



**PROVIDENT
FINANCIAL**

Results to 31 December 2003

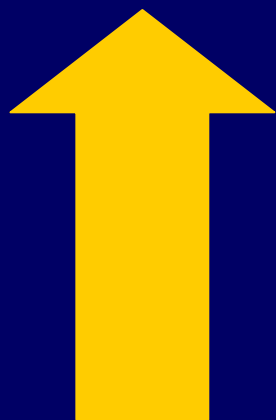
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Our presentation today

- > Introduction
 - > Highlights
 - > Strategy
 - > Financial review & regulation
 - > Operational review
 - > Motor insurance
 - > UK consumer credit
 - > International
 - > Outlook
 - > Q&A
- Robin Ashton
 - John Harnett
 - John Harnett
 - Chris Johnstone
 - David Swann
 - Robin Ashton

Provident Financial Highlights

up 13% to
£206.2 million



PBT*

up 8.2% to
57.54p



EPS*

up 6.8% to
33.00p



DPS

*Stated before exceptional items and goodwill amortisation.

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Highlights

- > UK consumer credit
 - > UK home credit – modest profit growth in mature market
 - > Yes Car Credit – performed well, earnings enhancing
 - > Credit card test – progressing to plan
- > Motor insurance – successfully managing down-cycle
- > International – excellent results
- > Group – good results and good progress

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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

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Developing the business

1996

UK consumer credit
UK home credit



2003

UK consumer credit	
UK home credit	
Yes Car Credit	
Vanquis Bank (pilot)	



International	
Poland	Czech Republic
Hungary	Slovakia
Mexico (pilot)	



Motor Insurance
Provident Insurance
Colonnade Insurance Brokers

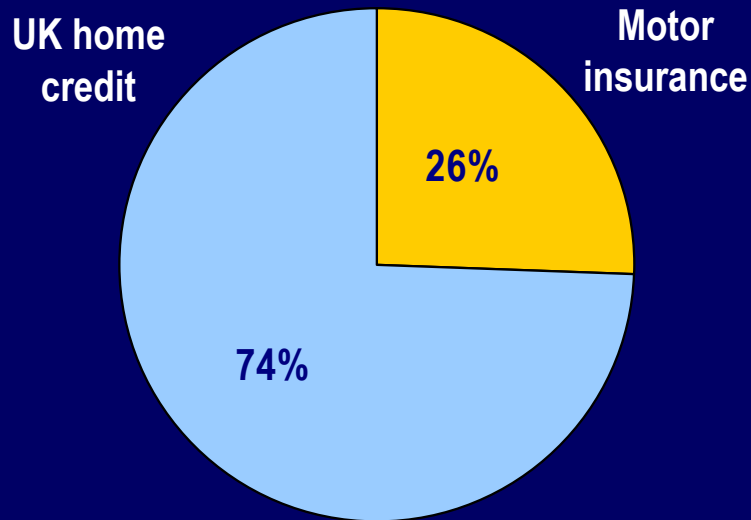
Motor Insurance
Provident Insurance

Provident Financial

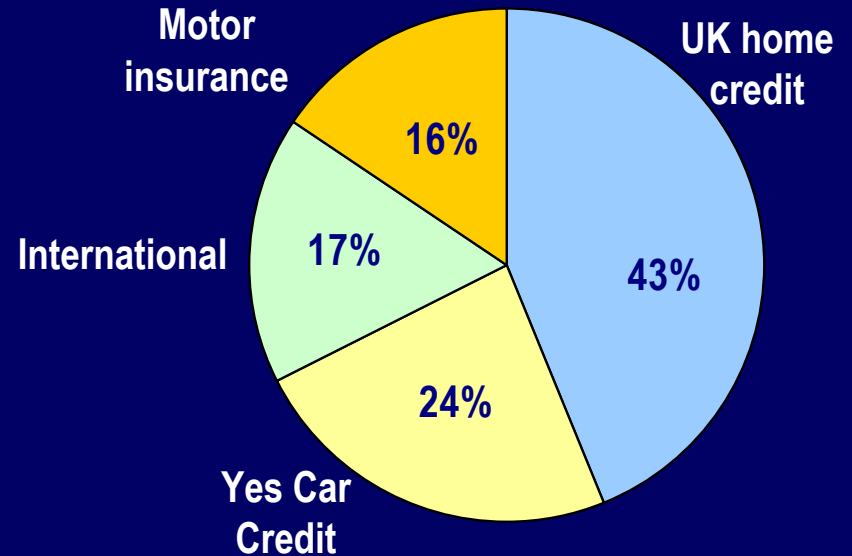
Developing the business

Turnover

1996



2003



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Recharge of central costs

Profit before tax

	2003	2002
	£m	£m
<u>UK home credit</u>		
Pre-recharge	157.5	152.6
Recharge	(4.9)	(3.8)
Reported	<u>152.6</u>	<u>148.8</u>
<u>International</u>		
Pre-recharge	31.7	10.6
Recharge	(2.4)	(2.0)
Reported	<u>29.3</u>	<u>8.6</u>

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Divisional results

	2003 £m	2002 £m	change %
UK consumer credit	157.1	147.9	6.2
International	29.3	8.6	239.7
Motor insurance	28.6	35.8	(20.3)
Central costs	(8.8)	(10.9)	(19.2)
Businesses sold or closed	-	1.0	(100.0)
Profit*	206.2	182.4	13.0
Earnings per share*	57.54p	53.19p	8.2
Dividend	33.00p	30.90p	6.8

*excludes goodwill amortisation and the exceptional loss on sale of Colonnade Insurance Brokers in 2002

Year ended 31 December

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Profit growth

	2003	2002
	£m	£m
UK home credit	3.8	2.2
Vanquis Bank	(5.6)	(1.1)
Yes Car Credit	11.0	0.2
UK consumer credit	9.2	1.3
International	20.7	9.7
Motor insurance	(7.2)	0.7
Central costs and businesses sold	1.1	0.9
Profit growth	23.8	12.6

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Regulation

- > Proposal for revision of EU Consumer Credit Directive
- > UK White Paper on Consumer Credit published

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White Paper

- > Greater transparency
- > Government against rate ceilings
- > Unfair credit transactions
- > Dispute resolution mechanism
- > Tighter licensing
- > New rules for early settlement rebates
- > Tighter advertising regulation

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Regulation

- > Proposal for revision of EU Consumer Credit Directive
- > UK White Paper on Consumer Credit published
- > Possible NCC super-complaint
 - Our experience shows:
 - > customers are very satisfied
 - > low barriers to entry
 - > active competition

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Motor insurance: 2003 results



Motor insurance

Motor insurance: overview

- > Cyclical downturn continues
- > Market premiums down, claims costs up
- > Continued with our policy of pricing for an adequate return
- > Fewer policies written – down 23% to 587,000
- > Reduced operating costs
- > Pre-tax profit reduced by 20% to £28.6 million
- > 24% post-tax ROE

Motor insurance

Motor insurance: 2003 results

	2003	2002	change
	£m	£m	%
Gross written premium	188.2	242.5	(22)
Gross earned premium	216.4	258.3	(16)
Costs	212.4	246.9	(14)
Underwriting profit	4.0	11.4	(65)
Combined ratio (%)	98	96	2
Investment income	24.6	24.4	1
Profit before tax	28.6	35.8	(20)
Average investment fund	461	455	1
Investment yield	5.3%	5.4%	

Year ended 31 December

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UK consumer credit: 2003 results



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UK consumer credit

Profit before tax

	2003	2002	change
	£m	£m	%
UK home credit	152.6	148.8	2.5
Yes Car Credit	11.2	0.2	-
Vanquis Bank – credit card	(6.7)	(1.1)	-
	<u>157.1</u>	<u>147.9</u>	<u>6.2</u>

UK consumer credit

Home credit: overview

- > Long established, successful business
- > 1.6 million customers
- > Personal service that customers appreciate and value
- > Small loans with affordable repayments
- > Flexible repayment arrangements with no extra charges
- > Customer satisfaction of 93%
- > Enduring appeal

UK consumer credit

Home credit: market conditions in 2003

- > Market conditions similar to 2002
- > Some customers better off
- > Some customers borrowing less frequently
- > Wider choice of credit products
- > Focus on achieving the best profit outcome
- > Balancing growth, costs and bad debt
- > Progress in a mature market

UK consumer credit

Home credit: 2003 results

	2003	2002	change %
Customer numbers (m)	1.61	1.63	(1.7)
Credit issued (£m)	916	922	(0.7)
Collections (£m)	1,320	1,299	1.6
Turnover (£m)	495.6	484.3	2.4
Bad debt (£m)	88.0	84.9	3.6
Bad debt as % of credit issued	9.6%	9.2%	
Operating costs (£m)	255.0	250.6	1.8
Profit before tax (£m)	152.6	148.8	2.5

UK consumer credit

Yes Car Credit: overview

- > Integrated into group
- > Performing well
- > All car sales now financed in-house
- > Increased branch network
- > Substantial growth
- > Earnings enhancing



UK consumer credit

Yes Car Credit: 2003 results

	2003	2002 Pro-forma	change %
Cars sold	37,892	30,614	24
Cars financed in-house	36,021	22,981	57
% financed in-house	95	75	20
Customer receivables (£m)	252	163	54
Turnover (£m)	269	205	32
Bad debt charge as % of average customer receivables (MAT)	15.7%	14.1%	
Profit before tax (£m)	11.2	6.6	70

Year ended 31 December

UK consumer credit

Vanquis Bank: overview

- > Distinctive offer
 - advantages of plastic
 - allows the customer to stay in control
 - low credit limits
 - higher APR but no penalties
 - fixed repayments
 - repayments weekly or fortnightly
 - remote and agent collection
- > Personal contact with customers
- > Collecting data

UK consumer credit

Vanquis Bank: progress

- > Cards in issue 36,800
- > Net receivables £7.4m
- > Turnover £1.3m
- > Net loss £6.7m



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International: 2003 results



Poland



Slovakia



Mexico



Czech
Republic



Hungary

£m



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International expansion

	UK home credit	International
Employees	2,939	2,967
Agents	11,764	17,213
Customers ('000's)	1,605	1,244
Turnover	£496m	£191m
Profit	£153m	£29m

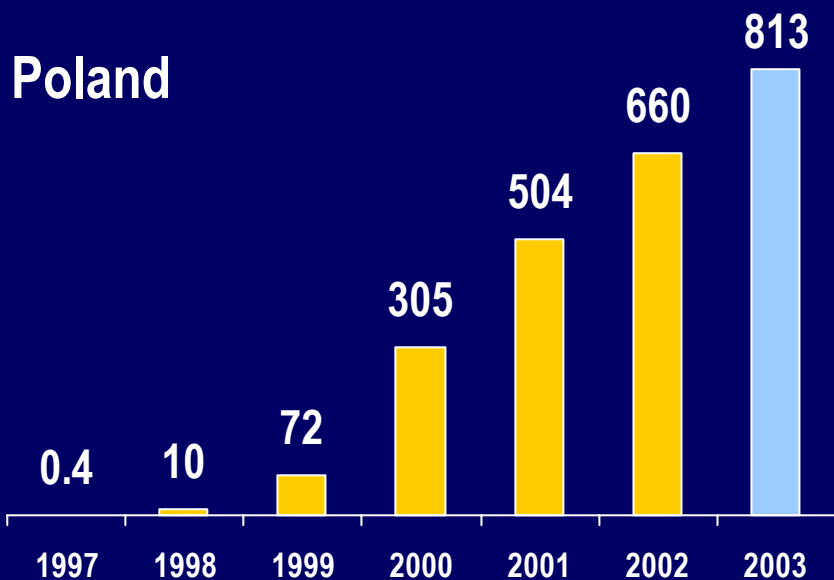
International

International home credit: 2003 results

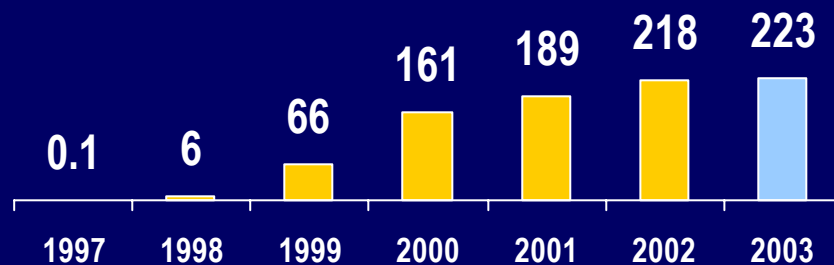
	2003	2002	change %
Customer numbers (m)	1.24	0.96	30
Credit issued (£m)	361	287	26
Collections (£m)	464	348	34
Turnover (£m)	191.4	142.4	34
Bad debt (£m)	37.2	27.2	37
Bad debt as a % of credit issued	10.3%	9.5%	
Operating costs (£m)	124.9	106.6	17
Profit before tax (£m)	29.3	8.6	240
Profit margin %	15.3%	6.1%	

International

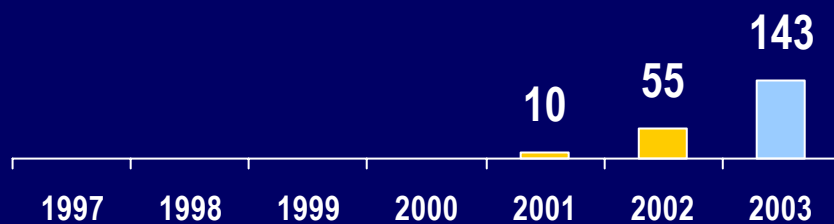
Customer numbers ('000)



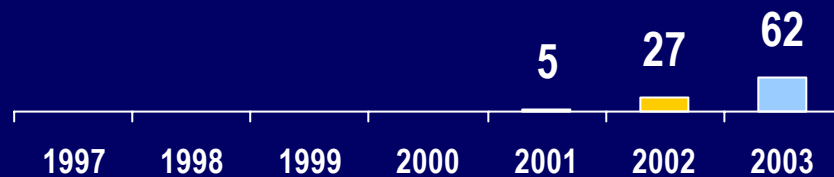
Czech Republic



Hungary

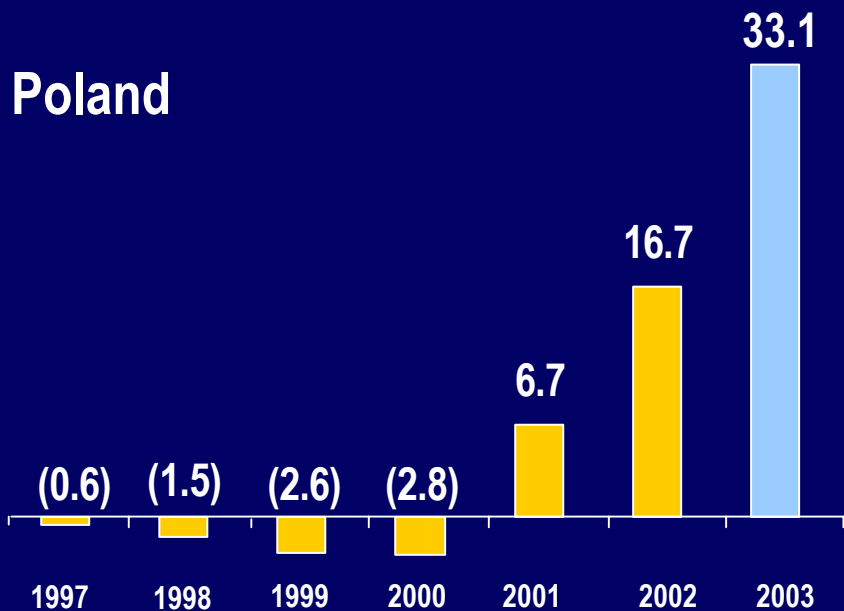


Slovakia

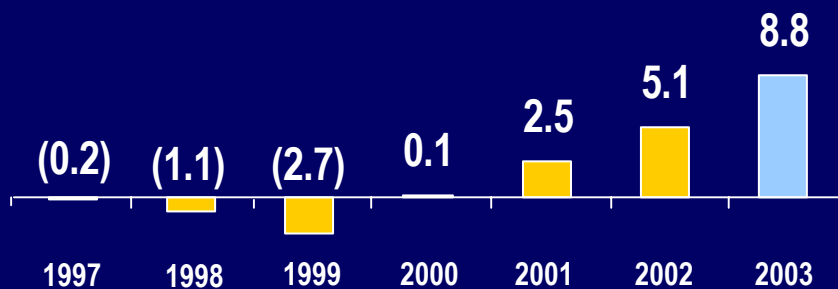


International Annual profits (£m)

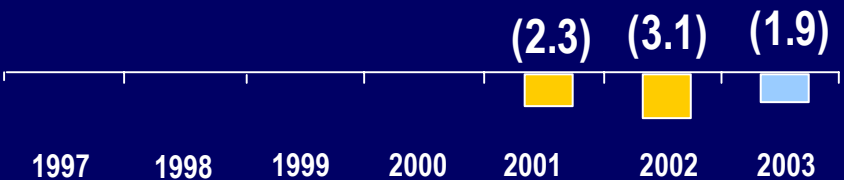
Poland



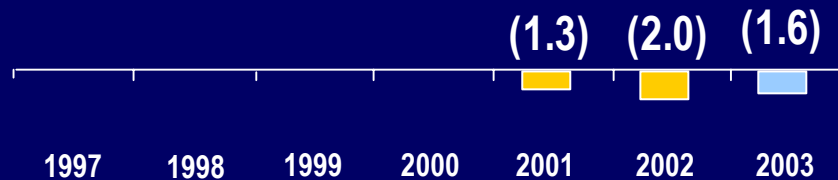
Czech Republic



Hungary



Slovakia



Year ended 31 December

International

Poland: targets and progress to date

	2002	2003		Target
> Customers	660,000	813,000	→	1,000,000
> Issue per customer	£348	£308	→	£400
> Gross revenue margin	52%	57%	→	55%
> Costs as % of revenue	84%	74%	→	73%
> Annual profit per customer	£23	£45	→	£60
> Annual profit	£16.7m	£33.1m	→	£60m

International

Czech Republic: targets and progress to date

	2002	2003		Target
> Customers	218,000	223,000	→	250,000
> Issue per customer	£345	£347	→	£400
> Gross revenue margin	48%	53%	→	55%
> Costs as % of revenue	85%	78%	→	73%
> Annual profit per customer	£23	£41	→	£60
> Annual profit	£5.1m	£8.8m	→	£15m

International

Mexico: pilot commenced

- > 1 branch opened in Puebla
- > First loan made in August 2003
- > 2,600 customers
- > 116 agents
- > 40 employees
- > Experienced senior team
- > Developing well
- > Start-up loss for year £1.2 million

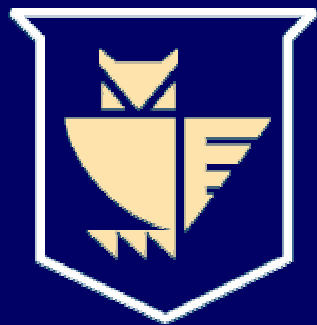


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Group prospects for 2004

- > Aiming for modest profit growth for UK home credit
- > Continued strong growth from Yes Car Credit
- > Credit card test to conclude
- > Lower profits - good return from motor insurance
- > Another very good year from international

“We expect to deliver good results in 2004”



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