

**Provident Financial plc**  
**Trading and funding update**  
**13 January 2011**

Provident Financial plc, the leading UK non-standard lender, has issued the following trading and funding update for the financial year ended 31 December 2010, ahead of its preliminary results for the year which will be announced on 1 March 2011.

**Trading update**

In its trading update on 24 November 2010, the company reported that it had experienced a pick-up in Home Credit sales since September. It is pleasing to report that this performance improved further through the peak trading weeks in the run up to Christmas, notwithstanding the adverse weather conditions in certain regions. Year-on-year sales growth in the fourth quarter was approximately 9%, reflecting the continued focus on serving credit to existing good quality customers against credit standards which fully reflect agents' views of customers' future circumstances. Having been stable through the first nine months of the year, the collections performance strengthened in the fourth quarter. As previously highlighted, the focus of field resources on serving existing customers resulted in a moderation of the rate of new customer growth. Year-end customer numbers were up approximately 1% and receivables were also marginally ahead of the prior year, both in line with management's planning assumptions for 2011.

As previously reported, the year-end financial statements will reflect an exceptional write down of residual fixed assets of £2.5m relating to the consolidation of Home Credit's head office operations into a new single purpose-built facility in October 2010.

Vanquis Bank continued to generate a strong flow of new business and receivables growth in December against unchanged underwriting standards. Year-end customer numbers and average receivables for the year both showed year-on-year growth of approximately 25%. The favourable delinquency trends experienced since the second quarter of the year continued throughout the fourth quarter. Vanquis Bank therefore enters 2011 with a high quality receivables book and is positioned to deliver further strong growth.

Overall, the group expects to report trading results for 2010 slightly ahead of market expectations.

**Funding update**

As part of the ongoing programme to diversify its funding, the group is pleased to announce that it has entered into a committed £100m facility agreement with the Prudential/M&G Investments UK Companies Financing Fund to provide a £100m 10-year term loan which amortises between years 5 and 10. The facility ranks pari passu with the company's existing senior debt obligations and the credit spread is consistent with the spread at issue on the company's 2009 10-year senior public bond, leaving the group's average cost of debt funding little changed at approximately 8%.

Commenting on current trading and funding, Peter Crook, Chief Executive, said:

"I am pleased to report that the group had a strong finish to 2010 and expects to report results slightly ahead of market expectations. We have made excellent progress in further diversifying our funding base and are delighted to have M&G Investments as a partner in the group's core long-term funding strategy."

\* *Market expectations in this announcement represent a consensus group profit before tax and exceptional items for 2010 of £141.1m based on research published by 18 equity analysts (range £136.0m - £146.5m).*

**Enquiries:**

Media

David Stevenson, Provident Financial

01274 351351

Eilis Murphy, Brunswick

020 7404 5959

Investor Relations

Gary Thompson, Provident Financial

01274 351351