Provident Financial plc
Preliminary results for the year ended 31 December 2016

Provident Financial plc is the leading non-standard lender in the UK. The group serves 2.4 million customers and its operations consist of Vanquis Bank, the Consumer Credit Division (CCD) comprising Provident and Satsuma, and Moneybarn.

Highlights

Strong financial performance and dividend increase

- Adjusted profit before tax[1] up 14.1% to £334.1m (2015: £292.9m) and adjusted basic earnings per share[1] up 9.2% to 177.5p (2015: 162.6p).
- Statutory profit before tax up 25.7% to £343.9m (2015: £273.6m) and basic earnings per share up 19.8% to 181.8p (2015: 151.8p).
- Return on assets[2] of 15.3%, reduced from 16.1% in 2015 due to the impact of the 8% bank corporation tax surcharge on Vanquis Bank profits which became effective from 1 January 2016.
- Total dividend per share up 12.1% to 134.6p (2015: 120.1p), supported by strong capital generation.

Excellent growth momentum in Vanquis Bank

- Adjusted profit before tax[1] up by 11.3% to £204.5m (2015: £183.7m).
- Customer numbers and receivables growth of 8.7% and 13.8% respectively against continued tight credit standards.
- Strong lift in fourth quarter new account bookings reflecting momentum from expanded credit card proposition.
- Testing of instalment loans to credit card customers launched in November with encouraging early results.
- Return on assets[2] of 13.8% in 2016, reduced from 15.8% in 2015 primarily due to the bank corporation tax surcharge.

CCD delivering strong returns with Satsuma poised for profitable growth

- Adjusted profit before tax[1] up 9.3% to £115.2m (2015: £105.4m).
- Robust demand has resulted in year-on-year receivables growth of 7.3%.
- Increase in return on assets[2] to 22.3% in 2016, up from 21.2% in 2015, reflecting a £12m reduction in start-up losses in Satsuma.
- Cost efficient distribution now firmly established at Satsuma allowing a step-up in lending volumes of 25% in the fourth quarter.
- Programme launched in home credit to migrate to a more efficient and effective field organisation structure during 2017 supported by the deployment of further technology.

Further strong growth and returns at Moneybarn

- Adjusted profit before tax[1] of £31.1m in 2016, 46.0% higher than 2015 profits of £21.3m.
- Significant year-on-year growth in new business volumes of 28.0%.
- Return on assets[2] of 13.1% in 2016, up from 12.9% in 2015 due to the benefit of operational leverage.

Sound funding position and capital generation

- Gearing stable at 2.3 times (2015: 2.2 times).
- Funded to October 2019 following extension of core banking facilities and increase from £383m to £450m in January 2017.
- Capital generated[3] of £233.2m (2015: £189.9m) supporting dividends of £195.7m (2015: £174.4m) in respect of 2016.

Key financial results

	2016	2015	Change
Adjusted profit before tax[1]	£334.1m	£292.9m	14.1%
Statutory profit before tax	£343.9m	£273.6m	25.7%
Adjusted basic earnings per share[1]	177.5p	162.6p	9.2%
Basic earnings per share	181.8p	151.8p	19.8%
Return on assets[2]	15.3%	16.1%	
Final dividend per share	91.4p	80.9p	13.0%
Total dividend per share	134.6p	120.1p	12.1%

Peter Crook, Chief Executive, commented:

"I am delighted to announce adjusted earnings per share growth of 9.2% in 2016 and a 12.1% increase in the dividend for the year, supported by strong capital generation and a very robust funding position.

Vanquis Bank has reported profits up 11.3%. Growth is being delivered against continued tight credit standards and I'm particularly pleased with the momentum of new business being generated through a reinvigoration of the credit card proposition and its distribution by the new leadership team.

CCD's profits increased by 9.3%, reflecting a robust profit performance from the repositioned Provident home credit business and a sharp reduction in the Satsuma start-up loss. The home credit business is actively pursuing plans to better serve its customers by migrating to a more efficient field organisation structure during 2017 supported by the deployment of further technology. Satsuma has made great strides in developing its online instalment loan product and it is now on course to deliver profitable growth from the attractive market opportunity available to it.

Moneybarn has again performed extremely well. Since its acquisition in August 2014, the business has more than doubled in size and maintained its margins through a period of significant investment.

The group has made a good start to 2017. Vanquis Bank and Moneybarn have continued to trade very well and the home credit business has produced a sound collections performance."

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1 *Adjusted profit before tax in 2016 is stated before: (i) £7.5m of amortisation in respect of acquisition intangibles established as part of the acquisition of Moneybarn in August 2014 (2015: £7.5m) – see note 6; and (ii) a net exceptional credit of £17.3m comprising an exceptional gain of £20.2m in respect of Vanquis Bank's interest in Visa Europe following completion of Visa Inc.'s acquisition of Visa Europe on 21 June 2016 and an exceptional impairment charge of £2.9m in respect of glo's IT platform within CCD following the decision to develop guarantor loans as part of the wider Vanquis Bank loans proposition on a separate IT platform (2015: exceptional cost of £11.8m in respect of a business restructuring in CCD) – see note 2.*

2 *Adjusted profit before interest after tax as a percentage of average receivables.*

3 *Represents net cash generated from operating activities, after adding back 80% of the growth in receivables funded by borrowings, less net cash used in investing activities.*

Group summary

The group has reported a strong set of results with profit before tax, amortisation of acquisition intangibles and exceptional items up 14.1% to £334.1m (2015: £292.9m). This reflects strong growth in profits at Vanquis Bank and Moneybarn and an improved profit performance in CCD following a reduction in the start-up losses associated with Satsuma. Statutory profit before tax increased by 25.7% to £343.9m (2015: £273.6m). Adjusted basic earnings per share of 177.5p (2015: 162.6p) grew by 9.2%, a lower rate than adjusted pre-tax profits due to the impact of the 8% bank corporation tax surcharge on Vanquis Bank's profits in excess of £25m which was effective from 1 January 2016. Basic earnings per share increased by 19.8% to 181.8p (2015: 151.8p).

Vanquis Bank delivered another strong performance in 2016 with adjusted profit before tax up 11.3% to £204.5m (2015: £183.7m). The customer acquisition programme delivered new customer bookings of 406,000, lower than 433,000 in 2015. The year-on-year reduction can be attributed to the curtailment of bookings through the face-to-face channel due to the lower quality and weak account activation levels experienced in 2015 whilst the proposition and customer acquisition processes are re-engineered. Nonetheless, fourth quarter bookings were 9,000 higher than the last quarter in 2015 with momentum continuing to build during the fourth quarter as a result of a range of new initiatives put in place during the year. Year-on-year customer growth of 8.7% and receivables growth of 13.8% have been delivered against continued tight credit standards. Delinquency levels were stable through the fourth quarter having improved modestly, and assisted financial performance, through the first nine months of the year. Accordingly, Vanquis Bank delivered a risk-adjusted margin for 2016 of 32.2% (2015: 32.8%), notwithstanding the decline in the revenue yield previously communicated. The actions to augment medium-term growth of the cards business are well progressed and are producing a good pipeline of opportunities which should add further momentum to growth during 2017, including the Chrome branded card which extends the business into the nearer prime segment of the non-standard market and meets the group's minimum returns thresholds. In addition, Vanquis Bank has successfully developed a loans platform and in November commenced testing instalment loans, initially to its credit card customer base, with encouraging early results.

CCD's adjusted profit before tax in 2016 was up 9.3% to £115.2m (2015: £105.4m), reflecting a stable performance from home credit and reduced start-up losses associated with Satsuma.

Demand and customer confidence within home credit has remained robust. The tighter credit standards introduced as part of the repositioning of the business in September 2013 have continued to curtail the recruitment of more marginal customers and driven up the quality of the receivables book. As a result, CCD customer numbers showed a year-on-year reduction of approximately 9.1% to 862,000, the majority of which took place in the first half of the year. Despite the reduction in customer numbers, receivables ended the year 7.3% higher than 2015 reflecting the focus on serving good quality existing customers eligible for larger amounts of credit over a longer duration. Collections performance and the arrears profile has remained stable through 2016. The risk-adjusted margin of 78.4% is down from 82.2% in 2015 reflecting a reduction in the revenue yield due to the increased mix of longer duration lending which carries a lower yield and a stable delinquency performance compared with the strong improvements seen in 2015. Performance also continues to benefit from the cost reduction programme successfully implemented within home credit over recent years which has been assisted by the roll-out of technology. As a result, costs showed a year-on-year reduction of 7.7% in 2016. The business continues to pursue an agenda to identify further improvements in the efficiency and effectiveness of the organisation and has recently launched a programme to migrate to a more efficient and effective field organisation structure during 2017 supported by the deployment of further technology.

Alongside the stable performance of home credit, CCD has continued to develop its market presence and further enhanced its capability in its online direct repayment loan product, Satsuma. Through the first nine months of the year, the business adopted a measured approach to new customer growth. This was wholly consistent with the drive to further develop underwriting, cost-effective distribution channels and the customer journey. The success of these actions, together with the launch of a monthly product in late November, supported a 25% increase in new business volumes and further lending to established customers during the fourth quarter of the year. The current development trajectory of Satsuma is encouraging and customer numbers and receivables ended the year at 55,000 and £18.2m respectively, up from 49,000 and £12.1m at the end of 2015. The start-up loss associated with Satsuma has reduced by approximately £12m in 2016 as the business approaches break even.

Moneybarn has performed very well during 2016 delivering adjusted profits of £31.1m, up 46.0% on 2015. Continued development of its best in class customer platform together with extension of the product offering has enabled the business to generate new business volumes 28.0% higher than last year whilst maintaining the risk-adjusted margin at a stable level.

An exceptional credit of £17.3m has been recognised in the income statement comprising a £20.2m gain made on Vanquis Bank's interest in Visa Europe Ltd following completion of its acquisition by Visa Inc. on 21 June 2016 net of an exceptional impairment charge of £2.9m in respect of glo's IT platform within CCD following the decision to develop guarantor loans as part of the wider Vanquis Bank loans proposition on a separate IT platform (2015: exceptional cost of £11.8m following a business restructuring in CCD). The group's statutory profit before tax is also stated after a £7.5m charge (2015: £7.5m) in respect of the amortisation of an intangible asset attributed to Moneybarn's broker relationships which was recognised on acquisition.

The group's funding and liquidity positions remain strong with gearing of 2.3 times (2015: 2.2 times). The group has recently entered into a new £450m syndicated bank facility maturing in May 2020 and cancelled the existing committed bank facility of £383m which was due to mature in May 2018. The all-in cost of the new facility is lower than the cancelled facility with broadly consistent terms, conditions and financial covenant package. As at 31 December 2016, headroom on the group's committed facilities amounted to £140m and, including the additional capacity available for Vanquis Bank to take retail deposits, total funding capacity amounted to £374m. The group's committed debt facilities, together with the recent renewal of bank facilities and the retail deposits programme at Vanquis Bank, are now sufficient to fund contractual maturities and projected growth of the group until October 2019.

The proposed final dividend per share has been increased by 13.0% to 91.4p (2015: 80.9p) which, together with the 10.2% increase in the interim dividend, represents a 12.1% increase in the total dividend per share to 134.6p (2015: 120.1p). Dividend cover for 2016, prior to the amortisation of acquisition intangibles and exceptional items, is 1.32 times (2015: 1.35 times) and is consistent with the group's stated target of maintaining annual dividend cover of at least 1.25 times. The increase in the full-year dividend is supported by the group's growth in earnings and strong capital generation.

The group generated capital of £233.2m (2015: £189.9m) which more than covers dividends in respect of 2016 of £195.7m (2015: £174.4m).

Vanquis Bank

Financial performance

Vanquis Bank generated a profit before tax and exceptional items of £204.5m in 2016 (2015: £183.7m) analysed as follows:

	Year ended 31 December		
	2016	2015	Change
	£m	£m	%
Profit/(loss) before tax:			
- UK	204.5	185.5	10.2
- Poland	-	(1.8)	100.0
Total Vanquis Bank	204.5	183.7	11.3

UK

	Year ended 31 December		
	2016	2015	Change
	£m	£m	%
Customer numbers ('000)	1,545	1,421	8.7
Year-end receivables	1,424.7	1,252.0	13.8
Average receivables	1,307.0	1,157.1	13.0
Revenue	583.7	538.6	8.4
Impairment	(162.4)	(158.9)	(2.2)
Revenue less impairment	421.3	379.7	11.0
Risk-adjusted margin[1]	32.2%	32.8%	
Costs	(174.4)	(151.1)	(15.4)
Interest	(42.4)	(43.1)	1.6
Adjusted profit before tax[2]	204.5	185.5	10.2
Return on assets[3]	13.8%	15.8%	

1 *Revenue less impairment as a percentage of average receivables.*

2 *Adjusted profit before tax is stated before an exceptional gain of £20.2m in respect of Vanquis Bank's interest in Visa Europe following completion of Visa Inc.'s acquisition of Visa Europe on 21 June 2016.*

3 *Adjusted profit before interest after tax as a percentage of average receivables.*

Vanquis Bank has delivered a good performance in 2016, reporting UK profits 10.2% higher than 2015. The business has delivered a return on assets of 13.8% in 2016, lower than 15.8% in 2015 primarily due to the impact of the 8% bank corporation tax surcharge which became effective from 1 January 2016 together with the expected modest reduction in risk-adjusted margin.

Whilst the marketing activity of competitors in both the direct mail and internet channels has continued, demand for non-standard credit cards continues to be strong. Against unchanged credit standards and a stable acceptance rate of around 25%, the business has delivered new account bookings of 406,000 (2015: 433,000), 27,000 lower than 2015. The year-on-year reduction can be attributed to a reduction of 43,000 in bookings through the face-to-face channel. Sales have been curtailed as a response to the lower quality and weak account activation levels experienced in 2015 whilst the proposition and customer acquisition processes are re-engineered.

As reported at the interim results, new account bookings in the first half of the year were 32,000 lower than the first half of 2015 due to the spend on Vanquis Bank's 2016 direct mail programme being weighted towards the second half of the year and the significant reduction in bookings in the face-to-face channel. Bookings in the second half of the year showed year-on-year growth of 5,000 benefiting from the greater weighting of marketing spend to the second half together with a number of actions to expand distribution and the credit card proposition which have been put in place since the new Managing Director, Chris Sweeney, joined the business at the start of the year. These actions include the launch of the Chrome nearer prime credit card, a new 'Express Check' service which allows customers to check their likelihood of acceptance without affecting their credit score, new affiliate arrangements, SMS and email campaigns and a reinvigorated member-get-member offer.

The improved new account booking momentum during the second half of 2016, together with a pipeline of initiatives to augment the medium-term growth of the business, are expected to lead to a step-up in full-year booking volumes in 2017. This would produce the related increase in year one investment associated with all new vintages resulting from the cost of acquiring new customers, early impairments and the progressive revenue from the 'low and grow' approach to issuing credit.

Customer numbers ended the year at 1,545,000 (2015: 1,421,000), up 8.7% on 2015. The growth in customer numbers, together with the credit line increase programme to customers who have established a sound payment history, generated a 13.0% increase in average receivables. Returns from the 'low and grow' approach to extending credit remain consistently strong and are underpinned by average credit line utilisation of nearly 70% which delivers a strong stream of revenue whilst maintaining a relatively low level of contingent risk from undrawn credit lines.

The risk-adjusted margin in 2016 was 32.2%, compared with 32.8% in 2015. The reduction in the risk-adjusted margin over the last 12 months primarily reflects a 1.0% decline in the revenue yield from the fall in interchange income following the agreement between Visa and the EU which took full effect from December 2015 together with the further reduction in penetration of the ROP product within the customer base. These are partly offset by a 0.4% benefit from improved delinquency during the first nine months of the year.

Although the UK employment market has continued to improve, Vanquis Bank will continue to apply the tight credit standards which have been in place since the economic downturn between 2008 and 2010, a period when the business successfully delivered its minimum targeted returns. The rate of delinquency progressively reduced to record lows through the first nine months of the year and then remained stable through the fourth quarter. This produced a 1.3% reduction in the rate of impairment compared with 2015. Over the same period, the improving quality of the receivables book has seen the revenue yield from interest and late and over limit fees reduce by around 0.9%. Taken together, these explain the net benefit of 0.4% to the risk-adjusted margin from improved delinquency over the last year.

Based on the stable delinquency trends experienced during the fourth quarter, together with the expected growth of Vanquis Bank's presence in the nearer prime segment of the market and some further reduction in the penetration of the ROP product, the risk-adjusted margin is expected to moderate towards 30% during 2017.

Costs increased by 15.4%, above the 13.0% growth in average receivables. The cost base in 2016 includes expenditure of approximately £6m during the second half of the year to support the programme of initiatives which will augment the medium-term growth of the business. This rate of expenditure will continue into 2017.

Interest costs reduced by 1.6% during 2016. This reflects the reduction in Vanquis Bank's blended funding rate, after taking account of the cost of holding a liquid assets buffer, from 5.3% in 2015 to 4.6% in 2016 due to a lower blended interest rate on retail deposits and a lower group funding rate on the intercompany loan from PFG.

Business development

Vanquis Bank continues to develop a number of new initiatives to augment the medium-term growth of the business.

An analysis of Vanquis Bank's credit card customer base has indicated that a sizeable population of customers have unsecured borrowings with other lenders. Vanquis Bank's credit card business enjoys high levels of customer satisfaction and has rich data on the credit performance of its customers. Extending the product range to attract loan customers from those other lenders is therefore a logical extension of Vanquis Bank's credit card offering. In addition, the larger sum, longer duration non-standard loans market is an under-served and growing segment of the market. Accordingly, during 2016 Vanquis Bank has successfully developed a loans platform and has recently launched a wider loans proposition which is initially focused on providing unsecured loans to existing credit card customers. The loans offered are currently between £1,000 and £2,000 over 12 to 24 months and are priced at a similar or lower rate than the credit card offering. A measured approach to developing the loans proposition will be taken, observing the results from the loans provided to existing credit card customers and refining underwriting and the loans proposition as appropriate. The business then intends to develop an open market proposition and a fresh guarantor loans product during 2017.

Expanding the capability to provide non-standard consumer finance through partnering with other lending institutions, brokers or providers of retail finance represents an attractive opportunity to expand the distribution of Vanquis Bank's credit card proposition. During 2016, a new relationship has been established with Pay4Later who provide the IT platform that acts as the interface between a number of retailers and a panel of lenders. Vanquis Bank is Pay4Later's designated provider of revolving credit and a number of retailer relationships are expected to be established with Vanquis Bank during 2017. Discussions are also progressing with a number of other retailers, brokers and lending institutions.

Vanquis Bank also continues to progress a number of other opportunities including: (i) improving the digital capability of the business, particularly the forthcoming launch of an enhanced mobile app allowing greater functionality and the ability to present other potential offers to customers; and (ii) the development of a number of customer value management programmes, comprising reactivation and retention programmes and the development of a group wide customer prospects database.

Further detail on Vanquis Bank's initiatives to augment the medium-term growth of its credit card proposition, together with its business plan for developing a loans proposition, will be provided at the Capital Markets Day on 4 April 2017.

CCD

Financial performance

CCD generated a profit before tax and exceptional items of £115.2m in 2016 (2015: £105.4m) as set out below:

	Year ended 31 December		
	2016	2015	Change
	£m	£m	%
Customer numbers ('000)	862	948	(9.1)
Year-end receivables	584.8	545.1	7.3
Average receivables	508.7	499.5	1.8
Revenue	518.8	517.4	0.3
Impairment	(120.0)	(106.6)	(12.6)
Revenue less impairment	398.8	410.8	(2.9)
Risk-adjusted margin[1]	78.4%	82.2%	
Costs	(257.0)	(278.3)	7.7
Interest	(26.6)	(27.1)	1.8
Adjusted profit before tax[2]	115.2	105.4	9.3
Return on assets[3]	22.3%	21.2%	

[1] *Revenue less impairment as a percentage of average receivables.*

[2] *Adjusted profit before tax is stated before an exceptional impairment charge of £2.9m in respect of glo's IT platform within CCD following the decision to develop guarantor loans as part of the wider Vanquis Bank loans proposition on a separate IT platform (2015: an exceptional cost of £11.8m in respect of business restructuring).*

[3] *Adjusted profit before interest after tax as a percentage of average receivables.*

CCD has made further good progress in executing on its strategic plan to develop a broader based lending business. The repositioned Provident home credit business is delivering strong returns and has supported the continued investment in developing the Satsuma online loans proposition. Profits in 2016 have increased by 9.3% or £9.8m, reflecting a reduction in the start-up losses of Satsuma of approximately £12m. The strategic development of CCD continues to drive improved returns with the return on assets increasing to 22.3% in 2016, up from 21.2% in 2015.

Customer numbers in CCD have remained stable during the second half of 2016 and the majority of the year-on-year reduction of 9.1% to 862,000 (2015: 948,000) took place in the first half of the year. The reduction on 2015 reflects the tighter credit standards introduced as part of the repositioning of the business in September 2013 which have continued to curtail the recruitment of more marginal customers and improve overall credit quality.

Demand and customer confidence have remained robust and when combined with the focus on serving good-quality existing customers has resulted in a 9% year-on-year improvement in sales during 2016. As a result, CCD receivables ended the year 7.3% higher than December 2015.

The revenue yield in 2016 of 102.0% has reduced modestly from 103.6% in 2015. The reduction reflects the continued focus on serving good quality customers who tend to be served with longer term, lower yielding products.

The benefit of standardised arrears and collections processes coupled with continued tight credit standards have resulted in a stable collections performance and arrears profile in 2016. This compares with the strong improvements in both these metrics during 2015 which benefited the impairment charge last year. As a result, the ratio of impairment to average receivables has increased from 21.4% in 2015 to 23.6% in 2016.

The modest reduction in revenue yield together with the stable delinquency performance compared with the strong improvements seen in 2015 has produced a risk-adjusted margin for CCD of 78.4% in 2016, lower than 82.2% in 2015.

Business performance continues to benefit from the successful completion during 2015 of the programme to deploy technology throughout the field operation to support an improvement in productivity and enhance compliance. Costs in 2016 were £21.3m or 7.7% lower than 2015, with around one third of the reduction resulting from the annualised savings of approximately £14m secured in June 2015 within the field infrastructure. The remaining reduction reflects a reduction in agents' commission costs together with lower costs in Satsuma as a result of much more cost effective marketing.

Interest costs were 1.8% lower than last year compared with a 1.8% increase in average receivables. This reflects a marginal reduction in the funding rate for the business from 6.8% in 2015 to 6.6% in 2016 due to a reduction in group borrowing costs.

Business development

Home credit

The repositioning of the home credit business as a smaller, better quality business has been successful in maintaining the profitability of the business and increasing returns in a mature market. In particular, the business has successfully deployed hand held technology to the field force, reduced the number of self-employed agents from over 10,000 to 4,500, reduced the field headcount by over 1,000, including the full removal of all field administration, and developed sophisticated central underwriting and data analytics.

The self-employed model for agents has been an effective operating model for the home credit business for a long period of time. However, continually increasing customer service expectations together with the development of hand held technology and enhanced data analytics have led to the conclusion that further developments to the current operating model would deliver a more efficient and effective business. As a result, the business has developed a proposal, which is subject to workforce consultation, to enhance the home credit operating model in three ways: (i) serving customers through full time employed Customer Experience Managers rather than self-employed agents to take direct control of all aspects of the relationship with the customer; (ii) changing the field management structure in the UK, with newly defined roles and ways of working; and (iii) deploying further technology to improve efficiency and effectiveness.

The business is proposing the creation of a number of new roles including over 2,500 full time employed Customer Experience Manager roles which would be tasked with serving customers in a way which is controlled and directed by the business. This means customers would no longer be served by self-employed agents. The proposal will enable the business to manage every aspect of the customer relationship thereby improving the effectiveness of the field organisation and enhancing the customer experience. In addition, the proposed deployment of further technology in 2017 includes route planning and voice recording which provides the business with the opportunity to improve efficiency and provide customers with more choice and flexibility.

Subject to workforce consultation, the business also proposes to change the field management structure in the UK, removing the current Area and Development Manager roles and replacing them with new field roles with different responsibilities which includes separating the collections and arrears elements of the business to maximise efficiency.

A migration to the enhanced operating model, which features more centralised control over a distributed workforce and greater evidencing of customers interactions, would also enhance regulatory standards. The enhanced operating model is proposed to be fully operational from July 2017.

The 2017 Capital Markets Day on 4 April 2017 will provide more detail on how the enhanced operating model would work, including more detail on the potential financial benefit. The proposed next stage in home credit's development is a logical extension of the excellent progress made by CCD in repositioning the business since 2013.

Satsuma

Good progress has been made during 2016 in developing the distribution, digital platform and further lending capability in Satsuma in order to develop a sustainable business both in the competitive online small-sum, short-term credit market and into lending larger amounts of over £1,000 and beyond a year in duration. There is now evidence that the industry consolidation expected in 2015 is beginning to materialise due to competitive pressures, more exacting FCA regulation and the funding constraints of a number of competitors.

Satsuma remains the third most recognised brand within online small-sum, short-term credit and the business has continued to develop its multi-channel distribution capability, focusing on recruiting new customers through more cost effective channels such as digital, social media and the broker channels rather than through the more expensive above the line advertising used in 2015. This has contributed to the £12m reduction in start-up losses associated with Satsuma during 2016 as the business approaches break even.

Satsuma's trading performance in 2016 also reflects the significant tightening of credit standards implemented in the fourth quarter of 2015 and developed further in 2016 as well as the current narrow focus on small-sum, short term, weekly repaid credit of less than a year in duration. Whilst growth during the first nine months of the year was relatively modest, the business has been developing a number of improvements to the customer journey and its product proposition, including the introduction of a monthly product in November. As a result, the business achieved a 25% year-on-year increase in new business volumes and further lending to established customers during the fourth quarter.

The current development trajectory of Satsuma is encouraging and customer numbers and receivables ended 2016 at 55,000 (2015: 49,000) and £18.2m (2015: £12.1m) respectively.

glo

A decision was made to close CCD's guarantor loans business, glo, to new business in early October 2016. This decision reflected the longer than envisaged timescale in CCD obtaining FCA authorisation which had delayed the transfer of glo to Vanquis Bank together with Vanquis Bank being at an advanced stage of developing its own loans platform to provide a wider unsecured loans proposition. As a result, the glo receivables book has been placed into run-off within CCD and an exceptional impairment charge of £2.9m in respect of glo's IT platform has been reflected in 2016. Vanquis Bank will incorporate the learnings from glo when it introduces a fresh guarantor loans product as part of its wider loans proposition during 2017.

As at 31 December 2016, the run-off of glo had 5,000 customers (2015: 4,000) and a receivables book of £6.6m (2015: £10.8m). The costs of run-off in 2017 are not expected to be material.

Moneybarn

Financial performance

Moneybarn has contributed a profit before tax and amortisation of acquisition intangibles of £31.1m (2015: £21.3m) in 2016 as set out below:

	Year ended 31 December		
	2016	2015	Change
	£m	£m	%
Customer numbers ('000)	41	31	32.3
Year-end receivables	297.3	219.6	35.4
Average receivables	266.6	190.8	39.7
Revenue	80.7	55.3	45.9
Impairment	(16.4)	(8.9)	(84.3)
Revenue less impairment	64.3	46.4	38.6
Risk-adjusted margin[1]	24.1%	24.3%	
Costs	(20.5)	(15.6)	(31.4)
Interest	(12.7)	(9.5)	(33.7)
Adjusted profit before tax[2]	31.1	21.3	46.0
Return on assets[3]	13.1%	12.9%	

[1] *Revenue less impairment as a percentage of average receivables.*

[2] *Adjusted profit before tax is stated before the amortisation of acquisition intangibles of £7.5m (2015: £7.5m).*

[3] *Adjusted profit before interest after tax as a percentage of average receivables.*

Moneybarn has performed well during 2016, delivering an increase in adjusted profits of 46.0%. Strong growth in the receivables book and robust margins have enabled the business to invest in the necessary headcount and its platform to support growth whilst delivering a return on assets of 13.1% in 2016, marginally higher than 12.9% in 2015.

New business volumes during 2016 have remained strong. Continued development of its best in class customer platform together with extension of the product offering, including lending up to retail value and the reduction in the minimum lend from £5,000 to £4,000, has reinforced Moneybarn's primacy amongst its broker network. As a result, new business volumes were 28.0% higher than last year and customer numbers ended the year at 41,000 (2015: 31,000), up 32.3% on 2015. Demand for second hand cars in the non-standard market and year-on-year growth in new business volumes reduced during the seasonally quieter fourth quarter against a strong comparative trading period which included the full benefit of the changes made to the product proposition following acquisition. Demand and new business volumes have been strong in early 2017.

The strong growth in new business volumes has resulted in receivables growth of 35.4% to £297.3m at December 2016 (2015: £219.6m). Average new loan sizes during 2016 were around £8,200, lower than the historical average of £8,900, reflecting a modest shift in the mix in business towards marginally lower value vehicles which carry a higher yield.

Default rates have increased during 2016 consistent with the mix of business being written. Moneybarn's risk-based pricing models have proved effective in maintaining its risk-adjusted margin at 24.1% in 2016, compared with 24.3% in 2015.

The business has continued to invest in the resources necessary to support future growth as well as meet the more exacting regulatory standards set by the FCA. Accordingly, headcount has increased from 151 at the end of 2015 to 195 at the end of 2016. This has resulted in cost growth of 31.4%, lower than the growth in average receivables as the business has benefited from some operational leverage. This produced a return on assets of 13.1%, up from 12.9% in 2015.

Interest costs have shown growth of 33.7% in 2016 compared with average receivables growth of 39.7%. The group's funding rate for Moneybarn has remained unchanged and, therefore, the lower rate of growth in interest costs reflects the retention of profits since acquisition as the capital base is built towards the group's target gearing ratio of 3.5 times.

Business development

Moneybarn continues to explore other opportunities to develop and extend its product offering. During 2016, Moneybarn has continued to develop its used light commercial vehicles proposition through its existing broker network. The results remain encouraging with volumes expected to increase during 2017. Further opportunities to develop and extend the product offering are under active consideration.

The business has also made good progress in developing its digital proposition. A new broker management system was launched in early 2016 which provides improved links between Moneybarn's and brokers' systems as well as significantly enhancing functionality for brokers. Moneybarn is the first non-standard car finance provider to launch eID and eSign which allows customers to be identified and to sign their credit agreements electronically thereby speeding up the application process and improving the customer journey. In addition, to support the development of Moneybarn's direct to consumer proposition, the business has also redeveloped its website to give it a more modern look and feel, improve the customer application journey and enable it to be fully compatible with mobile phones and tablets. The development of Vanquis Bank's digital platform will also further raise the awareness of Moneybarn's car finance proposition to Vanquis Bank customers.

Central costs

Central costs reduced to £16.7m in 2016 (2015: £17.5m), reflecting reduced legal, professional and advisory fees.

Exceptional items

The group income statement reflects a net exceptional gain of £17.3m (2015: exceptional cost of £11.8m in respect of CCD business restructuring).

On 21 June 2016, Visa Inc. completed the acquisition of Visa Europe Limited creating a single global payments business under the VISA brand. Vanquis Bank was a member and shareholder of Visa Europe and in exchange for its one redeemable ordinary share has received cash consideration of €15.9m, preferred stock with an approximate value of €10.7m and will receive deferred cash consideration of €1.4m on the third anniversary of the completion date. The preferred stock is convertible into Class A common stock of Visa Inc. at a future date, subject to certain conditions. An exceptional gain of £20.2m has been recycled from equity and recognised in the income statement in 2016 representing the fair value of the proceeds. The fair value of the preferred stock in Visa Inc. of £8.0m as at 31 December 2016 (2015: £17.5m) is recognised as an available for sale investment and the fair value of the deferred cash consideration of £1.1m (2015: £nil) is recognised within debtors.

The exceptional gain in respect of Visa is partly offset by an exceptional impairment charge of £2.9m in respect of glo's IT platform within CCD following the decision to develop guarantor loans as part of the wider Vanquis Bank loans proposition on a separate IT platform.

Taxation

The tax charge for 2016 represents an effective rate of 23.20% (2015: 20.25%) on profit before tax, amortisation of acquisition intangibles and exceptional items. The rate is higher than the mainstream UK statutory corporation tax rate which reduced from 21% to 20% on 1 April 2015 due to the impact of the bank corporation tax surcharge of 8% which came into force on 1 January 2016. The surcharge applies to Vanquis Bank profits in excess of £25m and places an additional tax cost on Vanquis Bank of approaching £15m per annum. The group is expected to benefit in future years from the further rate reductions to 19% on 1 April 2017 and to 17% on 1 April 2020 announced by the Government and enacted in the 2016 Finance Act.

Dividends

The proposed final dividend per share has been increased by 13.0% to 91.4p (2015: 80.9p) which, together with the 10.2% increase in the interim dividend, represents a 12.1% increase in the total dividend per share to 134.6p (2015: 120.1p). Dividend cover for 2016, prior to the amortisation of acquisition intangibles and exceptional items, is 1.32 times (2015: 1.35 times) and is consistent with the group's stated target of maintaining annual dividend cover of at least 1.25 times. The increase in the full-year dividend is supported by the group's growth in earnings and strong capital generation.

Funding and capital

The group's funding and liquidity positions are strong and diverse, including access to retail deposits within Vanquis Bank. Gearing remains stable at 2.3 times (2015: 2.2 times) and compares with a banking covenant limit of 5.0 times.

At the end of December, Vanquis Bank had taken £941.2m of retail deposits (66% of Vanquis Bank's receivables), up from £731.0m at 31 December 2015 (58% of Vanquis Bank's receivables), with additional retail deposits capacity of £234m, representing the remaining outstanding balance on the intercompany loan with Provident Financial. Due to the high level of committed debt funding, the flow of new funds from the retail deposits programme was managed to relatively modest levels during the first half of 2016. However, retail deposit volumes were increased during the second half of the year through appropriate pricing.

On 31 January 2017, the group successfully entered into a new syndicated bank facility of £450m maturing in May 2020 and cancelled the existing facility of £382.5m which was due to expire in May 2018. The syndicate continues to comprise the group's core relationship banks and the all in cost of funds is lower than the previous facility with broadly consistent terms, conditions and financial covenant package.

Headroom on the group's committed debt facilities at 31 December 2016 amounted to £140m and, including the additional capacity available for Vanquis Bank to take retail deposits, total funding capacity amounted to £374m. The group's committed debt facilities, together with the retail deposits programme at Vanquis Bank and the recent extension to the group's syndicated bank facility, are sufficient to fund contractual maturities and projected growth of the group until October 2019, when the £250m senior bond matures.

The group's funding rate during 2016 was 5.5%, down from 5.9% in 2015. This principally reflects a lower average blended rate on retail deposits and a lower average rate on the group's syndicated bank facilities.

The group's credit rating from Fitch Ratings was reviewed in May 2016 and remains unchanged at BBB with a stable outlook.

The group continues to be highly capital generative, reflecting its strategy of developing and growing businesses which generate a high return on capital to support the group's dividend policy. In 2016, capital generated amounted to £233.2m (2015: £189.9m) compared with dividends in respect of 2016 of £195.7m (2015: £174.4m).

The group maintains a strong capital position and, as at 31 December 2016, the common equity tier one ratio and leverage ratio of the group were 21.9% (2015: 22.0%) and 16.9% (2015: 16.9%) respectively.

Brexit

The UK's EU referendum on 23 June 2016 has resulted in a decision to leave the EU (Brexit). Brexit has had a significant impact on capital markets. Most economists and market commentators have been predicting a period of instability in the UK economy over the near or medium term which may result in weak GDP growth and may result in increased unemployment and inflation in the UK economy. The emergence of such changes is unlikely to have a significant impact on the group through 2017.

Despite any potential second order risks of Brexit, the group has proven resilient during previous economic downturns due to the specialist business models deployed by its divisions which are tailored to serving non-standard customers.

Vanquis Bank demonstrated during the last downturn that it is considerably less sensitive to changes in the employment market than mainstream card issuers, maintaining a risk-adjusted margin above 30%, despite a modest increase in impairment. Although the UK employment market has continued to improve, Vanquis Bank has maintained tight credit standards since 2009 and maintains strict discipline over managing card utilisation.

Moneybarn experiences relatively low default rates and has recourse to the vehicle in the event of default. Its robust risk-adjusted margin is capable of absorbing an increase in impairment during a period of rising unemployment.

The home credit business has been repositioned since the last downturn with a significant tightening of underwriting, the standardisation of arrears practices through the implementation of technology and a focus on serving good-quality existing customers. The business is, therefore, in a strengthened position to manage the impact of significant increases in inflation such as those experienced on food, fuel and utility bills during 2011 to 2013 which reduced disposable incomes, led to a moderation in demand and resulted in an increase in impairment. In addition, home credit customers' employment tends to be biased towards more casual, temporary and part-time employment and they are, therefore, late cycle and impacted by under employment rather than unemployment.

The group's funding position is strong, with significant headroom on committed facilities and a diverse range of funding sources, including retail deposits which are a valuable source of funds, particularly when wholesale debt markets are weak.

It is also possible that the group's addressable customer base may increase during a downturn as prime and other wholesale funded non-standard lenders may reduce risk appetite or experience funding constraints.

Regulation

Transfer of regulation to the FCA

The FCA assumed responsibility for the regulation of the consumer credit industry from 1 April 2014. CCD and Moneybarn obtained interim permissions under the new regime and submitted their applications for full authorisation prior to the 31 May 2015 deadline. Vanquis Bank, which was already an authorised firm, submitted its application for a variation of permissions in December 2014.

During 2016, Vanquis Bank's change of permission was approved by the FCA and Moneybarn received its full authorisation. CCD continues to operate under an interim permission awaiting full authorisation, consistent with the other sizeable firms operating in the home credit market.

The ongoing supervisory framework is more exacting than was previously the case prior to the change in regulation from the Office of Fair Trading (OFT) to the FCA. In particular, the FCA place a significant focus on affordability, income verification, forbearance and general customer outcomes with the potential for adverse impacts on the group being inherently uncertain.

FCA credit card review

In July 2016, the FCA published its final report following its market-wide study of the UK credit card industry. The FCA and UK credit card industry have since agreed three informational remedies which are not expected to have a significant impact on Vanquis Bank to be in place by the second quarter of 2018. As part of its market-wide study, the FCA is continuing its review of persistent debt, early intervention and how the industry applies credit limit increases to cardholder accounts. These issues are expected to be subject to a further consultation expected in the first quarter of

2017. The group continues to be involved in the ongoing dialogue with the FCA through the credit card industry body, the UK Cards Association.

FCA review of high-cost credit

During 2016, the FCA announced that it is to undertake a market review of the high-cost credit market during 2017. The market review of high-cost credit follows on from the other market-wide studies performed by the FCA and the timing reflects: (i) the FCA is scheduled to review the High-Cost, Short-Term Credit (HCSTC) price controls and associated rules introduced in 2015 against payday loans and short-term credit of less than a year in duration and with an APR in excess of 100% during 2017; and (ii) following the Competition and Markets Authority (CMA) report on overdrafts in August 2016, the FCA has decided to review competition in the current account market, in particular, improving transparency for overdraft users which the FCA consider to be high-cost credit. As a result, the FCA has decided to extend these reviews to incorporate a full review of the wider high-cost credit market, including adjacent high-cost products such as home credit, guarantor loans, rent to own and pawn broking, as part of this review. Consistent with all regulatory reviews of this nature, the group will respond to information requests as they are received and maintain a constructive dialogue with the regulator to assist them in conducting their review.

Outlook

Vanquis Bank continues to deliver a strong financial performance. The momentum of new account bookings is excellent with a good pipeline of initiatives to further augment growth in 2017 and beyond. The performance of the recently launched unsecured loans pilot is encouraging and represents a significant opportunity within both the Vanquis Bank customer base and the wider market which is an under-served area of the non-standard market.

The repositioned Provident home credit business delivered a robust performance in 2016. The business is now actively pursuing its plans to secure significant financial benefits from migrating to a more effective and efficient field organisation structure during 2017 supported by the deployment of further technology. Satsuma has made good progress in developing the underwriting and marketing of its online instalment loan product and it is now on course to deliver profitable growth from the attractive market opportunity available to it.

Moneybarn has achieved another significant uplift in new business volumes, supported by access to the group's funding lines and product development. This has reinforced its primacy across the broker network which, when combined with further product development opportunities, leaves the business in excellent shape to deliver strong growth.

The group's funding and liquidity positions are strong, allowing it to meet contractual debt maturities and fund its internal growth plans through to October 2019.

The group has made a good start to 2017. Vanquis Bank and Moneybarn have continued to trade very well and the home credit business has produced a sound collections performance.

Consolidated income statement for the year ended 31 December

	Note	2016 £m	2015 £m
Revenue	2	1,183.2	1,113.1
Finance costs		(81.7)	(80.0)
Operating costs		(445.9)	(436.9)
Administrative costs		(311.7)	(322.6)
Total costs		(839.3)	(839.5)
Profit before taxation	2	343.9	273.6
Profit before taxation, amortisation of acquisition intangibles and exceptional items	2	334.1	292.9
Amortisation of acquisition intangibles	6	(7.5)	(7.5)
Exceptional items	2	17.3	(11.8)
Tax charge	3	(81.0)	(55.4)
Profit for the year attributable to equity shareholders		262.9	218.2

All of the above activities relate to continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December

	Note	2016 £m	2015 £m
Profit for the year attributable to equity shareholders		262.9	218.2
Other comprehensive income:			
– fair value movements on available for sale investment	9	3.1	17.5
– gain on available for sale investment recycled to the income statement	9	(20.2)	-
– fair value movements on cash flow hedges		0.4	3.6
– actuarial movements on retirement benefit asset	8	(0.1)	(5.7)
– exchange differences on translation of foreign operations		(1.2)	0.7
– tax on items taken directly to other comprehensive income	3	4.6	(3.3)
– impact of change in UK tax rate	3	0.6	(0.2)
Other comprehensive income for the year		(12.8)	12.6
Total comprehensive income for the year		250.1	230.8

Earnings per share

	Note	2016 pence	2015 pence
Basic	4	181.8	151.8
Diluted	4	179.9	149.8

Dividends per share

	Note	2016 pence	2015 pence
Proposed final dividend	5	91.4	80.9
Total dividend for the year	5	134.6	120.1
Paid in the year*	5	124.1	103.1

* The total cost of dividends paid in the year was £180.6m (2015: £148.9m).

Consolidated balance sheet as at 31 December

	Note	2016 £m	2015 £m
ASSETS			
Non-current assets			
Goodwill		71.2	71.2
Other intangible assets	6	78.1	85.2
Property, plant and equipment		30.3	29.5
Financial assets:			
– amounts receivable from customers	7	307.6	218.0
Retirement benefit asset	8	72.4	62.3
		559.6	466.2
Current assets			
Financial assets:			
– available for sale investment	9	8.0	17.5
– amounts receivable from customers	7	1,999.2	1,798.7
– cash and cash equivalents		223.7	153.4
– trade and other receivables		36.1	32.4
		2,267.0	2,002.0
Total assets	2	2,826.6	2,468.2
LIABILITIES			
Current liabilities			
Financial liabilities:			
– bank and other borrowings		(320.4)	(253.4)
– derivative financial instruments		(0.2)	-
– trade and other payables		(104.8)	(98.3)
Current tax liabilities		(65.6)	(50.5)
		(491.0)	(402.2)
Non-current liabilities			
Financial liabilities:			
– bank and other borrowings		(1,534.7)	(1,342.8)
– derivative financial instruments		(0.1)	(0.6)
Deferred tax liabilities	3	(10.7)	(14.9)
		(1,545.5)	(1,358.3)
Total liabilities		(2,036.5)	(1,760.5)
NET ASSETS	2	790.1	707.7
SHAREHOLDERS' EQUITY			
Share capital		30.6	30.5
Share premium		272.7	270.7
Other reserves		24.3	35.6
Retained earnings		462.5	370.9
TOTAL EQUITY		790.1	707.7

Consolidated statement of changes in shareholders' equity for the year ended 31 December

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
At 1 January 2015		30.3	268.3	19.0	295.4	613.0
Profit for the year		-	-	-	218.2	218.2
Other comprehensive income:						
– fair value movements on available for sale investment	9	-	-	17.5	-	17.5
– fair value movements on cash flow hedges		-	-	3.6	-	3.6
– actuarial movements on retirement benefit asset	8	-	-	-	(5.7)	(5.7)
– exchange differences on translation of foreign operations		-	-	-	0.7	0.7
– tax on items taken directly to other comprehensive income	3	-	-	(4.5)	1.2	(3.3)
– impact of change in UK tax rate	3	-	-	(1.1)	0.9	(0.2)
Other comprehensive income for the year		-	-	15.5	(2.9)	12.6
Total comprehensive income for the year		-	-	15.5	215.3	230.8
Transactions with owners:						
– issue of share capital		0.2	2.4	-	-	2.6
– purchase of own shares		-	-	(0.3)	-	(0.3)
– transfer of own shares on vesting of share awards		-	-	0.1	(0.1)	-
– share-based payment charge		-	-	10.5	-	10.5
– transfer of share-based payment reserve on vesting of share awards		-	-	(9.2)	9.2	-
– dividends	5	-	-	-	(148.9)	(148.9)
At 31 December 2015		30.5	270.7	35.6	370.9	707.7
At 1 January 2016		30.5	270.7	35.6	370.9	707.7
Profit for the year		-	-	-	262.9	262.9
Other comprehensive income:						
– fair value movements on available for sale investment	9	-	-	3.1	-	3.1
– gain on available for sale investment recycled to the income statement	9	-	-	(20.2)	-	(20.2)
– fair value movements on cash flow hedges		-	-	0.4	-	0.4
– actuarial movements on retirement benefit asset	8	-	-	-	(0.1)	(0.1)
– exchange differences on translation of foreign operations		-	-	-	(1.2)	(1.2)
– tax on items taken directly to other comprehensive income	3	-	-	4.6	-	4.6
– impact of change in UK tax rate	3	-	-	-	0.6	0.6
Other comprehensive income for the year		-	-	(12.1)	(0.7)	(12.8)
Total comprehensive income for the year		-	-	(12.1)	262.2	250.1
Transactions with owners:						
– issue of share capital		0.1	2.0	-	-	2.1
– purchase of own shares		-	-	(0.1)	-	(0.1)
– transfer of own shares on vesting of share awards		-	-	0.1	(0.1)	-
– share-based payment charge		-	-	10.9	-	10.9
– transfer of share-based payment reserve on vesting of share awards		-	-	(10.1)	10.1	-
– dividends	5	-	-	-	(180.6)	(180.6)
At 31 December 2016		30.6	272.7	24.3	462.5	790.1

Consolidated statement of cash flows for the year ended 31 December

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	10	147.8	202.0
Finance costs paid		(71.7)	(73.0)
Tax paid		(64.4)	(47.5)
Net cash generated from operating activities		11.7	81.5
Cash flows from investing activities			
Purchase of intangible assets		(12.8)	(15.8)
Purchase of property, plant and equipment		(10.6)	(11.2)
Proceeds from disposal of property, plant and equipment		0.6	1.4
Proceeds from disposal of available for sale investment	9	12.2	-
Net cash used in investing activities		(10.6)	(25.6)
Cash flows from financing activities			
Proceeds from bank and other borrowings		505.6	344.2
Repayment of bank and other borrowings		(248.8)	(254.9)
Dividends paid to company shareholders	5	(180.6)	(148.9)
Proceeds from issue of share capital		2.1	2.6
Purchase of own shares		(0.1)	(0.3)
Net cash generated from/(used in) financing activities		78.2	(57.3)
Net increase/(decrease) in cash, cash equivalents and overdrafts		79.3	(1.4)
Cash, cash equivalents and overdrafts at beginning of year		139.3	140.7
Cash, cash equivalents and overdrafts at end of year		218.6	139.3
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand		223.7	153.4
Overdrafts (held in bank and other borrowings)		(5.1)	(14.1)
Total cash, cash equivalents and overdrafts		218.6	139.3

Cash at bank and in hand includes £168.9m (2015: £134.2m) in respect of the liquid assets buffer, including other liquid resources, held by Vanquis Bank in accordance with the PRA's liquidity regime. This buffer is not available to finance the group's day-to-day operations.

Notes to the preliminary announcement

1. Basis of preparation

The preliminary announcement has been prepared in accordance with the Listing Rules of the FCA and is based on the 2016 financial statements which have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies applied in preparing the preliminary announcement are consistent with those used in preparing the statutory financial statements for the year ended 31 December 2015.

The preliminary announcement does not constitute the statutory financial statements of the group within the meaning of Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2015 have been filed with the Registrar of Companies. The auditor has reported on those financial statements and on the statutory financial statements for the year ended 31 December 2016, which will be filed with the Registrar of Companies following the annual general meeting. Both the audit reports were unqualified, did not draw attention to any matters by way of emphasis, without qualifying their report, and did not contain any statements under Section 498(2) or (3) of the Companies Act 2006.

The preliminary announcement has been agreed with the company's auditor for release.

2. Segment reporting

	Revenue		Profit/(loss) before taxation	
	2016	2015	2016	2015
	£m	£m	£m	£m
Vanquis Bank	583.7	540.4	204.5	183.7
CCD	518.8	517.4	115.2	105.4
Moneybarn	80.7	55.3	31.1	21.3
Central costs	-	-	(16.7)	(17.5)
Total group before amortisation of acquisition intangibles and exceptional items	1,183.2	1,113.1	334.1	292.9
Amortisation of acquisition intangibles (note 6)	-	-	(7.5)	(7.5)
Exceptional items	-	-	17.3	(11.8)
Total group	1,183.2	1,113.1	343.9	273.6

Exceptional items in 2016 comprise: (i) an exceptional credit of £20.2m (2015: £nil) reflecting the gain made on Vanquis Bank's interest in Visa Europe Ltd following its acquisition by Visa Inc. (see note 9); and (ii) an exceptional impairment charge of £2.9m in respect of glo software development costs held as an intangible asset within CCD following the decision to develop guarantor loans as part of the wider Vanquis Bank loans proposition on a separate IT platform (see note 6). An exceptional cost of £11.8m was recognised in 2015 in respect of a business restructuring in CCD. The exceptional cost comprised £14.4m of redundancy costs associated with approximately 500 field managers and field administration employees as a result of the ongoing deployment of technology within CCD and an exceptional pension credit of £2.6m associated with those employees made redundant who were part of the group's defined benefit pension scheme (see note 8).

All of the above activities relate to continuing operations. Revenue between business segments is not material.

	Segment assets		Net assets	
	2016	2015	2016	2015
	£m	£m	£m	£m
Vanquis Bank	1,624.1	1,423.0	379.9	355.1
CCD	644.9	597.9	155.2	134.6
Moneybarn	321.5	237.4	36.3	16.3
Central	304.2	286.1	218.7	201.7
Total before intra-group elimination	2,894.7	2,544.4	790.1	707.7
Intra-group elimination	(68.1)	(76.2)	-	-
Total group	2,826.6	2,468.2	790.1	707.7

2. Segment reporting (continued)

Segment net assets are based on the statutory accounts of the companies forming the group's business segments adjusted to assume repayment of intra-group balances and rebasing the borrowings of CCD to reflect a borrowings to receivables ratio of 80%. The impact of this is an increase in the notional allocation of group borrowings to CCD of £68.1m (2015: £76.2m) and an increase in the notional cash allocated to central activities of the same amount. The intra-group elimination adjustment removes this notional allocation to state borrowings and cash on a consolidated group basis.

The group's businesses operate principally in the UK and Republic of Ireland. Vanquis Bank established a branch in Poland as part of a pilot credit card operation during the first half of 2012. A decision was taken to withdraw from the pilot operation in early 2015 and the receivables book was sold to a third party with the economic interest transferring from 1 April 2015. The revenue in respect of the branch in 2015 up until the point at which the economic interest was transferred amounted to £1.8m and the loss amounted to £1.8m. These figures are included within the Vanquis Bank figures in the tables above. There were no assets or liabilities associated with the branch on 31 December 2016 or 31 December 2015.

3. Tax charge

The tax charge in the income statement is as follows:

	2016 £m	2015 £m
Current tax:		
– UK	(79.4)	(56.9)
– overseas	(0.6)	(0.7)
Total current tax	(80.0)	(57.6)
Deferred tax	(1.0)	(0.2)
Impact of change in UK tax rate	-	2.4
Total tax charge	(81.0)	(55.4)

The tax charge in respect of the exceptional gain in 2016 amounts to £5.1m and represents a £5.7m tax charge on the disposal of Vanquis Bank's interest in Visa Europe Limited at the combined mainstream UK corporation tax and bank corporation tax surcharge rates of 28% and a tax credit of £0.6m relating to tax relief for the impairment of glo intangible fixed assets at the mainstream UK corporation tax rate of 20%. The tax credit in respect of exceptional costs in 2015 amounted to £2.4m and represented tax relief in respect of the exceptional restructuring costs in CCD. The tax credit in respect of the amortisation of acquisition intangibles amounted to £1.5m (2015: £1.5m).

The effective tax rate for 2016, prior to the amortisation of acquisition intangibles and exceptional items, is 23.20% (2015: 20.25%). The increase in the rate reflects the impact of the bank corporation tax surcharge of 8%, which came into effect on 1 January 2016 and applies to Vanquis Bank profits in excess of £25m, net of a tax credit in respect of prior years.

In addition to the introduction of the bank corporation tax surcharge with effect from 1 January 2016, during 2015, changes were also enacted reducing the mainstream corporation tax rate from 20% to 19% with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020. In 2016, further reductions to statutory corporation tax rates were enacted, reducing the mainstream corporation tax rate from 18% to 17% with effect from 1 April 2020. As the temporary differences on which deferred tax is calculated are expected to reverse largely after 1 April 2020 (2015: 1 April 2020), deferred tax at 31 December 2016 has been re-measured at 17% (2015: 18%) and, in the case of Vanquis Bank, at the combined mainstream UK corporation tax and bank corporation tax surcharge rates of 25% (2015: 26%). In 2016, movements in deferred tax balances have been measured at the mainstream corporation tax rate for the year of 20% (2015: 20.25%), and, in the case of Vanquis Bank, at the combined mainstream UK corporation tax and bank corporation tax surcharge rates for the year of 28% (2015: 20.25%). A tax charge of £nil (2015: credit of £2.4m) represents the income statement adjustment to deferred tax as a result of these changes and an additional deferred tax credit of £0.6m (2015: charge of £0.2m) has been taken directly to other comprehensive income in respect of items reflected directly in other comprehensive income.

3. Tax charge (continued)

The tax charge on items taken directly to other comprehensive income is as follows:

	2016 £m	2015 £m
Deferred tax credit/(charge) on fair value movements in available for sale investment	4.7	(3.5)
Deferred tax charge on fair value movements in cash flow hedges	(0.1)	(1.0)
Deferred tax credit on actuarial movements on retirement benefit asset	-	1.2
Tax credit/(charge) on items taken directly to other comprehensive income prior to impact of change in UK tax rate	4.6	(3.3)
Impact of change in UK tax rate	0.6	(0.2)
Total tax credit/(charge) on items taken directly to other comprehensive income	5.2	(3.5)

The deferred tax charge of £3.5m on the available for sale investment in 2015 represents the deferred tax on the valuation of Vanquis Bank's interest in Visa Europe Limited of £17.5m as at 31 December 2015 which was taken directly to other comprehensive income. Deferred tax was provided on the consideration, comprising cash, deferred cash and preferred stock in Visa Inc., which Vanquis Bank expected to receive on selling its shareholding in Visa Europe Limited and was initially provided at the statutory corporation tax rate for 2015 of 20.25%. Deferred tax was then re-measured at the combined mainstream UK corporation tax and bank corporation tax surcharge rates for the year of 28% on that element of the profit attributed to the cash and deferred cash consideration which would be taxed in 2016. Deferred tax on the profit attributable to the preferred stock element was re-measured at 26% as this was not expected to be taxed until the preferred stock, or the shares into which they convert, are sold. The deferred tax charge arising as a result of these rate changes was £1.3m, taking the total deferred tax charge in respect of the available for sale investment to £4.8m.

The £4.7m deferred tax credit in 2016 on the available for sale investment represents the reversal of the £4.8m deferred tax charge in 2015, reflecting the sale of Vanquis Bank's interest in Visa Europe Limited in the year, net of a deferred tax charge of £0.1m arising on the movement in the valuation of the Visa Inc. stock between its acquisition and the end of the year.

The movement in deferred tax (liabilities)/assets during the year can be analysed as follows:

	2016 £m	2015 £m
At 1 January	(14.9)	(13.6)
Charge to the income statement	(1.0)	(0.2)
Credit/(charge) on other comprehensive income prior to impact of change in UK tax rate	4.6	(3.3)
Impact of change in UK tax rate:		
– credit to the income statement	-	2.4
– credit/(charge) to other comprehensive income	0.6	(0.2)
At 31 December	(10.7)	(14.9)

The rate of tax charge on the profit before taxation for the year is higher than (2015: in line with) the average rate of mainstream corporation tax in the UK of 20% (2015: 20.25%). This can be reconciled as follows:

	2016 £m	2015 £m
Profit before taxation	343.9	273.6
Profit before taxation multiplied by the average rate of mainstream corporation tax in the UK of 20% (2015: 20.25%)	(68.8)	(55.4)
Effects of:		
– benefit of lower tax rates overseas	0.4	0.5
– adjustment in respect of prior years	3.9	(2.6)
– non-deductible general expenses	(0.2)	(0.3)
– impact of change in UK tax rate	-	2.4
– impact of bank corporation tax surcharge	(16.3)	-
Total tax charge	(81.0)	(55.4)

The profits of the home credit business in the Republic of Ireland have been taxed at the Republic of Ireland statutory tax rate of 12.5% (2015: 12.5%) rather than the UK statutory mainstream corporation tax rate of 20% (2015: 20.25%) giving rise to a beneficial impact on the group tax charge of £0.4m (2015: £0.5m).

The £3.9m credit (2015: £2.6m charge) in respect of prior years represents the benefit of settling historic tax liabilities and of securing tax deductions for employee share awards which are higher than those originally anticipated.

The £2.4m tax credit in 2015 arose primarily as a result of taking deferred tax assets in Vanquis Bank, which were originally measured at the mainstream corporation tax rate of 20%, and re-measuring them at the combined mainstream corporation tax and bank surcharge rate of 26%, along with the benefit of taking deferred tax liabilities elsewhere in the group which were originally measured at 20% and re-measuring these at 18%. The further reduction in the mainstream corporation tax rate enacted in 2016 has not resulted in any impact on the tax charge for 2016.

4. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares (own shares held). Diluted earnings per share calculates the effect on earnings per share assuming conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are calculated as follows:

(i) For share awards outstanding under performance-related share incentive schemes such as the Performance Share Plan (PSP) and the Long Term Incentive Scheme (LTIS), the number of dilutive potential ordinary shares is calculated based on the number of shares which would be issuable if: (i) the end of the reporting period is assumed to be the end of the schemes' performance period; and (ii) the performance targets have been met as at that date.

(ii) For share options outstanding under non-performance related schemes such as the Save As You Earn scheme (SAYE), a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of share options outstanding, with the difference being the dilutive potential ordinary shares.

Reconciliations of basic and diluted earnings per share are set out below:

		2016			2015	
	Earnings £m	Weighted average number of shares m	Per share amount pence	Earnings £m	Weighted average number of shares m	Per share amount pence
Earnings per share						
Shares in issue during the year		147.6			146.9	
Own shares held		(3.0)			(3.2)	
Basic earnings per share	262.9	144.6	181.8	218.2	143.7	151.8
Dilutive effect of share options and awards	-	1.5	(1.9)	-	2.0	(2.0)
Diluted earnings per share	262.9	146.1	179.9	218.2	145.7	149.8

4. Earnings per share (continued)

The directors have elected to show an adjusted earnings per share prior to the amortisation of acquisition intangibles which arose on the acquisition of Moneybarn on 20 August 2014 (see note 6) and prior to exceptional items (see note 2). This is presented to show the earnings per share generated by the group's underlying operations. A reconciliation of basic and diluted earnings per share to adjusted basic and diluted earnings per share is as follows:

	Earnings £m	2016 Weighted average number of shares m	Per share amount pence	Earnings £m	2015 Weighted average number of shares m	Per share amount pence
Basic earnings per share	262.9	144.6	181.8	218.2	143.7	151.8
Amortisation of acquisition intangibles, net of tax	6.0	-	4.1	6.0	-	4.2
Exceptional items, net of tax	(12.2)	-	(8.4)	9.4	-	6.6
Adjusted basic earnings per share	256.7	144.6	177.5	233.6	143.7	162.6
Diluted earnings per share	262.9	146.1	179.9	218.2	145.7	149.8
Amortisation of acquisition intangibles, net of tax	6.0	-	4.2	6.0	-	4.1
Exceptional items, net of tax	(12.2)	-	(8.4)	9.4	-	6.4
Adjusted diluted earnings per share	256.7	146.1	175.7	233.6	145.7	160.3

5. Dividends

		2016 £m	2015 £m
2014 final	- 63.9p per share	-	92.3
2015 interim	- 39.2p per share	-	56.6
2015 final	- 80.9p per share	117.8	-
2016 interim	- 43.2p per share	62.8	-
Dividends paid		180.6	148.9

The directors are recommending a final dividend in respect of the financial year ended 31 December 2016 of 91.4p per share (2015: 80.9p) which will amount to an estimated dividend payment of £132.9m (2015: £117.8m). If approved by the shareholders at the annual general meeting on 12 May 2017, this dividend will be paid on 23 June 2017 to shareholders who are on the register of members at 19 May 2017. This dividend is not reflected in the balance sheet as at 31 December 2016 as it is subject to shareholder approval.

6. Other intangible assets

	2016 Acquisition intangibles £m	2016 Computer software £m	2016 Total £m	2015 Acquisition intangibles £m	2015 Computer software £m	2015 Total £m
Cost						
At 1 January	75.0	59.6	134.6	75.0	44.5	119.5
Additions	-	12.8	12.8	-	15.8	15.8
Disposals	-	-	-	-	(0.7)	(0.7)
At 31 December	75.0	72.4	147.4	75.0	59.6	134.6
Accumulated amortisation						
At 1 January	10.0	39.4	49.4	2.5	32.7	35.2
Charged to the income statement	7.5	9.5	17.0	7.5	7.4	14.9
Exceptional impairment charge (note 2)	-	2.9	2.9	-	-	-
Disposals	-	-	-	-	(0.7)	(0.7)
At 31 December	17.5	51.8	69.3	10.0	39.4	49.4
Net book value						
At 31 December	57.5	20.6	78.1	65.0	20.2	85.2
At 1 January	65.0	20.2	85.2	72.5	11.8	84.3

Acquisition intangibles represents the fair value of the broker relationships arising on acquisition of Moneybarn on 20 August 2014. The intangible asset has been calculated based on the discounted cash flows associated with Moneybarn's core broker relationships and is being amortised over an estimated useful life of 10 years.

7. Amounts receivable from customers

	2016 £m	2015 £m
Vanquis Bank	1,424.7	1,252.0
CCD	584.8	545.1
Moneybarn	297.3	219.6
Total group	2,306.8	2,016.7
Analysed as:		
– due in more than one year	307.6	218.0
– due within one year	1,999.2	1,798.7
Total group	2,306.8	2,016.7

Vanquis Bank receivables comprise £1,424.7m (2015: £1,252.0m) in respect of the UK business and £nil (2015: £nil) in respect of the Polish pilot operation. The receivables in respect of the Polish pilot operation were derecognised on 1 April 2015 following the sale and transfer of the economic interest to a third party.

CCD receivables comprise £560.0m in respect of the Provident home credit business (2015: £522.2m), £18.2m in respect of Satsuma (2015: £12.1m) and £6.6m in respect of glo (2015: £10.8m). Following the decision to develop guarantor loans as part of Vanquis Bank's wider loans proposition during 2017, glo ceased to issue new business in early October 2016 and the receivables book is now in run-off.

7. Amounts receivable from customers (continued)

The impairment charge in respect of amounts receivable from customers reflected within operating costs can be analysed as follows:

	2016 £m	2015 £m
Vanquis Bank	162.4	160.5
CCD	120.0	106.6
Moneybarn	16.4	8.9
Total group	298.8	276.0

The impairment charge in Vanquis Bank comprises £162.4m (2015: £158.9m) in respect of the UK business and £nil in respect of the Polish pilot operation prior to the transfer of the economic interest to a third party on 1 April 2015 (2015: £1.6m).

Impairment in Vanquis Bank and Moneybarn is deducted from the carrying value of amounts receivable from customers by the use of an allowance account. The Vanquis Bank allowance account as at 31 December 2016 amounted to £261.4m (2015: £225.0m) and the Moneybarn allowance account amounted to £35.4m (2015: £18.5m). Within CCD, impairment is deducted directly from amounts receivable from customers without the use of an allowance account.

8. Retirement benefit asset

The group operates a defined benefit pension scheme: the Provident Financial Staff Pension Scheme. The scheme is of the funded, defined benefit type and has been substantially closed to new members since 1 January 2003.

All future benefits in the scheme are now provided on a 'cash balance' basis, with a defined amount being made available at retirement, based on a percentage of salary that is revalued up to retirement with reference to increases in price inflation. This retirement account is then used to purchase an annuity on the open market. The scheme also provides pension benefits that were accrued in the past on a final salary basis, but which are no longer linked to final salary.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out as at 1 June 2015 by a qualified independent actuary. The valuation used for the purposes of IAS 19 'Employee benefits' has been based on the 2015 valuation updated by the actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at the balance sheet date. Scheme assets are stated at fair value at the balance sheet date.

The net retirement benefit asset recognised in the balance sheet of the group is as follows:

	2016 £m	2015 £m
Equities	83.1	74.7
Other diversified return seeking investments	73.9	67.5
Corporate bonds	141.2	133.0
Fixed interest gilts	193.0	208.3
Index-linked gilts	337.4	181.7
Cash and money market funds	1.5	1.2
Fair value of scheme assets	830.1	666.4
Present value of defined benefit obligation	(757.7)	(604.1)
Net retirement benefit asset recognised in the balance sheet	72.4	62.3

As part of a de-risking strategy agreed between the company and the pension trustees to hedge the inflation and interest rate risks associated with the liabilities of the pension scheme, a substantial amount of more volatile growth funds (equities) were reinvested in liability protection assets (fixed interest and index-linked gilts) in January 2015.

8. Retirement benefit asset (continued)

The amounts recognised in the income statement were as follows:

	2016 £m	2015 £m
Current service cost	(4.0)	(5.0)
Interest on scheme liabilities	(22.3)	(23.5)
Interest on scheme assets	24.8	25.7
Net charge recognised in the income statement before exceptional curtailment credit	(1.5)	(2.8)
Exceptional curtailment credit (note 2)	-	2.6
Net charge recognised in the income statement	(1.5)	(0.2)

The net charge recognised in the income statement has been included within administrative costs.

Movements in the fair value of scheme assets were as follows:

	2016 £m	2015 £m
Fair value of scheme assets at 1 January	666.4	700.1
Interest on scheme assets	24.8	25.7
Actuarial movement on scheme assets	153.7	(52.4)
Contributions paid by the group	11.7	12.2
Net benefits paid out	(26.5)	(19.2)
Fair value of scheme assets at 31 December	830.1	666.4

Movements in the present value of the defined benefit obligation were as follows:

	2016 £m	2015 £m
Present value of defined benefit obligation at 1 January	(604.1)	(644.1)
Current service cost	(4.0)	(5.0)
Interest on scheme liabilities	(22.3)	(23.5)
Exceptional curtailment credit	-	2.6
Actuarial movement on scheme liabilities	(153.8)	46.7
Net benefits paid out	26.5	19.2
Present value of defined benefit obligation at 31 December	(757.7)	(604.1)

The principal actuarial assumptions used at the balance sheet date were as follows:

	2016 %	2015 %
Price inflation – RPI	3.25	3.00
Price inflation – CPI	2.15	2.00
Rate of increase to pensions in payment	3.00	2.80
Inflationary increases to pensions in deferment	2.15	2.00
Discount rate	2.55	3.75

A 0.1% change in the discount and inflation rates would change the present value of the defined benefit obligation by approximately £15m (2015: £11m) and £7m (2015: £5m) respectively.

8. Retirement benefit asset (continued)

The mortality assumptions are based on the self-administered pension scheme (SAPS) series 1 tables, with multipliers of 105% and 115% respectively for males and females. The 5% upwards adjustment to mortality rates for males and a 15% upwards adjustment for females reflects the lower life expectancies within the scheme compared to average pension schemes, which was concluded following a study of the scheme's membership. Future improvements in mortality are based on the Continuous Mortality Investigation (CMI) 2015 model with a long-term improvement trend of 1.25% per annum. Under these mortality assumptions, the life expectancies of members are as follows:

	Male		Female	
	2016 years	2015 years	2016 years	2015 years
Current pensioner aged 65	21.8	21.7	23.3	23.3
Current member aged 45 from age 65	23.5	23.4	25.2	25.1

If assumed life expectancies were one year greater, the net retirement benefit asset would have been reduced by approximately £30m (2015: £18m).

An analysis of amounts recognised in the statement of comprehensive income is set out below:

	2016 £m	2015 £m
Actuarial movements on scheme assets	153.7	(52.4)
Actuarial movements on scheme liabilities	(153.8)	46.7
Actuarial movements recognised in the statement of comprehensive income in the year	(0.1)	(5.7)

9. Available for sale investment

	2016 £m	2015 £m
Fair value of Visa shares	8.0	17.5

On 2 November 2015, Visa Inc. announced the proposed acquisition of Visa Europe Limited to create a single global payments business under the VISA brand. Vanquis Bank was a member and shareholder of Visa Europe and in exchange for its one redeemable ordinary share (previously held at cost of €10) was due to receive a combination of up front consideration in the form of cash, preferred stock in Visa Inc. on completion of the transaction and deferred cash consideration contingent on certain performance thresholds being met. Following announcement of the proposed transaction, Vanquis Bank's interest in Visa Europe was valued at a fair value of £17.5m which reflected the expected upfront cash proceeds and a number of factors and uncertainties relating to the other consideration. The corresponding credit was taken directly to an available for sale reserve within equity.

On 21 June 2016, Visa Inc. completed the acquisition of Visa Europe Limited. The final terms of the transaction resulted in Vanquis Bank receiving cash consideration of €15.9m (£12.2m) on completion, preferred stock with an approximate value of €10.7m and deferred cash consideration of €1.4m due on the third anniversary of the completion date. The preferred stock is convertible into Class A common stock of Visa Inc. at a future date, subject to certain conditions.

Following completion of the transaction during 2016, the gain taken through equity in 2015 in respect of the Visa Europe shares has been recycled through the income statement together with the £2.7m movement in the fair value of the consideration between the year end and completion of the transaction. This has resulted in an exceptional gain of £20.2m (2015: £nil) being recognised in 2016 (see note 2). The fair value of the preferred stock in Visa Inc. held by Vanquis Bank of £8.0m as at 31 December 2016 is held as an available for sale investment and the fair value of the deferred cash consideration of £1.1m is included within debtors. The movement in the fair value of the available for sale investment since completion of the transaction of £3.1m has been recognised in the statement of comprehensive income in 2016.

The valuation of the preferred stock has been determined using the common stock's value as an approximation as both classes of stock have similar dividend rights. However, adjustments have been made for: (i) illiquidity, as the preferred stock is not tradeable on an open market and can only be transferred to other VISA members; and (ii) future litigation costs which could affect the valuation of the stock prior to conversion.

10. Reconciliation of profit after taxation to cash generated from operations

	2016 £m	2015 £m
Profit after taxation	262.9	218.2
Adjusted for:		
– tax charge (note 3)	81.0	55.4
– finance costs	81.7	80.0
– share-based payment charge	10.9	10.5
– retirement benefit charge prior to exceptional curtailment credit (note 8)	1.5	2.8
– exceptional curtailment credit (note 8)	-	(2.6)
– amortisation of intangible assets (note 6)	17.0	14.9
– exceptional amortisation of intangible assets (note 2)	2.9	-
– exceptional gain on available for sale investment (note 9)	(20.2)	-
– depreciation of property, plant and equipment	8.7	7.7
– loss on disposal of property, plant and equipment	0.5	-
Changes in operating assets and liabilities:		
– amounts receivable from customers	(290.1)	(167.5)
– trade and other receivables	(2.8)	(8.1)
– trade and other payables	5.5	2.9
– contributions into the retirement benefit scheme (note 8)	(11.7)	(12.2)
Cash generated from operations	147.8	202.0

Information for shareholders

1. The shares will be marked ex-dividend on 18 May 2017.

2. The final dividend will be paid on 23 June 2017 to shareholders on the register at the close of business on 19 May 2017. Dividend warrants/vouchers will be posted on 21 June 2017.

3. The 2016 annual report and financial statements together with the notice of the annual general meeting will be posted to shareholders on or around 31 March 2017.

4. The annual general meeting will be held on 12 May 2017 at the head office of Provident Financial plc, No. 1 Godwin Street, Bradford, BD1 2SU.