News 2003
Press Release

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Preliminary announcement of the final results for the year ended 31 December 2002

HIGHLIGHTS

Provident Financial is a leading international provider of home credit and insurance.

» Group
- Turnover up 5% to £875 million
- Home credit customers up 12% to 2.6 million
- Pre-exceptional profit before tax up 7.4% to £182.1 million
- Pre-exceptional earnings per share up 5.3% to 53.05p
- Full year dividend per share up 5.3% to 30.90p

» UK home credit
- Turnover up 3.5% to £482 million
- Customer numbers up 1.4% to 1.6 million
- Credit issued up 0.7% to £921 million
- Profit before tax up 1.4% to £152.5 million

» Yes Car Credit
- Acquired on 18 December 2002 - post acquisition profit of £22,000
- Turnover up 35% for year to £207 million
- Net customer receivables up 59% for year to £163 million
- Pro forma profit before tax for year up from £3.0 million to £6.6 million

» International
- Turnover up 43% to £142 million
- Customer numbers up 36% to 960,000
- Credit issued up 34% to £287 million
- Profit before tax up from £0.8 million to £10.6 million

» Motor Insurance
- Downturn in insurance cycle seen in second half
- Policyholder numbers down 11% to 757,000
- Profit before tax up 2% to £35.8 million

» Propects for 2003
- Confident of prospects for 2003
- Modest growth for UK home credit
- Yes Car Credit expected to grow significantly
- Substantial further growth from international division
- Lower profits from insurance division

"Provident Financial has an impressive record of growth and has made excellent progress and delivered good results during 2002. We are confident about the group's prospects for 2003."

John van Kuffeler
Chairman
26 February 2003

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Chairman's statement

I am pleased to announce our results for 2002. Strong growth continued during the year with home credit customer numbers up by 12% to 2.6 million and home credit customer receivables up by 10% to £800 million. Profit before tax, prior to the exceptional loss on the sale of Colonnade Insurance Brokers, increased by 7.4% to £182.1 million (2001 £169.6 million). Pre-exceptional earnings per share increased by 5.3% from 50.39p to 53.05p. The directors recommend a final dividend of 18.44p (2001 17.6p), giving a total dividend for the year of 30.90p per ordinary share (2001 29.35p), an increase of 5.3% for the year.

Operations

UK consumer credit division

Home credit

UK home credit is a long established, successful and cash generative business, serving over 1.6 million customers. Customers choose home credit from a range of credit products available to them because of the strong appeal of the offer. Our personal service and the close relationship between agent and customer are highly valued and well suited to the careful and responsible provision of credit. The transparency, flexibility and convenience of our home credit product is also well liked and tailored to our customers' needs. These factors combine to give an extraordinarily high customer satisfaction rating of 90%.

The business continues to make progress in a mature market. After a prolonged period of economic growth during the last decade some of our customers are better off and so are borrowing less frequently. As a result, we are working harder each year to recruit more customers in order to achieve net growth. It was pleasing, therefore, that during 2002 customer numbers increased by 1.4% to 1.633 million. Credit issued in 2002 increased by 0.7% to £921 million (2001 £915 million). Turnover increased by 3.5% to £482 million.

We seek to balance growth, overhead expenses and bad debt costs in order to achieve the best profit outcome. Whilst, during 2002, higher levels of new customer recruitment caused an increase in bad debt as a percentage of credit issued, to 9.2% from 8.3% in 2001, the resultant growth in customer numbers has been beneficial, leading to an increase in profit before tax of 1.4% to £152.5 million (2001 £150.4 million).

Yes Car Credit

Yes Car Credit was acquired on 18 December 2002. Since it was founded in 1997, Yes Car Credit has grown rapidly to become one of the UK's leading car finance companies serving the sub-prime market. It has a unique, credit-led, integrated business model under which it offers its customers a package of a car, financing and related insurance products. In the year ended 31 December 2002, Yes Car Credit's turnover increased by 35% to £207 million (2001 £153 million) and it arranged finance for over 30,000 cars (2001 24,000). Net customer receivables increased by 59% to £163 million (2001 £103 million). The pro forma profit before tax for the year, assuming ownership by Provident Financial and the consequent benefit of lower funding costs throughout the year was £6.6 million (2001 £3.0 million). Post-acquisition profit before tax included in the group's 2002 results amounted to £22,000.

International division

The international division has once again grown substantially during the year, achieving excellent profit growth in Poland and the Czech Republic and successfully establishing operations in Hungary and Slovakia. Customer numbers for the division increased by 36% to 960,000, credit issued by 34% to £287 million and turnover by 43% to £142 million. Profit before tax has increased substantially to £10.6 million (2001 £0.8 million).

Our business in Poland has performed very well and we are making excellent progress towards our medium term targets. Customer numbers increased by 31% to 660,000, credit issued by 26% to £198 million and turnover by 38% to £102 million. Credit quality developed as expected with bad debt as a percentage of credit issued at 9.1% for 2002 (2001 7.5%). Profit before tax increased by £10 million (147%) to £16.7 million (2001 £6.7 million).

Our Czech operation has also produced excellent results. Customer numbers increased by 16% to 218,000, credit issued by 31% to £70 million and turnover by 35% to £34 million. Credit quality in the Czech Republic has also developed as we expected and, for 2002, bad debt as a percentage of credit issued was 11.0% (2001 11.2%). Profit before tax has increased by £2.6 million (109%) to £5.1 million (2001 £2.5 million).

The performance of our new businesses in Hungary and Slovakia has been very encouraging and we have benefited from the lessons learned in establishing operations in Poland and the Czech Republic. We announced in July 2002 that, following good results from the pilot operations, we had decided to go ahead with a controlled roll out to achieve national branch coverage in both countries. We currently have 6 branches and 55,000 customers in Hungary and 5 branches and 27,000 customers in Slovakia. Credit quality in both countries remains good. The start-up loss from the two countries in 2002 was £5.1 million (2001 £3.6 million).

Motor insurance division

After a strong performance in the first half of 2002, the opening to the second half of the year was heralded by the long anticipated downturn in the insurance cycle. Premium rates in the market fell by about 4% in the second half whilst claims costs have increased at a rate of 4% per annum. As a result, margins in the market have been eroded. We have continued with our policy of pricing for an adequate return and so have raised our premium rates. This has caused policyholder numbers to fall by 11% in the second half of 2002 and gross written premiums for the second half of the year were 27% lower than in the corresponding period of 2001. However, as a result of the good start to the year and the flow through into profit in the second half of the year of premium that was written in the first half, the insurance division has produced another good result. Profit before tax for 2002 increased by 2% to £35.8 million (2001 £35.1 million).

Strategy

Our strategy has two key strands: international expansion and a broadening of our product range. Our aim is to be a leading international provider of simple financial services to people on moderate incomes.

In 1997, we began a programme of international expansion of our home credit service. This has been very successful and we have established new businesses in four central European countries that together now serve 960,000 customers. These businesses have excellent prospects; they are fast growing and increasingly profitable.

During 2002, we researched a number of overseas markets in order to choose the next country in which to launch home credit. We are now completing our final research with a view to opening a pilot operation in Mexico in the third quarter of 2003. Mexico has a population of over 100 million and represents an attractive potential market for home collected credit. It has an emerging economy that has prospered in recent years. It will, of course, bring new challenges and in order to manage these we will progress cautiously.

The acquisition of Yes Car Credit, announced in December 2002, marks significant progress in the broadening of our product range, the second strand of our strategy. For many customers in our target market, the purchase of a car is the largest and most significant credit transaction they will undertake. This is a sizeable and growing market in which, by this acquisition, we have achieved a leading position. We believe this business has excellent prospects and will enhance the growth and earnings of the group.

We have also thoroughly investigated the possibility of introducing other credit products. Research in the UK suggests that credit cards have much appeal as a source of small sum credit amongst some customer segments in our target market. Some of these customers are excluded from access to the credit cards issued by existing providers. We see an opportunity to leverage our knowledge of this marketplace and to generate additional growth opportunities in the UK by the inclusion of a credit card in our product range. We intend to market test credit card products in the UK in the first half of 2003. We have recruited a team of experienced credit card professionals and are developing the required infrastructure. We have applied to the FSA for a deposit taking licence and, subject to their approval, the cards will be issued by a new subsidiary, Vanquis Bank Limited.

Prospects for 2003

UK consumer credit division

We expect market conditions for UK home credit to remain similar to those in 2002. We will continue to strive for customer and issue growth and, as a result, some further increase in bad debt as a percentage of credit issued is expected. The outlook remains for modest growth in 2003.

Whilst Yes Car Credit has expanded rapidly, under its previous ownership its growth had been constrained by the limited financial resources available to it. To date only 75 per cent of cars sold have been financed in-house and the business has only partial geographic coverage of the UK market through its 21 branches. In 2003, as part of Provident Financial, it is intended to expand the branch network and to increase the proportion of sales which are financed in-house. As a result, further significant growth in customers, receivables and revenue is expected in 2003.

The market test of credit card products is expected to incur start-up losses of about £7 million in 2003. We have thoroughly researched this opportunity and believe it has good prospects of success and offers attractive returns on investment.

International division

We continue to see excellent prospects for growth from our international division. The established businesses in Poland and the Czech Republic are expected to rapidly grow their profits. We will continue to invest in the expansion of the division, increasing our branch coverage in Hungary and Slovakia and, subject to the satisfactory conclusion of final research, launching a pilot operation in Mexico in the third quarter of 2003. Start-up losses for these three countries in 2003 are expected to be about £6 million (2002 £5.1 million). Overall, we expect substantial growth in the contribution from the international division in 2003.

Motor insurance division

We believe that the recent more competitive conditions in the motor insurance market will continue. We will price to achieve an adequate return and so expect policyholder numbers and written premium to decline. This, and the fall in written premium experienced in the second half of 2002, is expected to result in lower profits from the motor insurance division in 2003.

Summary

Provident Financial has an impressive record of growth and has made excellent progress and delivered good results during 2002. We are confident about the group's prospects for 2003.

John van Kuffeler
Chairman
26 February 2003

Preliminary announcement of the final results for the year ended 31 December 2002

Consolidated profit and loss account

	2002 £'000	2001 £'000
Turnover	874,992	833,178
Operating profit	182,140	169,610
Exceptional loss on disposal of business (note 3)	(10,700)	-
Profit before taxation	171,440	169,610
Taxation	(52,854)	(45,795)
Profit after taxation	118,586	123,815
Dividends (note 4)	(76,922)	(71,788)
Retained profit for the year	41,664	52,027
Earnings per share (note 5)		
- Basic	48.66p	50.39p
- Pre-exceptional	53.05p	50.39p
- Adjusted	53.19p	*50.45p
- Diluted	48.50p	50.08p
*Restated to exclude exceptional items and goodwill amortisation		
Dividend per share (net of tax credit) to ordinary shareholders (note 4)		
a) Interim - paid	12.46p	11.75p
b) Final - proposed	18.44p	17.60p
Total ordinary dividend	30.90p	29.35p

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

Segmental reporting

Analyses of turnover and operating profit by class of business are set out below:

	Turnover		Operating profit	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
UK home credit*	484,289	465,539	152,492	150,376
Yes Car Credit	5,451	-	22	-
International	142,442	99,615	10,634	758
Motor insurance	232,116	244,369	35,837	35,119
	864,298	809,523	198,985	186,253
Central	-	-	(17,845)	(13,081)
Ongoing operations	864,298	809,523	181,140	173,172
Colonnade Insurance Brokers	10,694	21,654	1,000	1,478
South Africa	-	1,964	-	(3,608)
Provident balance	-	37	-	(1,432)
Total	874,992	833,178	182,140	169,610

Turnover between segments is not material. Analyses by class of business are based on the group's divisional structure.

*During 2002, reporting responsibility for N&N, a cheque cashing business, was transferred from the motor insurance division to UK home credit. As a result, the turnover and operating profit for UK home credit in 2002 include £2,405,000 of turnover and £21,000 of operating profit in respect of N&N. In 2001, N&N's turnover and operating loss of £1,680,000 and £16,000 respectively were included in motor insurance. The 2001 figures have not been restated as the impact is not material.

Yes Car Credit was acquired on 18 December 2002. Its post acquisition trading results were not significant and therefore, in accordance with FRS3 'Reporting Financial Performance', have not been disclosed as a separate column in the group's profit and loss account.

The international operating profit comprises:

	2002 £'000	2001 £'000
Poland	16,654	6,746
Czech Republic	5,128	2,455

Hungary	(3,053)	(2,257)
Slovakia	(1,977)	(1,293)
Central divisional overheads	(6,118)	(4,893)
Operating profit	10,634	758

Consolidated balance sheet

	As at 31 December 2002 £'000	As at 31 December 2001 £'000
Fixed assets	137,979	52,938
Current assets		
Stock	10,987	-
Amounts receivable from customers (note 7(a))		
- due within one year	821,078	719,637
- due in more than one year	141,915	9,614
Debtors	171,627	173,216
Investments		
- realisable within one year	503,796	430,621
Cash at bank and in hand	48,474	44,623
	1,697,877	1,377,711
Current liabilities		
Bank and other borrowings	(38,248)	(42,969)
Creditors - amounts falling due within one year	(180,859)	(173,047)
Insurance accruals and deferred income	(495,305)	(438,838)
	(714,412)	(654,854)
Net current assets	983,465	722,857
Total assets less current liabilities	1,121,444	775,795

Non-current liabilities		
Bank and other borrowings	(695,386)	(473,231)
Creditors - amounts falling due after more than one year (note 8)	(21,936)	-
Provision for deferred taxation	(1,450)	(6,016)
Net assets	402,672	296,548
Capital and reserves		
Called-up share capital	26,347	25,433
Share premium account	100,903	51,840
Revaluation reserve	2,651	1,641
Other reserves	4,358	4,358
Profit and loss account	268,413	213,276
Equity shareholders' funds (note 9)	402,672	296,548
Gearing ratio (note 10)	1.73	1.63

Consolidated cash flow statement

	2002 £'000	2001 £'000
Net cash inflow from operating activities	151,472	159,713
Taxation	(49,689)	(46,436)
Capital expenditure and financial investment	(14,527)	(6,487)
Disposals (note 3)	26,661	-
Acquisitions (note 6)	(45,478)	(2,510)
Equity dividends paid	(73,169)	(69,360)
Management of liquid resources	(73,404)	(110,621)
Financing	81,070	81,000
Increase in cash in the period	2,936	5,299

The cash flow statement above has been prepared in accordance with FRS1 (Revised 1996) "Cash Flow Statements". As required by that standard, the statement aggregates the cash flows arising from each division within the group. However, the cash and investments held by those businesses that are regulated are required to be strictly segregated from those for the rest of the group and are not available to repay group borrowings. At 31 December 2002 the cash and investments held by the group's regulated businesses amounted to £514.7 million (2001 - £443.3 million).

Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Increase in net cash for the period	2,936	5,299
Cash outflow from increase in liquid resources	73,404	110,621
	76,340	115,920
Cash inflow from increase in debt	(31,093)	(103,045)
Change in net debt resulting from cash flows	45,247	12,875
Loans relating to business acquired	(189,470)	(975)
Exchange adjustments	3,815	(1,696)
Net debt at 1 January	(40,956)	(51,160)
Net debt at 31 December	(181,364)	(40,956)

Analysis of changes in net debt

	1 Jan 2002 £'000	Cash flows £'000	Acquisition £'000	Other changes £'000	31 Dec 2002 £'000
Cash at bank and in hand	44,623	3,902	-	(51)	48,474
Overdrafts	-	(966)	-	-	(966)
	44,623	2,936	-	(51)	47,508
Investments realisable within one year	430,621	73,404	-	(229)	503,796
Bank and other borrowings:					
- less than one year	(42,969)	31,195	-	(25,508)	(37,282)
- more than one year	(473,231)	(62,288)	(189,470)	29,603	(695,386)
	(516,200)	(31,093)	(189,470)	4,095	(732,668)

Net debt	(40,956)	45,247	(189,470)	3,815	(181,364)

Other changes include exchange adjustments of £3,815,000.

Cash, borrowings and overdraft balances shown above at 31 December 2001 and 2002 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).

Reconciliation of operating profit to net cash inflow from operating activities

	2002 £'000	2001 £'000
Operating profit	182,140	169,610
Depreciation and amortisation	8,857	8,217
Loss on sale of tangible fixed assets	320	451
Increase in amounts receivable from customers	(74,254)	(80,661)
Increase in stock and debtors	(26,275)	(8,124)
(Decrease)/increase in unearned insurance premiums	(15,805)	12,642
Increase in insurance claims provision	72,418	51,569
Increase in trade creditors, accruals and other liabilities	4,071	6,009
Net cash inflow from operating activities	151,472	159,713

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

	2002 £'000	2001 £'000
UK home credit	127,532	123,535
International	(40,424)	(52,523)
Motor insurance	80,392	99,429
Central	(16,028)	(10,728)
	151,472	159,713

Notes - Preliminary announcement of the final results for the year ended 31 December 2002

1. This preliminary announcement, which has been prepared on a basis consistent with the previous year, does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The announcement has been agreed with the company's auditors for release.

2. The information for the year ended 31 December 2001 is an extract from the statutory accounts to that date which have been delivered to the Registrar of Companies. Those accounts included an audit report which was unqualified and which did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 December 2002 upon which the auditors have still to report, will be delivered to the Registrar following the company's annual general meeting.

3. Exceptional loss on disposal of business

   On 29 May 2002, the company sold its subsidiary, Colonnade Insurance Brokers Limited. The resulting loss on disposal comprises:

	£'000
Consideration, net of disposal costs	26,661
Repayment of inter-company borrowings	(16,564)
Net consideration received	10,097
Net assets at disposal	(6,000)
Profit on disposal prior to write-back of goodwill	4,097
Goodwill previously written off to reserves	(14,797)
Exceptional loss on disposal	(10,700)

   The disposal resulted in no taxable gain and therefore there was no tax impact of the disposal on the result for the year.

4. Dividends

	2002 £'000	2001 £'000
Interim dividend paid - 12.46p (2001 - 11.75p)	30,352	28,971
Final dividend proposed - 18.44p (2001 - 17.60p)	46,570	42,817
	76,922	71,788

5. Earnings per share

   The basic and diluted earnings per share figures have been calculated using the profit for the year attributable to ordinary shareholders of £118,586,000 (2001 £123,815,000). The weighted average number of shares in issue during the year can be reconciled to the number used in the basic and diluted earnings per share calculations as follows:

	2002 Number	2001 Number
Weighted average number of shares		
In issue during the year	245,713,032	248,147,454
Held by the QUEST	(2,027,669)	(2,456,807)
Used in basic and adjusted earnings per share calculation	243,685,363	245,690,647
Issuable on conversion of outstanding options	812,670	1,546,712
Used in diluted earnings per share calculation	244,498,033	247,237,359

The adjusted earnings per share figure is shown after excluding the exceptional loss on the disposal of Colonnade Insurance Brokers Limited and goodwill amortisation. The adjustments made, and their impact on earnings per share, are as follows:

	2002 Earnings £'000	2002 Earnings per share pence	2001 Earnings £'000	2001 Earnings per share pence
Basic earnings and earnings per share	118,586	48.66	123,815	50.39
Exceptional loss	10,700	4.39	-	-
Pre-exceptional earnings and earnings per share	129,286	53.05	123,815	50.39
Amortisation of goodwill	338	0.14	135	0.06
Adjusted earnings and earnings per share	129,624	53.19	123,950	50.45

In 2001, the adjusted earnings per share figure was calculated so as to exclude the losses of businesses closed during that year. In 2002, the company changed its definition of adjusted earnings per share to exclude exceptional items and goodwill amortisation as, following the disposal of Colonnade Insurance Brokers Limited and the acquisition of Yes Car Credit, it is the directors' opinion that this measure better represents underlying business performance.

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

	Number
At 1 January 2002	245,413,339
Shares issued pursuant to the exercise of options	212,282
Shares issued via equity placing on 23 December	8,600,000
At 31 December 2002	254,225,621

6. Acquisition of Yes Car Credit

On 18 December 2002, the group acquired the entire issued share capital of the group of companies which own and operate Yes Car Credit.

Goodwill on acquisition, and included within fixed assets, arises as follows:

	Provisional fair value to the group
	£'000
Net liabilities at acquisition	(11,803)
Consideration:	
Cash, including costs paid by 31 December	46,093
Accrued costs	4,730
Loan notes issued to vendors	6,910
Contingent consideration	12,785
Total consideration	70,518
Goodwill arising on acquisition	82,321

Reconciliation to cash flow statement:

Cash consideration, including costs paid by 31 December	46,093
Less: cash acquired	(615)
	45,478

Under the terms of the acquisition agreement, the group will make consideration payments contingent on the average adjusted profit after tax of Yes Car Credit for the years ending 31 December 2002 and 31 December 2003. These payments are due primarily on 30 June 2004 or, if the vendors so elect, on 30 June 2005 partly in cash and partly in loan notes.

Initial estimates of the contingent consideration will be revised as further and more certain information becomes available, with corresponding adjustments to goodwill.

7. Amounts receivable from customers

a. Net amounts receivable from customers represents:

	2002 £'000	2001 £'000
UK home credit	636,261	618,025
International	163,374	111,226
Home credit net receivables (note 7(b))	799,635	729,251
Yes Car Credit (note 7(d))	163,358	-
	962,993	729,251
Analysed as:		
- due within one year	821,078	719,637
- due in more than one year	141,915	9,614
	962,993	729,251

b. Home credit receivables

	2002 £'000	2001 £'000
Gross instalment credit receivables	1,229,958	1,105,511
Less: provision for bad and doubtful debts (note		

7(c))	(99,562)	(86,251)
Instalment credit receivables after provision for bad and doubtful debts	1,130,396	1,019,260
Less: deferred revenue thereon	(330,761)	(290,009)
	799,635	729,251
Analysed as:		
- due within one year	789,774	719,637
- due in more than one year	9,861	9,614
	799,635	729,251

c. Home credit bad and doubtful debts

	2002 £'000	2001 £'000
Gross provision at 31 December (note 7(b))	99,562	86,251
Less: deferred revenue thereon	(34,300)	(27,589)
Net provision at 31 December	65,262	58,662
Net provision at 1 January	(58,662)	(54,820)
Increase in provision (net of deferred revenue)	6,600	3,842
Amounts written off (net of deferred revenue)	105,577	92,204
Net charge to profit and loss account for bad and doubtful debts	112,177	96,046
Analysed as:		
- UK home credit	84,947	76,345
- International	27,230	19,701
	112,177	96,046

d. Yes Car Credit receivables

	2002 £'000	2001 £'000
Gross car finance receivables	271,492	-
Less: deferred revenue thereon	(95,226)	-
	176,266	-

Less: provision for bad and doubtful debts	(12,908)	-
	163,358	-
Analysed as:		
- due within one year	31,304	-
- due in more than one year	132,054	-
	163,358	-

8. Creditors - amounts falling due after more than one year

	2002 £'000	2001 £'000
Trade creditors	9,151	-
Contingent consideration	12,785	-
	21,936	-

9. Reconciliation of movement in equity shareholders' funds

	2002 £'000	2001 £'000
Profit attributable to equity shareholders	118,586	123,815
Dividends	(76,922)	(71,788)
Retained profit	41,664	52,027
New share capital issued (net of issue costs)	49,977	1,135
Share capital cancelled on share buy-back	-	(907)
Share buy-back	-	(22,273)
Goodwill on disposal	14,797	-
Currency translation differences	(314)	(120)
Net addition to equity shareholders' funds	106,124	29,862
Equity shareholders' funds at 1 January	296,548	266,686
Equity shareholders' funds at 31 December	402,672	296,548

10. Gearing ratio

This is calculated as bank and other borrowings, net of consumer credit cash, divided by consolidated equity shareholders' funds.

11. Credit issued

	2002 £'000	2001 £'000	Growth %
UK home credit	921,479	915,489	0.7%
International			
Poland	198,079	157,852	25.5%
Czech Republic	69,835	53,167	31.4%
Hungary	13,670	1,685	711.3%
Slovakia	4,988	704	608.5%
	286,572	213,408	34.3%
South Africa	-	3,683	
	1,208,051	1,132,580	6.7%

12. FRS 17 retirement benefits

The company has adopted the transitional arrangements under FRS 17 and will disclose the impact of the standard as a note to the accounts. If the standard had been adopted in full in 2002, earnings would have been reduced by £2.7 million and net assets at 31 December 2002 by £103.4 million (31 December 2001 £57.2 million) This reduction in net assets has been assessed at a time when equity markets are at a relatively low valuation compared to recent years. The company intends to make additional cash contributions to the two major defined benefit pension schemes in the UK of £15 million in 2003 (2002 £6 million).

Shareholder information

1. The shares will be marked ex-dividend on 9 April 2003.

2. Dividend warrants/vouchers in respect of the final dividend will be posted on 7 May 2003.

3. The final dividend will be paid on 9 May 2003 to shareholders on the register at the close of business on 11 April 2003.

4. The annual review and summary financial statement 2002 and the notice of the annual general meeting will be posted to shareholders on 24 March 2003 together with the annual report and accounts 2002 (for those shareholders who have requested it).

5. The Provident Financial Company Nominee Scheme ("the scheme") enables shareholders who are eligible to use it (i.e. 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. Shareholders who wish to take advantage of the scheme should contact the company's registrar, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, (telephone 0870 162 3100) to request an information pack.

6. The annual general meeting will be held on 30 April 2003 at the Hanover International Hotel and Club, Mayo Avenue, off Rooley Lane, Bradford, West Yorkshire, BD5 8HZ.