Provident Financial

Full year results

Year ended 31 December 1999
To be a leading international provider of financial services to lower income households
Provident Financial

International business

> UK
> Irish Republic
> Poland
> Czech Republic
> South Africa
Provident Financial

Three divisions - 2.7m customers

- UK home credit: 1.56m
- Motor insurance: 0.98m
- International home credit: 0.15m
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Outstanding track record of growth

EPS (p)

+7.6%
Provident Financial

Significant progress in 1999

> Group
  - customer numbers up to 2.7m  **+12%**

> UK home credit
  - continued growth
  - actions to stabilise bad debt
Provident Financial

Significant progress in 1999

> International
  - customer numbers up from 18,000 to 149,000
  - profit in 2001, year ahead of plan

> Insurance
  - strong growth
  - record profits

> Capital
  - 5.2 million shares repurchased
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Significant progress in 1999

Customers up to 2.7m + 12%
Turnover up to £582.6m + 15.1%
Like for like profit up to £155.0m + 8.5%
Earnings per share up to 43.15p + 7.6%
Dividend per share up to 24.8p + 10.2%
## Provident Financial

### Profit before tax (£m)

<table>
<thead>
<tr>
<th></th>
<th>1998 reported</th>
<th>1998 like for like</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK home credit</td>
<td>136.9</td>
<td>133.8</td>
<td>143.9</td>
</tr>
<tr>
<td>International home credit</td>
<td>(4.7)</td>
<td>(4.7)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Motor insurance</td>
<td>19.6</td>
<td>19.6</td>
<td>25.4</td>
</tr>
<tr>
<td>Central costs</td>
<td>(5.9)</td>
<td>(5.9)</td>
<td>(5.9)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>145.9</td>
<td>142.8</td>
<td>155.0</td>
</tr>
</tbody>
</table>
Provident Financial

Full year results

UK home credit
UK home credit
Continues to be popular and successful

> Personal
> Flexible
> Straightforward
> Convenient
UK home credit

Strategy

- Continuing growth potential in UK market
- More agents
- More customers
- Increase in credit issued
# UK home credit

## Agents

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>9,138</td>
</tr>
<tr>
<td>96</td>
<td>9,872</td>
</tr>
<tr>
<td>97</td>
<td>10,260</td>
</tr>
<tr>
<td>98</td>
<td>10,879</td>
</tr>
<tr>
<td>99</td>
<td>11,605</td>
</tr>
</tbody>
</table>

As at 31 December

+6.7%
UK home credit

Customers (000s)

As at 31 December

1,207 1,322 1,413 1,494 1,562
95 96 97 98 99

+4.6%
UK home credit

Customer profile

<table>
<thead>
<tr>
<th>Year</th>
<th>AB</th>
<th>C1</th>
<th>C2</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>10%</td>
<td>25%</td>
<td>31%</td>
<td>32%</td>
<td>95</td>
</tr>
<tr>
<td>96</td>
<td>12%</td>
<td>25%</td>
<td>31%</td>
<td>31%</td>
<td>96</td>
</tr>
<tr>
<td>97</td>
<td>13%</td>
<td>20%</td>
<td>34%</td>
<td>32%</td>
<td>97</td>
</tr>
<tr>
<td>98</td>
<td>13%</td>
<td>19%</td>
<td>35%</td>
<td>32%</td>
<td>98</td>
</tr>
<tr>
<td>99</td>
<td>13%</td>
<td>25%</td>
<td>30%</td>
<td>31%</td>
<td>99</td>
</tr>
</tbody>
</table>
UK home credit

Credit issued (£m)

To 31 December

- 95
- 96
- 97
- 98
- 99

+5.2%
UK home credit

Credit issued per customer (£)

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Issued (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>485</td>
</tr>
<tr>
<td>96</td>
<td>507</td>
</tr>
<tr>
<td>97</td>
<td>519</td>
</tr>
<tr>
<td>98</td>
<td>539</td>
</tr>
<tr>
<td>99</td>
<td>542</td>
</tr>
</tbody>
</table>

+0.6%
UK home credit

Consequences of growth strategy

> More inexperienced agents
> More customers of whom we have less knowledge
> Greater workload for field management
UK home credit

Drive for cost efficiency

Overhead as % of turnover

31% 28% 25% 23% 23%
95 96 97 98 99
UK home credit

Increasing complexity in UK credit market

> Wider range of credit products
> Some increase in competition
> Increased indebtedness
> More complex lending environment
UK home credit

Wider range of credit products

Customers using at least one other credit product other than mail order
UK home credit

Bad debt

More complex marketplace

Organisational strain

Drive for cost efficiency

Rapid growth

Bad debt
UK home credit

Bad debts

Bad debts as a % of credit issued

<table>
<thead>
<tr>
<th>Year</th>
<th>Bad Debts</th>
</tr>
</thead>
<tbody>
<tr>
<td>92</td>
<td>6.8%</td>
</tr>
<tr>
<td>93</td>
<td>6.2%</td>
</tr>
<tr>
<td>94</td>
<td>5.9%</td>
</tr>
<tr>
<td>95</td>
<td>5.5%</td>
</tr>
<tr>
<td>96</td>
<td>5.1%</td>
</tr>
<tr>
<td>97</td>
<td>5.6%</td>
</tr>
<tr>
<td>98</td>
<td>6.9%</td>
</tr>
<tr>
<td>99</td>
<td>8.4%</td>
</tr>
</tbody>
</table>
UK home credit

Collections and bad debt

Collections as a % of maturities

YEAR   | Collections
-------|--------------
95     | 94.9
96     | 95.0
97     | 94.0
98     | 93.0
June 99| 91.8
Dec 99 | 92.0
UK home credit

Collections and bad debt

% of monies not collected

Bad debt as a % of credit issued

% of monies not collected:
- 5.1 in 1996
- 5.5 in 1997
- 6.2 in 1998
- 8.2 in June 1999
- 8.4 in Dec 1999

Bad debt as a % of credit issued:
- 5.1 in 1996
- 5.5 in 1997
- 6.2 in 1998
- 8.2 in June 1999
- 8.4 in Dec 1999
UK home credit

Response

- Growth strategy remains in place
- Strengthened field force
- Improved support for agents
- More cautious lending
- Collection performance stabilising
UK home credit

Prospects for 2000

> Growth in agents and customers
> Cautious lending
> Stronger field force
> Bad debt ratio to stabilise
> Slower growth in profits in 2000
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Full year results

Motor insurance
Motor insurance

Strategy

> Specialist market provider

> Cost-effective provision
  - competitive advantage
  - good margins

> Excellent track record
Motor insurance

Excellent track record

Return on equity
## Motor insurance

<table>
<thead>
<tr>
<th>Profit before tax (£m)</th>
<th>1998</th>
<th>1999</th>
<th>+ 29.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>19.6</td>
<td>25.4</td>
<td></td>
</tr>
</tbody>
</table>
Motor insurance

Underwriting customers (000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>95</td>
<td>802</td>
</tr>
<tr>
<td>96</td>
<td>595</td>
</tr>
<tr>
<td>97</td>
<td>477</td>
</tr>
<tr>
<td>98</td>
<td>516</td>
</tr>
<tr>
<td>99</td>
<td>606</td>
</tr>
</tbody>
</table>

+17.4%
Motor insurance

Prospects for 2000

> Premium increases feeding through
> Our competitiveness improving
> Volumes increasing
> Excellent year for profit growth
Provident Financial

Full year results

International home credit
International home credit

Objectives for 1999

- Year of largest investment - £8.4m
- Prove ability to roll out large scale non-UK operation
- Build extensive infrastructure in Central Europe
- Achieve substantial growth in agent and customer numbers
International home credit

Agent numbers

Dec 98: 479
Dec 99: 3,668
International Home Credit

Czech Republic

Prague
International home credit

Czech Republic

Locations

15

3

1999

1998
International home credit

Czech Republic

- Locations: 15
- Employees: 48 (48 in 1998, 381 in 1999)
International home credit

Czech Republic

Locations: 15
Employees: 381
Agents: 156

1999:
- Locations: 15
- Employees: 48
- Agents: 156

1998:
- Employees: 48
- Agents: 156
International home credit

Czech Republic

- Locations: 15
- Employees: 381
- Agents: 1,855
### International home credit

#### Czech Republic

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>5,400</td>
<td>65,850</td>
</tr>
<tr>
<td>Credit issued (£m)</td>
<td>0.8</td>
<td>13.0</td>
</tr>
<tr>
<td>Loss (£m)</td>
<td>(1.1)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Bad debt % credit issued</td>
<td>1.1%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Net receivables (£m)</td>
<td>0.4</td>
<td>5.6</td>
</tr>
</tbody>
</table>
International Home Credit

Poland

Warsaw
International home credit

Poland

Locations

10

3

1999

1998
International home credit

Poland

- Locations: 10

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International home credit

Poland

- Locations: 10
- Employees: 326
- Agents: 1,562
- Customers: 72,434
  - 1999: 9,943
  - 1998: 72,434

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## International home credit
### Poland

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td>9,943</td>
<td>72,434</td>
</tr>
<tr>
<td><strong>Credit issued (£m)</strong></td>
<td>1.8</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Loss (£m)</strong></td>
<td>(1.5)</td>
<td>(2.7)</td>
</tr>
<tr>
<td><strong>Bad debt % credit issued</strong></td>
<td>2.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Net receivables (£m)</strong></td>
<td>0.9</td>
<td>7.0</td>
</tr>
</tbody>
</table>
### International home credit

#### Summary

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>17,704</td>
<td>149,369</td>
</tr>
<tr>
<td>Credit issued (£m)</td>
<td>2.8</td>
<td>29.4</td>
</tr>
<tr>
<td>Loss (£m)</td>
<td>(4.7)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Bad debt % credit issued</td>
<td>2.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Net receivables (£m)</td>
<td>1.4</td>
<td>13.1</td>
</tr>
</tbody>
</table>
International home credit

Prospects for 2000

> Substantial growth in Central Europe
> Czech Republic in profit during 2000
> Further investment in Poland
> Lower start-up loss in 2000
Provident Financial

Full year results

Group prospects
Provident Financial

Group prospects for 2000

> UK home credit
  - continuing growth in agents and customers
  - slower profit growth

> International home credit
  - substantial growth
  - smaller loss in 2000
  - profit in 2001
Provident Financial

Group prospects for 2000

> Motor insurance
  - increased profit

> Group
  - good result for year
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Longer term outlook

> Steady growth in UK home credit
> Successful internationalisation of home credit
  - further expansion in Central Europe
  - over 1m customers in Poland and Czech Republic in 5 years
  - one further country each year
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Longer term outlook

> Profitable specialist motor insurer
> Broaden range of financial services offered to lower income households
  - balance™ market testing in 2000
Confident of an exciting and rewarding future