 2000 £'000 | Audited As at 31 December 2000 £'000 |
|--|---|---|---|
| (a) Instalment credit receivables | | | |
| Gross instalment credit receivables | 945,475 | 817,536 | 976,269 |
| Less: provision for bad and doubtful debts | (91,196) | (90,420) | (79,220) |
| Instalment credit receivables after provision for bad and doubtful debts | 854,279 | 727,116 | 897,049 |
| Less: deferred revenue thereon | (240,055) | (200,187) | (249,846) |
| | <u>614,224</u> | <u>526,929</u> | <u>647,203</u> |
| Analysed as: – due within one year | 606,133 | 519,405 | 637,706 |
| – due in more than one year | 8,091 | 7,524 | 9,497 |
| | <u>614,224</u> | <u>526,929</u> | <u>647,203</u> |

At 30 June 2001 the net amounts receivable from UK home credit customers were £520.3m (30 June 2000 – £500.6m) and from international home credit customers were £93.9m (30 June 2000 – £26.3m).

7 Amounts receivable from customers continued

| | Unaudited Half-year to 30 June 2001 £'000 | Unaudited Half-year to 30 June 2000 £'000 | Audited Full year 2000 £'000 |
|--|--|--|---------------------------------------|
| (b) Bad and doubtful debts | | | |
| Gross provision at end of period | 91,196 | 90,420 | 79,220 |
| Less: deferred revenue thereon | (28,560) | (26,280) | (24,400) |
| Net provision at end of period | 62,636 | 64,140 | 54,820 |
| Net provision at start of period | (54,820) | (60,823) | (60,823) |
| Increase/(decrease) in provision (net of deferred revenue) | 7,816 | 3,317 | (6,003) |
| Amounts written off (net of deferred revenue) | 42,499 | 36,307 | 82,307 |
| Net charge to profit and loss account for bad and doubtful debts | 50,315 | 39,624 | 76,304 |
| Analysed as: – UK home credit | 41,008 | 37,760 | 71,460 |
| – International home credit | 9,307 | 1,864 | 4,844 |
| | 50,315 | 39,624 | 76,304 |

(c) The figures for receivables, provisions and bad and doubtful debts at 30 June 2001 should be compared with the equivalent information at 30 June 2000 in view of the long-established seasonal patterns in lending and collections.

8 Credit issued

| | Half-year to 30 June 2001 £'000 | Half-year to 30 June 2000 £'000 | Growth % |
|---------------------------|---------------------------------------|---------------------------------------|-------------|
| UK home credit | 390,601 | 363,963 | 7.3 |
| International home credit | 106,934 | 38,957 | 174.5 |
| | 497,535 | 402,920 | 23.5 |

9 Collections

| | Half-year to 30 June 2001 £'000 | Half-year to 30 June 2000 £'000 | Growth % |
|---------------------------|---------------------------------------|---------------------------------------|-------------|
| UK home credit | 634,108 | 596,325 | 6.3 |
| International home credit | 116,119 | 36,891 | 214.8 |
| | 750,227 | 633,216 | 18.5 |

INDEPENDENT REVIEW REPORT TO PROVIDENT FINANCIAL plc

Introduction

We have been instructed by the company to review the financial information which comprises the consolidated profit and loss account, statement of total recognised gains and losses, consolidated balance sheet, consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Leeds

23 July 2001

SHAREHOLDER INFORMATION

- 1 The shares will be marked ex-dividend on 19 September 2001.
- 2 The interim dividend will be paid on 19 October 2001 to shareholders on the register at the close of business on 21 September 2001.
- 3 Dividend warrants/vouchers will be posted on 17 October 2001.
- 4 The interim report is being posted to shareholders on 3 August 2001.
- 5 The Provident Financial Company Nominee Scheme ("the scheme") enables shareholders who are eligible, namely individuals, to take advantage of the CREST system for settling transactions in shares in the company by means of a low-cost dealing service. It includes a dividend reinvestment scheme for those who wish to use this facility. Shareholders who wish to take advantage of the scheme should contact the company's registrar, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU (telephone: 0208 639 2000) to request an information pack. The registrar's website is www.capita-irg.com.

DIRECTORS as at 23 July 2001

Executive directors

John P de Blocq van Kuffeler MA FCA
Chairman

Howard J Bell MBA
Chief Executive

Robin J Ashton BA ACA
Deputy Chief Executive

John A Harnett BA ACA
Finance Director

Christopher C Johnstone ACA ATII MBA
Managing Director of the UK home credit division

David R Swann BA MBA
Managing Director of the international home credit division

Non-executive directors

Charles H Gregson BA
Deputy Chairman and Chairman
of the Risk Advisory Committee

Angela C M Heylin OBE FIPR
Chairman of the Remuneration Committee

John H Maxwell CA CIMgt
Chairman of the Audit Committee



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