

# PROVIDENT FINANCIAL plc

## EXECUTIVE COMMITTEE (EXCO)

### TERMS OF REFERENCE

#### 1. NAME

This Committee of the Board shall be known as the PF Executive Committee.

#### 2. PURPOSE

The purpose of the Committee is to assist the Chief Executive Officer (Interim Executive Chairman) in the running and operation of the Group's businesses and/or act as an advisory committee for the Chief Executive Officer (Interim Executive Chairman). The Executive Committee is responsible for the review, debate, identification and recommendation of matters required, or appropriate for escalation to the Board and/or its Board Committees.

The Committee therefore, should at a high level be responsible primarily for the following:

- Development and delivery of the Group's strategic objectives and priorities approved by the Board and measured effectively through a broad range of KPI's and Balanced Scorecard.
- Develop, deliver and manage a Group strategic customer led approach.
- Reviewing and debating relevant items before consideration by the Board.
- Monitoring performance against key financial objectives, capital allocations, risk, disclosure issues, investments, acquisitions and

disposals, operational issues, resource issues, customer issues and succession planning.

- Development and coordination of a Group wide communication strategy and plan.
- Actively promoting the Group's culture and values.

### 3. MEMBERSHIP OF THE COMMITTEE

Group Chief Executive Officer (CEO) (Interim Executive Chairman) (Chair)

Group Chief Financial Officer (CFO) (Deputy Chairman)

Group Chief Risk Officer (CRO)

Managing Directors (MDs) of Vanquis Bank, Moneybarn, and CCD  
(business divisions)

General Counsel & Company Secretary  
(Representative of HR)  
(Representative of IT)

### 4. STANDING ATTENDEES

The Chairman, with the support of the committee, will determine which members of the management team are to be standing attendees, the Secretary shall maintain a register of standing attendees appointed pursuant to the clause.

### 5. SECRETARY

The Deputy Company Secretary or their nominee shall act as secretary to the committee.

### 6. QUORUM

The quorum necessary for the transaction of business shall be three, one of which must be either the Chairman or in his absence the Deputy Chairman. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman having the casting vote in the event of a tie.

## 7. MEETINGS

Meetings will be held at least once a month and at such other times as requested by the Committee chairman.

## 8. NOTICE OF MEETINGS

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and the relevant supporting papers, shall be forwarded to each member of the Committee, any other person required to attend, and all other non-executive directors, no later than two working days before the date of the meeting.

## 9. MINUTES OF THE MEETINGS

The Secretary to the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## 10. ANNUAL GENERAL MEETING

The Chairman of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## 11. DUTIES

### 11.1 Objectives and strategy

- Prior to approval by the Board, debate and recommend objectives and strategy for the Group in the development of its business; with focus being on a customer lead approach, whilst having regard to the interests of its shareholders, employees, and other stakeholders;
- Agree and renew objectives and policy guidelines for business divisions based on approved Group strategy;
- Consider and manage emerging issues that may be material to the realisation of the agreed strategy;
- Consider material strategic initiatives, including acquisitions and disposals, investments and disclosure issues and recommend them for approval by the Board;
- Approve transactions within its delegated authority limit as determined in the through the Delegation of Authority Framework; (to be developed)
- Consider the opening and closure of other branches (ROI) and representative offices, and any related requirements, prior to approval by the Board;
- The successful execution and delivery of strategy and its annual priorities.

### 11.2 Performance and Operations

- The presentation and review of the Group's budgets and five year plan to the Board and, following their adoption, the achievement of the budgets and plans;
- To oversee the effective management of the current and future balance sheet of Provident Financial plc in line with its chosen strategy and approved risk appetite, under normal and under stress conditions;

- To receive and to review summary reports to monitoring performance against targets,
- To develop and review business division budgets to ensure that they fall within the agreed Group targets;
- To determine the limits, procedures and policies required to manage Provident Financial plc's balance sheet risks within approved risk appetite;
- To optimise the allocation and adequacy of the Group's resources; and
- To ensure the active liaison, co-ordination and co-operation between business divisions.

### 11.3 Human Resources

- Ensure appropriate levels of authority are delegated to senior management throughout the Group and receive reports by exception;
- Review applications from Directors (within the Group and/or its subsidiaries) in relation to external appointments;
- Ensure the provision of adequate management development and succession; and
- Develop and implementing appropriate remuneration structures within the business below the level of the responsibilities of the Remuneration Committee.

### 11.4 Business Structure and Risk Management

- To review the organisational structure of the Group and making recommendations for change;
- To oversee and manage the execution of any relevant Change/Transformation Projects;
- To receive regular reports on the status of any Change/Transformation Projects including the delivery, risk, key exposures, and risk mitigation plans in conjunction with the opinions from Risk, Internal Audit or external stakeholders as necessary;
- To commission Deep Dives to assess progress of any underlying work streams as mandated by the Committee;

- To act on all material divisional wide risk and control matters across the Group and subsidiaries including but not limited to credit risk, business risk, operational risk, reputational risk, cyber risk, pension risk, a risk balance sheet risk and compliance risk (including financial crime) and will consider, debate and approve such risk items by exception;
- To consider the Group's risk reports before submission to the Board for approval and take action in relation to the issues raised in the risk reports as it considers appropriate;
- To receive updates on Divisional wide risk issues from the Group Chief Risk Officer and take action as required;
- To ensure that risk considerations are incorporated within the strategic planning and budgeting processes;
- To monitor and manage any recovery and resolution plans and activities and received regular updates on developments and progress as required;
- To receive and review General Counsel Reports including key legal risks and developments affecting Provident Financial;
- To ensure the control, co-ordination and monitoring within the Group of risk management including the review of the risk appetite statement and the implementation of internal controls;
- To ensure compliance with relevant legislation and regulations; and
- To safeguard the integrity of management information and financial reporting systems.

### 11.5 Business Development

- To identify, and once approved by the Board, executing new business opportunities outside the current core activities, including geographic diversification;
- To examine all trade investments, divestments and major capital expenditure proposals and recommend to the Board of those which, in a group context, are material either by nature or cost;
- To approve all strategic or material alliances and partnership agreements, including all joint venture agreements.

## 12. COMMUNICATION

Prior to approval by the Board, the review of any circulars, prospectuses, listing particulars or press releases and announcements concerning matters decided by the Board.

### 13. CULTURE & VALUES

The Executive Committee will actively promote Provident Financials Culture and Values, and receive reports by exception where these values have been breached, or training requirements have not been met.

### 14. REPORTING RESPONSIBILITIES

The Chief Executive (Interim Executive Chairman) shall report formally to the Board, at each Board meeting, on the proceedings of the Committee since the previous Board meeting.

### 15. AUTHORITY

The Committee is authorised by the Board if the Committee considers it necessary to obtain, at the company's expense, internal advice and external legal or other independent professional advice on any matter within its terms of reference if it believes it is necessary to do so.

### 16. CHANGE CONTROL

Date	Summary of Changes	Approved by
22 January 2018	Creation of newly generated Terms of Reference	PF ExCo 22 January 2018