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FOR IMMEDIATE RELEASE

11 March 2019

Provident Financial plc (“Provident”, the “Company” or the “Group”)

Statement regarding offer from Non-Standard Finance plc (“NSF”)

Further to the publication of NSF’s offer document (the “Offer Document”), the Board reiterates its belief that NSF’s nil-premium Offer is strategically and financially flawed and presents significant risk in terms of both execution and shareholder value. The Board remains focused on executing its current strategy as outlined to all stakeholders and is committed to maximising value for all Provident shareholders including actively exploring all appropriate alternatives to achieve that objective.

The Board is surprised that NSF continues to appear either unwilling or unable to address properly a number of material issues raised by its Offer.

- The Board notes again the letter sent to NSF by the FCA on 6 March 2019, which underlines the regulatory position on standards in the market and the considerations the FCA would apply to any transformation plans;
- The Board continues to believe that NSF management has limited banking and credit card experience, which introduces material risk given that Vanquis Bank is Provident’s largest business by a significant margin and a key driver of future value for shareholders;
- The Board believes that the Offer Document has only superficially addressed the funding and value implications and issues highlighted by Provident with respect to the sale of Moneybarn, and thereby continues to create the misleading impression that substantial sale proceeds would be available to shareholders by way of a capital distribution, which the Board continues to believe is inaccurate;
- The Board continues to have significant concerns regarding NSF’s proposed demerger of its Loans at Home business, including its viability as a stand-alone company, and the adequacy of the proposed demerger to address competition and CMA concerns;
- The Board believes that it has taken significant and positive action to embed a new culture that puts the customer at the centre of Provident’s business model. The progress it has made, including the substantial resolution of all material outstanding regulatory issues with the FCA, is testament to this substantial cultural shift, which, were the Offer to succeed, the Board believes would be put at risk;
- The Board believes that the Offer Document illustrates NSF’s management’s prioritisation of growth over profitable returns for shareholders. NSF’s operating track-record, while demonstrating organic and inorganic balance sheet and revenue growth, has resulted in repeated net losses and a decline in its share price. The Board believes that the pursuit of volume growth alone presents significant financial risk; and
- NSF itself admits that its plans are subject to uncertainty as it has elected to pursue its Offer on a hostile basis, and therefore has not had access to information to substantiate a number of its assertions, and has failed to quantify the perceived financial benefits of its Offer in any meaningful way. The Board considers that this represents a material risk to all Provident shareholders. NSF

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has a track record of value destruction through M&A and has no experience of integrating an acquisition of this magnitude, which further exacerbates the risks.

Provident reports its full year results on Wednesday 13 March 2019 and will respond in further detail to the NSF Offer Document in due course.

The Board continues to strongly urge shareholders to take no action in respect of the NSF Offer.

Malcolm Le May, CEO of Provident, commented:

“Despite the voluminous Offer Document, NSF has once again failed to address the key problems with its Offer; in particular that the regulatory environment has rightly changed beyond recognition in recent years, that Vanquis Bank is now the main driver of the business and that any attempt to distribute significant capital through the sale of Moneybarn is fraught with risk.”

Patrick Snowball, Chairman of Provident, commented:

“The information contained within NSF’s Offer Document does nothing to change the Board’s view that the Offer is not in the interests of all shareholders and lacks both commercial logic and regulatory understanding. NSF has not addressed the concerns that have been raised and they continue to make financially unsound proposals such as the sale of Moneybarn, the sale or closure of Satsuma and the demerger of NSF’s Loans at Home business. This Offer does not reflect that times have changed and ignores the significant progress we have made with our customers, staff and regulators over the past 12 months.

We strongly believe that the turnaround of Provident is well underway – we have a clear strategy that is already delivering tangible results. The NSF Offer risks jeopardising Provident’s turnaround and presents risks to shareholder value which have not been addressed.”

Defined terms used within this announcement have the same meaning as those contained within Provident’s announcement dated 6 March 2019 unless otherwise defined herein.

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