

**Notice of the  
55th Annual General Meeting  
of Provident Financial plc**

**10.00 am on 7 May 2015  
No.1 Godwin Street  
Bradford  
BD1 2SU**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional advisor who, if you are taking advice in the United Kingdom, is duly authorised pursuant to the Financial Services and Markets Act 2000 immediately or an appropriately authorised independent financial advisor if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your ordinary shares in Provident Financial plc, please pass this document to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass this document to the person who now holds the shares.

**Registered Office:**  
No. 1 Godwin Street  
Bradford  
West Yorkshire  
BD1 2SU  
31 March 2015



Dear Shareholder,

### **Notice of Annual General Meeting**

I am pleased to be writing to you with details of our Annual General Meeting ("AGM") which will be held at our head office at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Thursday, 7 May 2015 at 10.00 am. Directions and a map of how to get to our offices are set out on page 8. I look forward to welcoming you to the meeting and to our offices. Light refreshments will be available on arrival.

Full details of the resolutions that will be put to shareholders, including explanatory notes, are set out in the formal Notice of Annual General Meeting which is set out on pages 3 to 8 of this document.

### **Business of the Meeting**

Amongst the resolutions being proposed this year, I would like to draw your attention specifically to the following resolutions:

#### *Remuneration (Resolution 2)*

This ordinary resolution seeks shareholder approval for the annual report on remuneration for the year ended 31 December 2014 and the annual statement by the chairman of the remuneration committee, which together with the remuneration policy form the directors' remuneration report. The directors' remuneration report can be found on pages 109 and 116 to 128 (inclusive) of the Annual Report and Financial Statements 2014.

The annual report on remuneration gives details of (a) the implementation of the Company's current remuneration policy during the year ended 31 December 2014 and (b) how the approved remuneration policy will be applied in practice during the 2015 financial year in terms of payments and share awards. As in previous years, this resolution will be advisory in nature and the directors' entitlement to remuneration is not conditional on the resolution being passed.

#### *Final Dividend (Resolution 3)*

You are being asked to approve a recommended final dividend of 63.9p per ordinary share for the year ended 31 December 2014. If approved, the final dividend will be paid on 19 June 2015 to all ordinary shareholders who are on the Register of Members at the close of business on 22 May 2015.

#### *Provident Financial Long Term Incentive Scheme 2015 (2015 LTIS) (Resolution 15)*

As our current long term incentive scheme ("LTIS") is due to expire in May 2016, shareholders are being asked to approve a replacement scheme, the main features of which are set out in Appendix II on pages 12 to 14 of this document. The remuneration committee of the board of directors of the Company considers the 2015 LTIS to be an important means of motivating executive directors and senior management and it aligns the long term strategic interests of the executive directors and senior management with those of the Company's shareholders.

#### *Variable Pay Cap (Resolution 19)*

Following the publication of a consultation paper by the European Banking Authority on 4 March 2015, the Company considers it appropriate to request shareholder approval for a 200% cap on variable pay for Remuneration Code Staff (as defined in the Remuneration Code). This request is being made due to the uncertainty regarding the outcome of the consultation. Further information can be found on page 6 of this document.

### **Recommendation**

The directors consider that all the resolutions to be put to shareholders at the AGM are in the best interests of the Company and its shareholders as a whole. Your board unanimously recommends that shareholders vote in favour of them.

### **Shareholder Questions**

If you are unable to attend the AGM, you may submit questions relating to the business to be conducted at the AGM in advance, by email to [shareholder.questions@providentfinancial.com](mailto:shareholder.questions@providentfinancial.com). We will consider all questions received and, if appropriate, address them at the AGM.

### **Action to be taken**

Whether or not you propose to attend the AGM, please complete and submit a proxy appointment form in accordance with the Explanatory Notes to the Notice of the Annual General Meeting set out on pages 7 and 8. All shareholders who are entitled to attend and vote at the meeting are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. The proxy appointment form must be received at the address for delivery specified in the Explanatory Notes by 10.00am on Tuesday 5 May 2015. Please note that 4 May 2015 is a bank holiday and you should therefore allow sufficient time for your proxy appointment form to arrive on time.

Yours faithfully

**Manjit Wolstenholme**

Chairman

## Notice of Annual General Meeting and Explanatory Notes

The Fifty-Fifth Annual General Meeting of Provident Financial plc will be held at No.1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Thursday 7 May 2015 at 10.00 am.

Shareholders will be asked to consider and pass the resolutions below. Resolutions 16 to 18 (inclusive) will be proposed as special resolutions. Resolution 19 will be proposed as a resolution with the voting thresholds specified in the explanatory notes to that resolution. All other resolutions will be proposed as ordinary resolutions.

**For ease of reference, the formal resolutions are in bold black text.**

### ANNUAL REPORT AND FINANCIAL STATEMENTS

**Ordinary Resolution 1: That the directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 December 2014 be received.**

The directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 December 2014, together the Annual Report and Financial Statements 2014 (the "annual report") have been made available to shareholders and will be presented at the AGM. The annual report may also be accessed on the Company's website at [www.providentfinancial.com](http://www.providentfinancial.com). In accordance with the UK Corporate Governance Code, the Company proposes a resolution on the annual report at the AGM.

### REMUNERATION

**Ordinary Resolution 2: That the annual statement by the Chairman of the remuneration committee and the directors' annual remuneration report for the year ended 31 December 2014 as set out on pages 109 and 116 to 128 (inclusive) of the Annual Report and Financial Statements 2014 be approved.**

The directors' annual report on remuneration and the annual statement from the Chairman of the remuneration committee for the year ended 31 December 2014 are contained in the annual report. It may also be accessed on the Company's website at [www.providentfinancial.com](http://www.providentfinancial.com). This vote is advisory only and does not affect the actual remuneration paid to any individual director.

### DIVIDEND

**Ordinary Resolution 3: That a final dividend of 63.9p per share on the ordinary shares of 20<sup>8</sup>/11p each in respect of the year ended 31 December 2014 be declared.**

Shareholders are being asked to approve the final dividend for each ordinary share. However, the final dividend cannot be more than the amount which the directors recommend (which is 63.9p for each ordinary share). Under the articles of association of the Company the directors can pay interim dividends (these are dividend payments made during the year). The final dividend proposed in this resolution is in addition to the interim dividend of 34.1p for each ordinary share which was paid on 28 November 2014.

### DIRECTORS

**Ordinary Resolution 4: That Robert Anderson be reappointed as a director of the Company.**

**Ordinary Resolution 5: That Peter Crook be reappointed as a director of the Company.**

**Ordinary Resolution 6: That Andrew Fisher be reappointed as a director of the Company.**

**Ordinary Resolution 7: That Alison Halsey be reappointed as a director of the Company.**

**Ordinary Resolution 8: That Malcolm Le May be reappointed as a director of the Company.**

**Ordinary Resolution 9: That Stuart Sinclair be reappointed as a director of the Company.**

**Ordinary Resolution 10: That Manjit Wolstenholme be reappointed as a director of the Company.**

The articles of association of the Company state that each director should retire, but may be reappointed, at least at every third AGM as well as at the first AGM following appointment. Furthermore, each director must offer himself for reappointment annually once he has served for nine years or more. However, in accordance with the annual reappointment recommendations of the UK Corporate Governance Code all directors will, as in previous years, retire at the AGM and offer themselves for reappointment. There is information about the directors and the board committees on which they sit in Appendix I on pages 9 to 11 of this document and on pages 78 and 79 of the annual report. Following a recommendation from the nomination committee in February 2015, the board agreed to extend Robert Anderson's term of appointment by a further three years to 30 March 2018.

In accordance with the UK Corporate Governance Code, confirmation is given by the Chairman and the Senior Independent Director that a formal performance evaluation has been carried out and each of these directors continue to be an effective member of the board and to demonstrate commitment to the role.

### AUDITORS

**Ordinary Resolution 11: That Deloitte LLP be reappointed as auditor of the Company.**

The Company is obliged by law to appoint an auditor annually. Deloitte LLP were first appointed to the Company at the 2013 AGM. This resolution proposes that Deloitte LLP now be reappointed as the Company's auditor.

**Ordinary Resolution 12: That the directors be authorised to determine the auditor's remuneration.**

This resolution authorises the directors to set the auditor's remuneration.

### POLITICAL DONATIONS

**Ordinary Resolution 13: That from the date of this resolution until the earlier of 30 June 2016 and the conclusion of the Company's next annual general meeting, the Company and all companies that are subsidiaries at any time during such period are authorised to:**

- a. **make political donations to political parties and/or independent election candidates;**
- b. **make political donations to political organisations other than political parties; and**
- c. **incur political expenditure;**

**up to an aggregate total amount of £50,000, with the amount authorised for each of heads (a) to (c) above being limited to the same total. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such a rate as the board may decide is appropriate. Terms used in this resolution have, where applicable, the meanings they have in Part 14 of the Companies Act 2006 on "Control of Political Donations and Expenditure".**

This resolution renews the resolution that was passed at the 2014 AGM and seeks approval from shareholders to enable the Company to make political donations or incur political expenditure which it would otherwise be prohibited from making or incurring by the Companies Act 2006.

Amongst other things, the Companies Act 2006 prohibits companies and their subsidiaries from making political donations, or incurring political expenditure in excess of an aggregate of £5,000 in relation to a political party or other political organisation or an independent election candidate in any 12 month period unless such donations and expenditure have been approved in advance by the Company's shareholders. The Company and its subsidiaries do not currently make donations to political parties and do not intend to do so in the future. However, the Companies Act 2006 contains wide definitions of "political donation", "political organisation", "political expenditure" and "political party" and, as a result, it is possible that the Company and its subsidiaries may be prohibited from supporting bodies which it is in the shareholders' interests for the Company to support; for example, bodies concerned with policy review or law reform, with the representation of the business community or sections of it or special interest groups. If this resolution is passed the Company and its subsidiaries will be authorised to make political donations and incur political expenditure which might otherwise be prohibited by legislation, up to a limit of, in aggregate, £50,000. The directors consider that the authority is necessary to provide the Company with comfort that it will not, because of uncertainties as to the scope and interpretation of the legislation, unintentionally commit a technical breach of it. It will allow the Company and its subsidiaries to provide financial and other support to organisations which it is in the shareholders' interests for the Company to support.

As permitted under the Companies Act 2006, the resolution extends not only to the Company but to all companies which are subsidiaries of the Company at any time during which the authority is in place.

#### **AUTHORITY TO ALLOT SHARES**

**Ordinary Resolution 14: That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("Allotment Rights"), but so that:**

- a. the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £10,051,530;**
- b. this authority shall expire on 30 June 2016 or, if earlier, on the conclusion of the Company's next annual general meeting;**
- c. the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and**
- d. all authorities vested in the directors on the date of the Notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.**

The directors are currently authorised to allot shares (which include ordinary shares and preference shares) in the Company and to grant rights to subscribe for or convert any security into shares but the authority is due to expire at the 2015 AGM. In accordance with best practice the directors are seeking the annual renewal of this authority. The previously granted authority will be revoked

although such revocation will not have retrospective effect.

This resolution would give the directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to a maximum aggregate nominal value equal to £10,051,530 (representing 48,494,225 ordinary shares). This represents approximately 33% of the total issued equity share capital of the Company as at 27 March 2015 (being the latest practicable date prior to the publication of this document). The renewed authority will remain in force until 30 June 2016 or, if earlier, the conclusion of the Company's next AGM. As at 27 March 2015, the Company did not hold any treasury shares.

The directors have no present intention of exercising this authority. The purpose of giving the directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise.

#### **PROVIDENT FINANCIAL LONG TERM INCENTIVE SCHEME 2015 (2015 LTIS)**

**Ordinary Resolution 15: That the rules of the 2015 LTIS, described in Appendix II and in the form produced in draft to the meeting and, for the purpose of identification, initialled by the Chairman of the meeting, be and are hereby approved and adopted and that the directors be and are hereby authorised to make such modifications to the rules of the 2015 LTIS as they may consider appropriate and to do all such other acts and things as they may consider appropriate to implement the 2015 LTIS.**

As our current LTIS is due to expire in May 2016, the remuneration committee of the board of directors of the Company (the remuneration committee), advised by independent remuneration consultants, considers it appropriate to continue to encourage senior executives to build up a shareholding in the Company and therefore wishes to renew the expiring LTIS. Details of the 2015 LTIS are set out in Appendix II on pages 12 to 14. The remuneration committee considers that the 2015 LTIS will continue to align the long term strategic interests of the shareholders and the senior executives and therefore recommends that it is approved. It will also complement the Company's share retention policy for executive directors which requires them to maintain a shareholding based on shares acquired under the Company's share incentive schemes with a market value equivalent to 175% of their basic salary. The 2015 LTIS would be operated in accordance with the approved remuneration policy as approved by shareholders from time to time.

The performance condition which relates to an award under the 2015 LTIS will generally be measured over a period of three consecutive financial years, commencing with the financial year of the Company which starts immediately before the date of grant of any award. For awards in 2016 (which will be the first awards under the 2015 LTIS) the performance condition will be based on absolute earnings per share growth and annualised TSR. However, the remuneration committee will have discretion to set different performance targets for future awards.

The number of shares which can be issued will be restricted by the general limit of 10% of the issued share capital in a ten year period which applies for all of the company's share incentive schemes. The specific inner limit of 5% of the issued share capital in a ten year period which normally applies for any executive share incentive schemes will not however operate. The remuneration committee has confirmed in the directors' remuneration report that it intends to introduce a 5% limit when the executive share incentive schemes can be effectively operated in accordance with and subject to such a 5% anti-dilution limit.

The remuneration committee consulted with its principal shareholders and certain institutional bodies prior to finalising the 2015 LTIS and, in general, the proposals were well received.

#### **AUTHORITY TO PURCHASE OWN SHARES**

**Special Resolution 16: That the Company be generally and unconditionally authorised, for the purpose of section 701 of the Companies Act 2006, to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its own ordinary share of 20<sup>8</sup>/<sub>11</sub>p each ("ordinary shares"), such power to be limited:**

- a. to a maximum aggregate number of 14,695,219 ordinary shares; and
- b. by the condition that the minimum price which may be paid for an ordinary share is the nominal value of that share and that the maximum price which may be paid for an ordinary share is the highest of:
  - (i) an amount equal to 5% above the average market value of an ordinary share, based on the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time that the purchase is carried out,

in each case exclusive of expenses;

such power to expire on 30 June 2016 or, if earlier, on the conclusion of the Company's next annual general meeting; but in each case so that the Company may, before such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

This resolution renews the authority given to the Company at the 2014 AGM to purchase its own shares in the market. No shares were purchased pursuant to that authority. The resolution sets out the maximum number of shares which may be purchased, which is approximately 10% of the total issued equity share capital of the Company as at 27 March 2015, the highest and lowest prices which may be paid and the date when this authority expires. If any shares are purchased, they will be either cancelled or held as treasury shares, as determined by the directors at the time of purchase on the basis of shareholders' best interests. If the directors decide to hold them as treasury shares, then any subsequent issue of these treasury shares for the purposes of equity-based incentive schemes will be treated as being included in the 10% anti-dilution limit in those schemes.

The directors are committed to managing the capital of the Company effectively. Any purchases would be made only if to do so would result in an increase in earnings per share of the Company and would be in the best interests of the Company and of shareholders generally. Earnings per share is the profit after tax of the Company divided by the weighted average number of shares in issue during the year. The directors have no present intention of making purchases of the Company's shares pursuant to this authority.

As at 27 March 2015 there were options outstanding over 765,883 ordinary shares in the capital of the Company which represents 0.521% of the Company's total issued equity share capital as at that date. If the authority to purchase the Company's

ordinary shares was executed in full, these options would represent 0.579% of the Company's total issued equity share capital. As at 27 March 2015 (being the latest practicable date prior to the publication of this document) the Company did not hold any treasury shares.

#### **AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS**

**Special Resolution 17: That the directors be empowered to allot equity securities (as defined in the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 14, as set out in the Notice of this meeting, and to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to such allotment or sale, such power to be limited to:**

- a. the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or an invitation to apply for, equity securities (whether by way of rights issue, open offer or otherwise):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities, as required by the rights of those securities or, as the board otherwise considers necessary,

subject to any limits, restrictions or arrangements which the board considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- b. the allotment of equity securities (other than pursuant to paragraph (a) above) up to an aggregate nominal amount of £1,522,959,

such power to expire when the authority conferred on the directors by Resolution 14 in the Notice of this meeting expires save that, before the expiry of this power, the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

This resolution seeks to renew the directors' power to allot equity securities for cash and to sell treasury shares other than to existing holders of ordinary shares in proportion to their holdings. Equity securities are ordinary shares in the Company (but do not include shares which are allotted under employee share schemes). This power is limited to an offer of equity securities by way of a rights issue or an open offer or similar procedure under which the Company offers existing shareholders the chance to acquire new shares. The number of shares they can acquire depends on the number of shares they already own. This is one way by which companies can raise extra capital. However, the rules in some countries make it difficult to include shareholders in those countries in such offers. The power given by this resolution means that the directors can make separate arrangements for those shareholders. The directors may also make separate arrangements for any fractions of shares which are left over.

In addition, this power allows the directors to issue ordinary shares for cash or sell treasury shares for cash without first having to offer the shares to existing shareholders, up to a maximum aggregate nominal amount of £1,522,959. This is approximately 5% of the total issued equity share capital of the Company on 27 March 2015 (being the latest practicable date prior to the publication

of this document). The limitation of the disapplication power to a maximum of 5% of the Company's total issued equity share capital accords with best practice as set out in The Pre-Emption Group's Statement of Principles on the disapplication of pre-emption rights, which has been endorsed by the Investment Association.

All powers to disapply pre-emption rights previously conferred on the board will be revoked, provided that such revocation does not have retrospective effect. The powers granted under Resolution 17 in 2014 were exercised by the directors in relation to the placing of 5,911,330 new ordinary shares in relation to the acquisition of Moneybarn.

The board confirms its intention to follow the provisions of The Pre-Emption Group's Statement of Principles regarding cumulative uses of powers within a rolling three year period. Those Principles provide that a company should not issue shares for cash representing more than 7.5% of the company's total issued equity share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders.

### NOTICE OF GENERAL MEETINGS

**Special Resolution 18: That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 working days' notice.**

This resolution renews a similar authority given at the 2014 AGM and is required as a result of section 307A of the Companies Act 2006 coming into force. The Company currently has power under its articles of association to call general meetings (other than annual general meetings) on at least 14 clear days' notice and would like to preserve this ability. In order to do so, shareholders must approve the calling of meetings on at least 14 working days' notice. This special resolution seeks such approval. This approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The Company notes the new notice period provision in The Financial Reporting Council's 2014 version of the UK Corporate Governance Code which recommends at least 14 working days' notice to be given for all general meetings (other than annual general meetings). The Company intends to comply with this Code provision in the same way that it currently complies with the 20 working days' notice provision applicable to annual general meetings.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

### VARIABLE PAY CAP

**Resolution 19: That Vanquis Bank Limited, a subsidiary of the Company, be authorised to apply a ratio to the fixed and variable components of remuneration for those individuals who are classified as Remuneration Code Staff (as defined in the Remuneration Code published by the Prudential Regulation Authority, as amended from time to time) and are employed by Vanquis Bank Limited such that the variable component of total remuneration for each such individual shall not exceed 200% of the fixed component of total remuneration for that individual.**

The Prudential Regulation Authority ("PRA") has introduced rules in the Remuneration Code published by the PRA (the "Remuneration Code") which implement the EU Capital Requirements Directive ("CRD IV") in the UK. One of these rules places a limit on the ratio of the fixed to variable components of total remuneration for individuals classified as Remuneration Code Staff (as

defined in the Remuneration Code). The variable element of remuneration for Remuneration Code Staff is capped at 100% of fixed remuneration, but this cap may be increased to 200% with shareholder approval. Currently, these rules do not apply to Vanquis Bank Limited Remuneration Code Staff on the basis of the proportionality principle which allows Member States to interpret the remuneration rules in CRD IV in a proportionate way. However, following the publication of a consultation paper by the European Banking Authority ("EBA") on 4 March 2015 on remuneration policies, which would effectively remove the proportionality principle for smaller firms with effect from 1 January 2016, the Company considers it appropriate to request shareholder approval for a 200% cap on the basis that there remains some uncertainty regarding the outcome of the consultation. This cap will potentially apply to all Remuneration Code Staff employed by Vanquis Bank Limited (currently 15 employees). All variable pay to Remuneration Code Staff will be subject to clawback provisions.

The Company considers it appropriate to retain sufficient flexibility, in line with current regulations, whilst remaining competitive in attracting and retaining key staff members with the necessary skills and experience to deliver the Company's strategy and who continue to generate value for shareholders. The Company was not able to consult with shareholders on this proposal due to the timing of the EBA's publication, but does not anticipate that the proposal will affect the current remuneration policy applicable to the directors of Provident Financial plc which was approved by shareholders at our Annual General Meeting last year.

Furthermore, the Company does not expect the passing of this resolution to have any effect on Vanquis Bank Limited (or the Company's) ability to maintain a sound capital base. The Company is therefore seeking approval for Vanquis Bank Limited to award variable remuneration of up to a maximum of 200 percent of fixed remuneration in respect of its Remuneration Code Staff. If the recommendations set out in the consultation paper are followed, there is a requirement for this resolution to be put to the ultimate shareholders of the relevant employing company.

Special procedural rules apply to this resolution. For it to be passed, shareholders must approve the resolution by a majority of at least 66% of the shareholders who vote on the resolution (in person or by proxy), provided that shareholders representing not less than 50% of the total voting rights are represented at the meeting (in person or by proxy). If shareholders representing less than 50% of the total voting rights are represented at the meeting (in person or by proxy), then the resolution will be passed if it is approved by not less than 75% of the shareholders who vote on the resolution (in person or by proxy). This resolution will therefore be voted on at the AGM by way of a poll rather than by a show of hands.

Employees who have an interest in the increased cap proposed by this resolution are not allowed to exercise, directly or indirectly, any voting rights they may have as shareholders.

By order of the Board

Registered Office:

No.1 Godwin Street  
Bradford  
West Yorkshire  
BD1 2SU  
Registered in England and Wales  
No. 668987



Kenneth J Mullen  
General Counsel  
and Company Secretary

31 March 2015

## Explanatory Notes

### Members' right to appoint a proxy

1. Members who are entitled to attend and vote at the meeting are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member may appoint more than one proxy in relation to the annual general meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
2. The right of a member to vote at the meeting will be determined by reference to the Register of Members. To be entitled to attend, vote and speak at the AGM, members must be registered in the Register of Members of the Company at 6.00pm on Tuesday 5 May 2015 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Shareholders who are employees of Vanquis Bank Limited and whose remuneration is regulated by the Remuneration Code (as set out in the Handbooks of the Financial Conduct Authority and the Prudential Regulation Authority) have an interest in Resolution 19 and should not exercise, directly or indirectly, any voting rights they may have in respect of the approval sought under Resolution 19. Where possible, any votes cast by them will be disregarded.
3. A member wishing to attend, vote and speak at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his/her appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so.
4. A proxy form which may be used to appoint a proxy and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Asset Services on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri).

To be valid, a proxy form must be completed in accordance with the instructions that accompany it and delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to be received by 10.00am on Tuesday 5 May 2015.

Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashareportal.com](http://www.capitashareportal.com).

To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received at the same time. Members who hold their shares in uncertificated form may also use the CREST voting service to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he/she so wish.

5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between

him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The rights described in Note 1 can only be exercised by members of the Company.

6. As at 27 March 2015 (being the latest practicable date prior to the publication of this document) the Company's total issued equity share capital consisted of 146,952,199 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 March 2015 were 146,952,199.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by 10.00am on Tuesday 5 May 2015.
9. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Members' requests

12. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the

right to require the Company to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### Member questions

13. Any member entitled to attend and vote at the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### Company website

14. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting can be found at [www.providentfinancial.com](http://www.providentfinancial.com). A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.

### 2015 LTIS Rules

15. The rules of the 2015 LTIS will be available for inspection during normal business hours, Monday to Friday (excluding bank holidays) at the Company's registered office and at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before and during the meeting.

### Information for members

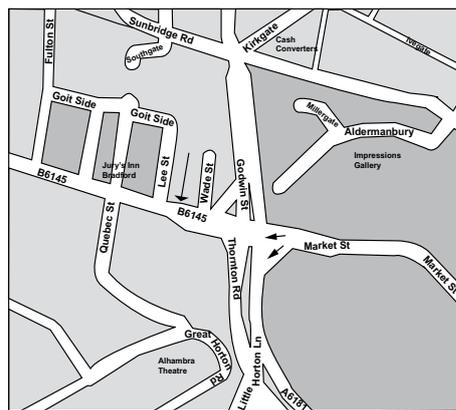
#### Time of Meeting

**9am** – Doors open and registration commences on Level 1 at No 1 Godwin Street, Bradford

**10am** – AGM commences

### Directions to No 1 Godwin Street, Bradford BD1 2SU

Our Head Office is located in the centre of Bradford, next to the Alhambra.



#### By rail

Bradford Interchange is the nearest train station to No.1 Godwin Street and is approximately five minutes' walk. Come out of the Interchange, down the hill and over the crossing towards City Hall. Continue past City Hall, turn left and walk through Centenary Square from where the Provident Financial building will be in sight. At the traffic lights, cross over at the crossing.

#### By bus

Bus stops closest to the building are 'Thornton Road T6' for services 615 & 616 towards Allerton, Bingley, Cottingley, Eldwick and St Ives and West Holme Street' for services 636 & 637 towards Clayton. Most, if not all bus services operate from the Interchange, but there are other central point's located on Sunbridge Road and Hall Ings with most services running every 10 minutes.

To get to No.1 Godwin Street from Bradford Interchange (which is also the bus station), see rail directions above.

#### By car

##### From the M62

At Junction 26 of the M62, take the M606 towards Bradford. At the end of the M606 take the third exit at the roundabout (the exit after the service station) signposted to the City Centre. The road is Mayo Avenue. Stay in the right hand lane, and at the major traffic lights turn right down Manchester Road. Remain on this road through several sets of traffic lights. Move into the right hand lane to carry on to the City Centre to avoid taking the left filter. At the next roundabout, bear left into the middle lane. At this point, you should be able to see Provident Financial in front of you. Bear into the left hand lane to take the next left at the traffic lights, immediately after the ODEON. This is Thornton Road. Take the first right onto Southgate and the entrance to the NCP car park is straight ahead.

##### From the north-west

If arriving from Skipton or Keighley via the A629/A650, follow the signs for the M62/M606 into Bradford City Centre and then follow the signs for the M62/M606 into Bradford City Centre and then follow the signs for Bradford Theatres. No 1 Godwin Street is located near the Alhambra.

DIRECTORS' BIOGRAPHIES



**Rob Anderson (56)**

**Independent non-executive director Appointed to the board:** 2009

**Committee membership:** Remuneration committee, audit committee, risk advisory committee and nomination committee.

**Chairman:** None

**Key strengths:**

- Extensive retail experience and knowledge of the type of consumer served by the group. Operational business experience which is relevant to the group's businesses.

**Previous board and management experience:** Director of the childrenswear business unit of Marks & Spencer and Chief Executive of Signet Jewelers Limited's UK Division.

**Current external appointments:** None.



**Peter Crook (51)**

**Chief Executive:** Appointed to the board: 2006

**Chairman:** Executive committee and group executive committee

**Key achievements:**

- Driving and executing the agreed strategies of the group and achieving above plan financial performance.
- The identification and oversight of strategic acquisition opportunities, including the completion of the purchase of Moneybarn.
- Providing strategic input into the FCA full authorisation process being undertaken by each of the divisions.
- Providing strategic input into the future options for the Vanquis Bank Polish pilot operation resulting in the decision in early 2015 to withdraw from the pilot.

**Previous board and management experience:** UK managing director, Barclaycard.

**Current external appointments:** Non-executive director of Cabot (Group Holdings) Limited.



**Andrew Fisher (57)**

**Finance Director:** Appointed to the board: 2006

**Committee membership:** Executive committee and group executive committee

**Key achievements:**

- Extending the group's £382.5m syndicated bank facility by one year to May 2018.
- Providing oversight on the commercial and financial due diligence exercise undertaken in respect of the acquisition of Moneybarn.
- Taking the lead role in the group's discussions with the Prudential Regulation Authority (PRA) on regulatory requirements.
- Realignment of risk across the group to reflect the transition to the FCA and the focus on customer and conduct risk.

**Previous board and management experience:** Finance Director of Premier Farnell plc and partner at Price Waterhouse LLP.

**Current external appointments:** None.



**Alison Halsey (59)**

**Independent non-executive director:** Appointed to the board: 2014

**Committee membership:** Remuneration committee, risk advisory committee and nomination committee

**Chairman:** Audit committee

**Key strengths:**

- 34 years with KPMG specialising in financial services with audit and advisory responsibilities for UK and international banks.

**Previous board and management experience:** Partner at KPMG. Advised a number of UK charities and was a board member of the National Autistic Society for five years.

**Current external appointments:** Non-executive director of Cambien Group plc and Teachers Assurance and an Ambassador for Alzheimer's Society.



**Malcolm Le May (57)**

**Independent non-executive director and Senior Independent Director:** Appointed to the board: 2014

**Committee membership:** Audit committee, risk advisory committee and nomination committee

**Chairman:** Remuneration committee

**Key strengths:**

- Over 30 years' experience in banking, asset management and insurance.

**Previous board and management experience:** Co-head of banking for Barclays in New York, head of investment banking, Europe at UBS, global head of corporate and investment banking at ING Barings, Deputy CEO at Morley Fund Management (now Aviva Investors), President of JER Europe, Senior Independent Director of Pendragon plc and non-executive director of RSA Insurance Group plc.

**Current external appointments:** Senior advisor to Ernst & Young, non-executive director of REG (UK) Limited, Chairman of Juno Capital LLP, senior advisor to Heidrick & Struggles and Partner at Opus Corporate Finance.



**Stuart Sinclair (61)**

**Independent non-executive director:** Appointed to the board: 2012

**Committee membership:** Remuneration committee, audit committee and nomination committee.

**Chairman:** Risk advisory committee

**Key strengths:**

- Extensive experience in financial services in the UK and overseas.
- 10 years in US-based management consulting, 14 years as CEO or equivalent in retail banking organisations and seven years on financial services boards.

**Previous board and management experience:** Chairman of GE Capital China and GE Capital Bank (UK), Chief Executive Officer of Tesco Personal Finance, director of Virgin Direct, director of Retail Banking at The Royal Bank of Scotland and non-executive director at Liverpool Victoria.

**Current external appointments:** Director of Vitality Health, Senior Independent Director of Swinton Group Limited, QBE Insurance (Europe) Limited and QBE Underwriting Limited; non-executive director of TSB Bank plc and Council Member of the Royal Institute for International Affairs (Chatham House).



Manjit Wolstenholme (50)

**Independent non-executive Chairman:** Appointed to the board: 2007

**Committee membership:** Risk advisory committee

**Chairman:** Nomination committee

**Key strengths:**

- Extensive experience of corporate finance matters, having spent 13 years in investment banking.

**Previous board and management experience:** Co-head of investment banking at Dresdner Kleinwort Wasserstein and Partner at Gleacher Shacklock.

**Current external appointments:** Non-executive director of Future plc, The Unite Group plc and Aviva Investors Holdings Limited.

## Appendix II

### SUMMARY OF THE MAIN PROVISIONS OF THE PROVIDENT FINANCIAL LONG TERM INCENTIVE SCHEME 2015 (2015 LTIS)

#### 1 Eligibility

The 2015 LTIS will be operated and administered by the remuneration committee of the board of directors of the Company (**Remuneration Committee**). Any employee (including an executive director) of the Company or any employee of its subsidiaries will be eligible to participate in the 2015 LTIS at the discretion of the Remuneration Committee (**Participant**).

#### 2 Terms of award

Awards under the 2015 LTIS may be in the form of:

- a transfer of shares in the Company (**Shares**) at no cost to the Participant subject to forfeiture (**Conditional Award**);
- an option to acquire Shares at nominal or no cost to the Participant (**Nil-Cost Option**)

and Conditional Awards and Nil-Cost Options are together referred to as **Awards** and each an **Award**.

No payment will be required from Participants either for the grant of Awards or for the Shares themselves.

Awards under the 2015 LTIS may only be granted within the period of 42 days following:

- the day immediately following any general meeting of the Company;
- the announcement by the Company of its results for the last preceding financial year, half year or any other financial period; or
- any day on which the Remuneration Committee determines that exceptional circumstances exist which justify the grant of Awards.

Awards may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Awards are not transferable (other than on death). No Awards may be granted more than ten years after the date of adoption of the 2015 LTIS.

#### 3 Individual limits

Awards will not be granted to a Participant under the 2015 LTIS over Shares with a market value (as determined by the Remuneration Committee) in excess of 200 per cent of salary in respect of any financial year.

#### 4 Performance conditions

Awards will be subject to the satisfaction of a performance condition tested over a performance period of at least three years (**Performance Period**), which will determine the proportion (if any) of the Award which will be capable of vesting.

The performance conditions which will apply to the grant of Awards to executive directors of the Company are set out in the directors' annual report on remuneration contained in the directors' remuneration report. The approved remuneration policy is set out on pages 110 to 115 of the 2014 Annual Report.

For Participants below Board, Awards will also be granted subject to performance conditions measured over three years (but may be subject to different performance conditions to those which apply to the executive directors).

The performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially more or less difficult to satisfy.

#### 5 Vesting and Forfeiture of the Awards

Achievement of the performance condition and calculation of the resultant Award will normally be determined as soon as practicable after the end of any Performance Period (or on such later date as the Remuneration Committee determines). The Award shall thereafter normally vest.

Vested Nil-Cost Options will normally be exercisable until the tenth anniversary of the grant date.

The vesting of a Conditional Award or the exercise of a Nil-Cost Option is subject to obtaining any necessary approvals or consents from the United Kingdom Listing Authority, the Company's share dealing policy and any other applicable laws or regulations.

At any time before or after the point at which a Nil-Cost Option has been exercised, but the underlying Shares have yet to be issued or transferred to the Participant, the Remuneration Committee may decide to pay a Participant a cash amount equal to the value of the Shares he would otherwise have received.

Any Shares that are to be issued or transferred to a Participant in respect of an exercised Nil-Cost Option) will be issued or transferred within 30 days of the date of exercise.

#### 6 Cessation of employment

In the event of cessation of employment prior to vesting of Awards, the treatment of Awards will be as follows:

Reason for ceasing employment with the Group	Treatment
Cessation by reason of: – ill-health; – injury; – disability; – sale of the entity that employs the Participant out of the Group; or – for any other reason at the Remuneration Committee's discretion (except where a Participant is dismissed lawfully without notice)	A Participant's unvested Award will usually continue. <i>Timing of vesting:</i> <ul style="list-style-type: none"><li>• The Award will vest on the normal vesting date.</li><li>• Where appropriate, the Remuneration Committee may determine that an Award will vest as soon as reasonably practicable following the date on which the Participant ceases to be employed by the Group.</li></ul> <i>Vesting of award:</i> <ul style="list-style-type: none"><li>• The unvested Award will vest:<ul style="list-style-type: none"><li>• to the extent to which any performance condition is satisfied at the end of any Performance Period; and</li><li>• subject to the period of time that has elapsed since the date of grant until the date on which the Participant ceases to be employed by the Group (or such other relevant period), unless the Remuneration Committee determines otherwise.</li></ul></li></ul>
Death	<ul style="list-style-type: none"><li>• Unless the Remuneration Committee determines otherwise, the Award will vest as soon as reasonably practicable after the Participant's death.</li></ul>
Instances where a Participant is dismissed lawfully without notice or cessation for any other reason	<ul style="list-style-type: none"><li>• An Award shall lapse or be forfeited on the date on which the Participant ceases employment.</li></ul>

## 7 Corporate events

In the event of a change of control of the Company, Awards will vest:

- to the extent that any performance condition has been satisfied at the date of change of control; and
- subject to the period of time which has elapsed between the date of grant and the relevant event (or such other relevant period), unless the Remuneration Committee determines otherwise.

Where Awards vest in these circumstances, Nil-Cost Options will then be exercisable for a period of one month.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation or if the Board determines on any other event occurring, require Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that Awards will vest conditional on the event occurring. Vesting will be subject to the satisfaction of the performance condition and, unless the Remuneration Committee determines otherwise, the Award will be pro-rated to reflect the period from the date of grant to the date of the relevant event (or such other relevant period). If the event does not occur, Awards will continue.

## 8 Limits on the issue of shares

In any ten year period no more than ten per cent of the issued ordinary share capital of the Company for the time being may be issued or issuable pursuant to rights acquired under the 2015 LTIS and any other share incentive plans established by the Company. For the purposes of this limit, options or other rights to acquire Shares which lapse or have been released do not count.

## 9 Clawback

If at any time prior to the third anniversary of the vesting of an Award:

- There is a material misstatement of the Company's audited financial results and such error resulted either directly or indirectly in the Award vesting to a greater degree than would have been the case had the error not been made; and/or
- The Remuneration Committee forms the view that an error was made in assessing the extent to which any performance condition and/or any other condition imposed on the Award was satisfied and that such error resulted either directly or indirectly in that Award vesting to a greater degree than would have been the case had that error not been made

the Remuneration Committee may, in its absolute discretion, determine that a Participant to whom an Award was granted shall be subject to Clawback.

The Clawback can be satisfied by:

- reducing the number of Shares to which any Award relates;
- cancelling an Award;
- imposing further conditions on any Award;
- reducing the amount of the next bonus (if any);
- reducing the amount of any awards held under any other share incentive scheme of the Company (other than any approved by HM Revenue & Customs).

If the Clawback cannot be satisfied by the above, the Remuneration Committee may require the Participant to pay such amount as is required for the Clawback to be satisfied in full.

## 10 Dividends

Participants holding Conditional Awards irrevocably waive any right to receive dividends on Shares before they vest. Awards will be eligible for a dividend equivalent, which shall be payable (allowing for assumed reinvestment in shares) only to the extent that the Awards vest on the basis that the performance condition has been met. Nil-Cost Options shall not be eligible for any dividend equivalent arising after the vesting of the Award. The Remuneration Committee may determine whether the dividend equivalent is paid to Participants in shares or in cash.

## 11 Non-transferability of Awards

Each Award is personal to the Participant and accordingly, Participants may not transfer, assign, charge, encumber or otherwise alienate their Awards or Shares subject to their Awards nor create in favour of any third party any interest therein (nor, in any case, attempt so to do).

## 12 Rights attaching to Shares

All Shares allotted or transferred under the 2015 LTIS will rank *pari passu* with all other Shares for the time being in issue (save as regards any rights attaching to such Shares by reference to a record date prior to the date of allotment or transfer) and the Company will apply for the listing of any new Shares issued under the 2015 LTIS.

## 13 Variation of Capital

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital of the Company, the Remuneration Committee may make such adjustments as it considers appropriate to the number of Shares subject to an Award.

## 14 Amendments to the 2015 LTIS

The Remuneration Committee may alter the provisions of the 2015 LTIS in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions to the advantage of Participants which relate to eligibility, limits on participation and the number of new Shares available under the 2015 LTIS, terms of forfeiture or exercise and adjustment of Awards (other than pursuant to a variation of capital outlined above).

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the 2015 LTIS, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for Participants.

## 15 Termination

The 2015 LTIS will terminate on the tenth anniversary of its adoption, or such earlier time as the Board may determine, but the rights of existing Participants will not be affected by such termination. In the event of termination, no further Awards will be granted.

## **16 Benefits non-pensionable**

Awards under the 2015 LTIS are non-pensionable.

## **17 Significant changes from the Existing LTIS**

- The Existing LTIS, which will expire in 2016, will be replaced by the 2015 LTIS from the date of shareholder approval and the 2015 LTIS will be valid until 2025;
- The 2015 LTIS provides the Remuneration Committee with the discretion to pay a cash amount to Participants instead of issuing Shares in relation to a Nil-Cost Option; and
- The Remuneration Committee is given discretion in the rules of the 2015 LTIS to make appropriate provision for de-mergers and other similar corporate events affecting the market value of Shares of the Company.

