

PFG

Provident
Financial Group

**Notice of the
57th Annual General Meeting
of Provident Financial plc**

**10.00 am on 12 May 2017
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 2017



Dear Shareholder,

Notice of Annual General Meeting

I am pleased to be writing to you with details of our Annual General Meeting ("AGM" or "Meeting") which will be held at our head office at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Friday, 12 May 2017 at 10.00am. Directions and a map of how to get to our offices are set out on page 11. 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 Meeting which is set out on pages 4 to 10 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 (Resolutions 2 and 3)

These resolutions seek shareholder approval for the directors' remuneration policy, the annual report on remuneration and the annual statement by the chairman of the remuneration committee, which together form the directors' remuneration report.

Resolution 2 is an ordinary resolution seeking approval for the directors' remuneration policy which can be found on pages 100 to 105 (inclusive) of the Annual Report and Financial Statements 2016. The directors' remuneration policy sets out the Company's future policy on directors' remuneration in terms of payments and share awards. The proposed directors' remuneration policy remains unchanged from the previous directors' remuneration policy which was approved by shareholders at the 2014 AGM with 96% of votes in favour. This resolution is binding and, if passed by shareholders, the Company will only be able to make payments to its directors after the date the directors' remuneration policy takes effect, (which will be the date of the AGM), that are consistent with the approved directors' remuneration policy or that have otherwise been separately approved by shareholders.

Resolution 3 is an ordinary resolution seeking shareholder approval for the annual statement by the chairman of the remuneration committee and annual report on remuneration for the year ended 31 December 2016, which can be found on page 99 and pages 106 to 118 (inclusive) of the Annual Report and Financial Statements 2016.

The annual report on remuneration gives details of (a) the implementation of the Company's current remuneration policy during the year ended 31 December 2016 and (b) how the remuneration policy proposed under Resolution 2 will be applied in practice during the 2017 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. The next remuneration policy will be put to shareholders for approval at the AGM in 2020 in accordance with the requirements of the directors' remuneration reporting regime.

Final Dividend (Resolution 4)

You are being asked to approve a recommended final dividend of 91.4p per ordinary share for the year ended 31 December 2016. If approved, the final dividend will be paid on 23 June 2017 to all ordinary shareholders who are on the Register of Members at the close of business on 19 May 2017.

Amendments to Articles of Association (Resolution 18)

Resolution 18 is a special resolution seeking approval to make certain amendments to the Company's existing Articles of Association in order to bring them up to date with recent market practice and developments in technology and to ensure that, as far as is practicable, they allow for anticipated changes in the future. Further information is set out in the notes to Resolution 18.

Authority to Disapply Pre-Emption Rights (Resolutions 20 and 21)

Each year at the AGM, shareholders are invited to grant the board a power to allot shares for cash (otherwise than in connection with a rights issue or a similar pre-emptive issue) without first offering those shares to existing shareholders in proportion to their existing holdings. This power to disapply pre-emption rights was amended in 2016 in line with the revised guidelines on the disapplication of pre-emption rights issued by The Pre-Emption Group in 2015.

Specifically, the guidelines were relaxed to allow companies the opportunity to finance expansion opportunities as and when they arise.

The board would like to continue to have the flexibility that this change affords and accordingly, the Company is again seeking, in addition to the customary disapplication power over 5% of the total issued equity share capital of the Company which is sought under Resolution 20, a disapplication power over a further 5% of the Company's share capital (provided that the additional power sought under Resolution 21 is only used in connection with acquisitions and specified capital investments). Further information is set out in the notes to Resolutions 20 and 21, both of which are special resolutions.

Recommendation

The board considers that all resolutions proposed are likely to promote the success of the Company and 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 by no later than 11 May 2017. 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 Meeting set out on pages

9 and 10. All shareholders who are entitled to attend and vote at the AGM 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 AGM. The proxy appointment form must be received at the address for delivery specified in the explanatory notes by 10.00am on Wednesday 10 May 2017.

Important Information – online voting at future shareholder meetings and dividend payments

Your vote is important to the Company and I encourage you to vote on all shareholder matters. In order to make voting easier for shareholders, reduce our environmental impact and to make a cost saving, the Company does not intend to provide paper proxy cards for future AGMs and accordingly you will be required to vote online.

As part of our continuing commitment to reduce our environmental impact, I would also like to invite you to receive your dividend payments and dividend communications electronically. If you have not already set up a dividend mandate and would like to take advantage of this secure and convenient way of receiving any dividends, please complete and return the dividend payment instruction form, which you can download from our website: www.providentfinancial.com/investors/shareholder-centre. Please return the completed form to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF.

Yours faithfully

Manjit Wolstenholme

Chairman

Notice of Annual General Meeting and Explanatory Notes

The Fifty-Seventh Annual General Meeting of Provident Financial plc will be held at No.1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Friday 12 May 2017 at 10.00am.

Shareholders will be asked to consider and pass the resolutions below. Resolutions 18 to 22 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

An ordinary resolution will be passed at the Meeting on a show of hands if it is passed by a simple majority of (i) the members who (being entitled to do so) vote in person on the resolution and (ii) the persons who vote on the resolution as duly appointed proxies of members entitled to vote. A special resolution will be passed at the Meeting on a show of hands if it is passed by a majority of not less than 75% of (i) the members who (being entitled to do so) vote in person on the resolution and (ii) the persons who vote on the resolution as duly appointed proxies of members entitled to vote.

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 2016 be received.

The directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 December 2016, set out within the Annual Report and Financial Statements 2016 (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. In accordance with the UK Corporate Governance Code 2014, the Company proposes this resolution on the annual report at the AGM.

REMUNERATION

Ordinary Resolution 2: That the directors' remuneration policy (2017) set out on pages 100 to 105 (inclusive) of the Annual Report and Financial Statements 2016 be approved.

The directors' remuneration policy is contained in the annual report. It may also be accessed on the Company's website at www.providentfinancial.com. This is a binding vote and if passed by shareholders the Company will only be able to make payments after the date of the AGM consistent with the approved policy.

Ordinary Resolution 3: That the annual statement by the chairman of the remuneration committee and the directors' annual remuneration report for the year ended 31 December 2016 as set out on pages 99 and 106 to 118 (inclusive) of the Annual Report and Financial Statements 2016 be approved.

The directors' annual report on remuneration for the year ended 31 December 2016 is contained in the annual report. It may also be accessed on the Company's website at www.providentfinancial.com. This vote is advisory only and does not affect the actual remuneration paid to any individual director.

DIVIDEND

Ordinary Resolution 4: That a final dividend of 91.4p per share on the ordinary shares of 20^{8/11}p each in respect of the year ended 31 December 2016 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 91.4p 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 43.2p for each ordinary share which was paid on 25 November 2016.

DIRECTORS

Ordinary Resolution 5: That Robert Anderson be reappointed as a director of the Company.

Ordinary Resolution 6: That Peter Crook be reappointed as a director of the Company.

Ordinary Resolution 7: That Andrew Fisher 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.

Ordinary Resolution 11: That Andrea Blance be appointed as a director of the Company.

Ordinary Resolution 12: That David Sear be appointed as a director of the Company.

Ordinary Resolution 13: That John Straw be appointed 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 the first AGM following appointment. Furthermore, each director must offer himself for reappointment annually once he/she has served for nine years or more. However, in accordance with the annual reappointment recommendations of the UK Corporate Governance Code 2014, all directors, with the exception of Alison Halsey will, as in previous years, retire at the AGM and offer themselves for reappointment. Following recommendations from the nomination committee in July and December 2016, the board agreed to extend the terms of appointment of Manjit Wolstenholme and Malcolm Le May to 31 July 2019 and 31 January 2020 respectively.

The Articles of Association of the Company state that any director appointed by the board since the last AGM will be required to retire at the next AGM and may offer himself or herself for appointment by the shareholders. David Sear and John Straw were appointed on 1 January 2017 and Andrea Blance was appointed on 1 March 2017 and will therefore retire at the AGM and offer themselves for appointment.

There is information about all the directors and the board committees on which they sit in Appendix I on pages 12 to 14 of this document and on pages 70 and 71 of the annual report

In accordance with the UK Corporate Governance Code 2014, confirmation is given by the Chairman and the Senior Independent Director that a formal performance evaluation has been carried out and each of the directors to be reappointed continue to be an effective member of the board and to demonstrate commitment to the role.

AUDITOR

Ordinary Resolution 14: 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 by the Company at the 2013

AGM. This resolution proposes that Deloitte LLP be reappointed as the Company's auditor.

Ordinary Resolution 15: That the audit committee be authorised to determine the auditor's remuneration.

This resolution authorises the audit committee to set the auditor's remuneration.

POLITICAL DONATIONS

Ordinary Resolution 16: That from the date of this resolution until the earlier of 30 June 2018 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 2016 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 17: 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 £10,137,769;
- b. this authority shall expire on 30 June 2018 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 2017 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 £10,137,769 (representing 48,910,290 ordinary shares). This represents approximately 33% of the total issued equity share capital of the Company as at 28 March 2017 (being the latest practicable date prior to the publication of this document). The renewed authority will remain in force until 30 June 2018 or, if earlier, the conclusion of the Company's next AGM. As at 28 March 2017, 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.

ARTICLES OF ASSOCIATION

Special Resolution 18: That, with effect from the end of the Meeting, the Articles of Association produced to the Meeting and initialled for the purpose of identification by the chairman of the Meeting be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.

The purpose of Resolution 18 is to adopt new Articles of Association (the "New Articles") to bring them up to date with recent market practice and developments in technology. The principle changes introduced in the New Articles are summarised below (minor, technical and clarifying changes have not been noted) and are to:

- a. allow for general meetings to be held electronically as well as physically in accordance with the Companies (Shareholders' Rights Regulations) 2009 (the "Shareholders' Rights Regulations") and the Companies Act 2006. If this resolution is passed, the changes introduced in the New Articles will allow for meetings to be held and conducted in such a way that

persons who are not present together at the same place may attend, speak and vote at the meeting by electronic means, if so approved by the board. Nothing in the New Articles will preclude physical general meetings being held. If a general meeting is to be held either as an electronic general meeting or as a combined physical and electronic general meeting, the notice of the meeting will explain this as well as stipulating the method of communication for those in attendance and those participating electronically;

- b. allow general meetings to be held in more than one place (which may include electronic platforms) in circumstances where the Chairman is satisfied that adequate facilities are available to enable each person present at each place to participate in the business of the meeting;
- c. provide greater flexibility when the Company is trying to trace its lost shareholders. The New Articles replace the requirement in the current articles to place notices in newspapers with a requirement that the Company must send a notice to the last registered address of the shareholder stating that it intends to sell the shares. Before sending such a notice, the Company must have made tracing enquiries for the purpose of contacting the shareholder which the board considers to be reasonable and appropriate in the circumstances. The New Articles entitle the Company to use the sale proceeds for any purpose the board thinks fit;
- d. reflect the Company's established practice, in line with the recommendations of the UK Corporate Governance Code 2014, that all directors be subject to annual reappointment by shareholders. The New Articles provide that at each annual general meeting every director who held office on the date seven days before the date of the notice of annual general meeting shall retire from office. Directors who wish to continue to serve can submit themselves for reappointment by shareholders;
- e. include updated wording, in line with recent legislation, regarding the circumstances in which a director must vacate office where they have become physically or mentally ill, subject to a resolution of the board. The change applies a test of whether in the opinion of a medical practitioner the director is rendered incapable by his illness of acting as a director for more than three months;
- f. include an updated provision, in line with market practice, that clarifies the approach the Company would intend to take in the context of a capitalisation of reserves where shares are to be allotted at less than their nominal value under an employees' share scheme;
- g. reflect more clearly the indemnities available to directors (subject to the relevant statutory provisions); and
- h. amend the dividend payment provisions following guidance published by the ICSA Registrars' Group in March 2014. Historically, the Company has used three distribution channels, CREST, cheques and BACS, for making dividend payments. If this resolution is passed, the New Articles will allow the Company to provide flexibility for the payment of dividends by using different distribution channels for the payment of such dividends, including by electronic means and will also permit the board to decide which payment method is to be used on any particular occasion.

A copy of the proposed New Articles and a copy of the current articles, marked to show all the changes proposed by Resolution 18, will be available for inspection at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD during normal business

hours until the time of the AGM, and will also be available at the place of the AGM from at least 15 minutes prior to the Meeting and until the conclusion of the Meeting as noted on page 10.

AUTHORITY TO PURCHASE OWN SHARES

Special Resolution 19: 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 ⁸/₁₁p each ("ordinary shares"), such power to be limited:

- a. **to a maximum aggregate number of 14,821,300 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 2018 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 2016 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 28 March 2017, 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 28 March 2017 there were options outstanding over 605,807 ordinary shares in the capital of the Company which represents 0.408% 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 0.454%

of the Company's total issued equity share capital. As at 28 March 2017 (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 20: 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 17, 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 or sale of treasury shares (other than pursuant to paragraph a. above) up to an aggregate nominal amount of £1,536,025,**

such power to expire when the authority conferred on the directors by Resolution 17 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 granted at the 2016 AGM 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 in any circumstances (whether or not in connection with an acquisition or specified capital investment) without first having to offer the shares to existing shareholders, up to a maximum aggregate nominal amount

of £1,536,025. This is approximately 5% of the total issued equity share capital of the Company on 28 March 2017 (being the latest practicable date prior to the publication of this document).

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 power granted under Resolution 16 in 2016 was not exercised by the directors.

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

This 7.5% limit excludes (i) equity securities issued pursuant to a specific disapplication of pre-emption rights; and (ii) equity securities issued pursuant to a general disapplication authority in connection with an acquisition or specified capital investment.

AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS IN RELATION TO ACQUISITIONS AND SPECIFIED CAPITAL INVESTMENTS

Special Resolution 21: That, in addition to the power contained in Resolution 20 set out in the Notice of this Meeting, the directors be empowered to allot equity securities (as defined in the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 17, 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:

- a. **limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £1,536,025; and**
- b. **used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by The Pre-Emption Group prior to the date of this Notice.**

such power to expire when the authority conferred on the directors by Resolution 17 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.

In accordance with the guidelines issued by The Pre-Emption Group and endorsed by The Investment Association, this resolution seeks to afford the directors an additional power 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 £1,536,025. This is approximately 5% of the total issued equity share capital of the Company on 28 March 2017 (being the latest practicable date prior to the publication of this document).

The board confirms that it intends to use any power conferred by Resolution 21 only in connection with an acquisition or a specified capital investment which is announced contemporaneously with

the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

The Principles define a 'specified capital investment' as 'one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the listed company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return'. Items that are regarded as operating expenditure rather than capital expenditure will not typically be regarded as being within this definition.

NOTICE OF GENERAL MEETINGS

Special Resolution 22: That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

This resolution renews an authority given at the 2016 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 general meetings on at least 14 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 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 in the best interests of shareholders as a whole.

The Company has noted the new notice period provision in the UK Corporate Governance Code 2014 which recommends at least 14 working days' notice 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.

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 2017

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 annual general meeting ("AGM" or "Meeting"). A member may appoint more than one proxy in relation to the 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 close of business on Wednesday 10 May 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting).
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 12p per minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Lines are open 9.00am-5.30pm Mon-Fri excluding public holidays in England and Wales).

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 Wednesday 10 May 2017.

Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at 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. If an instrument of proxy is not received in a manner or within the time limits set out in this Notice it shall be invalid, unless and to the extent that the board, in its absolute discretion in relation to any such instrument, waives any such requirement.

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 28 March 2017 (being the latest practicable date prior to the publication of this document) the Company's total issued equity share capital consisted of 148,213,001 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 March 2017 was 148,213,001.
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). In order to be valid 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 be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00am on Wednesday 10 May 2017. 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.
9. 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.
10. 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

11. 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

12. Any member entitled to attend and vote at the AGM 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 AGM 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.

Documents on display

13. Copies of the service contracts of the executive directors, the non-executive directors' letters of appointment and the new Articles of Association of the Company (showing the changes to the current Articles of Association as proposed in Resolution 18) are available for inspection at the Company's registered office during normal business hours and at the place of the Meeting from at least 15 minutes prior to the AGM until the end of the AGM.

Company website

14. Information relating to the AGM which the Company is required by the Companies Act 2006 to publish on a website in advance of the AGM can be found at 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 on any website for communicating with the Company for any purpose in relation to the AGM other than as expressly stated in it.

Please read this if you are coming to the AGM

Information for members

Timings of the Meeting

9.00am – Doors open and registration commences on Level 1 at No. 1 Godwin Street, Bradford BD1 2SU.

10.00am – Annual General Meeting commences

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

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



Method of Transport

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. Alternatively, Bradford Foster Square train station is approximately 10 minutes' walk.

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 points 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 Bradford Theatres. No. 1 Godwin Street is located near the Alhambra theatre.

Appendix I

DIRECTORS STANDING FOR REAPPOINTMENT AND APPOINTMENT



Manjit Wolstenholme (52)

Independent non-executive Chairman

Appointed to the board: 2007

Committee membership: Risk advisory committee

Chairman: Nomination committee

Manjit was appointed to the board in 2007 and appointed as Chairman on 1 January 2014. She is also a member of the risk advisory committee and chairman of the nomination committee. Her long service as an independent non-executive director of the group, during which time she has chaired the audit and remuneration committees and acted as the senior independent director, has provided continuity throughout a period of change and her wise counsel continues to support the chief executive. She possesses a wealth of knowledge of many different business areas having spent thirteen years in investment banking. She has significant experience gained from holding a number of directorships in various sectors and her leadership in the area of governance ensures that key strategic matters have a high priority in the boardroom. She encourages open and frank discussions in board meetings and she has led insightful reviews into the effectiveness of the board during the period of her chairmanship. The nomination committee was satisfied that it was appropriate to recommend to the board that her term of appointment as Chairman be extended for a further three years (subject to reappointment by shareholders at the 2017 AGM).

Current external appointments:

Non-executive director of Future plc, the Unite Group plc, CALA Group (Holdings) Limited and CMC Markets plc.



Peter Crook (53)

Chief Executive

Appointed to the board: 2006

Chairman: Executive committee

Peter was appointed to the board in 2006 and is chairman of the executive committee. He has extensive experience in consumer credit and credit cards. During his tenure as chief executive he has developed and executed the strategy to transition the group from being a home credit provider into a broader based specialist lending group with businesses in credit cards, online lending and car finance. His experience provides the right skill set and leadership qualities to grow and develop the group, with its deep heritage, as part of the FTSE 100 Index. He has strengthened the senior management teams across the group and developed succession planning for the next level of management below board level. His key achievements in 2016 are set out on page 70 of the Annual Report and Financial Statements 2016.

Current external appointments:

Non-executive director of Cabot (Group Holdings) Limited.



Andrew Fisher (59)

Finance Director

Appointed to the board: 2006

Committee membership: Executive committee

Andrew joined the board in 2006 and is also a member of the executive committee. He is a chartered accountant and trained with PwC before joining Premier Farnell plc in 1996. Andrew has considerable financial expertise and understanding of the financial services sector and has successfully built a strong finance team both in the corporate office and within the divisions and has also overseen the development of risk management at the corporate centre and across the divisions. He brings substantial strategic commercial and financial experience to the board which has delivered significant financial returns for shareholders and, together with the chief executive has been instrumental in establishing and leading the strategic direction of the group. His key achievements in 2016 are set out on page 70 of the Annual Report and Financial Statements 2016.

Current external appointments:

Non-executive director of Arrow Global Group plc.



Rob Anderson (58)

Independent non-executive director

Appointed to the board: 2009

Committee membership: Remuneration and nomination committee.

Chairman: None

Rob was appointed to the board in 2009 and is a member of the remuneration and nomination committees. He has a strong appreciation of customer service, marketing and operational issues and has a real insight into the needs of our customers having run a customer facing retail branch operation until 2013. His thirty years' experience within consumer facing organisations gives him a broad knowledge of how to unlock the value in a business and enhance the customer experience in a multi-channel environment. During 2016 he joined the board of Moneybarn enabling him to provide strategic guidance to the business using his extensive retail experience.

Current external appointments:

None



Malcolm Le May (59)

Independent non-executive director and Senior Independent Director

Appointed to the board: 2014

Committee membership: Audit committee, nomination committee and digital advisory committee.

Chairman: Remuneration committee

Malcolm was appointed as Senior Independent Director of the board in 2014 and is also chairman of the remuneration committee and a member of the audit, nomination and digital advisory committees. His experience in corporate finance (particularly mergers and acquisitions) is particularly useful to the board when evaluating acquisitions and new business opportunities. Through his broad range of experience as a board member of a number of other listed companies, he has a very good understanding of how to attract and retain talent and how to use remuneration arrangements which incentivise performance and lead to maximum returns for shareholders. With over thirty years' experience in banking, asset management and insurance, he has substantial strategic financial experience and a wealth of retail and consumer experience which he brings to the board. The nomination committee was satisfied that it was appropriate to recommend to the board that his term of appointment as non-executive director and Senior Independent Director be extended for a further three years (subject to reappointment by shareholders at the 2017 AGM). During 2016 he stepped down from the board of Moneybarn and joined the board of Vanquis Bank and was appointed as chairman of its remuneration committee at the same time. This will enable him to assist in the strategic development of the business and provide his extensive strategic financial and remuneration knowledge and experience in the development of appropriate incentive arrangements for the group.

Current external appointments:

Senior independent director of IG Group Holdings plc, non-executive director of Hastings Group Holdings plc, governor of Twyford School, senior advisor to Heidrick & Struggles, trustee of the Grange Festival and partner at Opus Corporate Finance and Juno Capital LLP.



Stuart Sinclair (63)

Independent non-executive director

Appointed to the board: 2012

Committee membership: Audit committee and nomination committee.

Chairman: Risk advisory committee

Stuart was appointed to the board in 2012 and is serving his second term in office following a performance evaluation carried out by the Chairman in October 2015. He is chairman of the risk advisory committee having previously chaired the audit committee. He remains a member of the audit committee as well as being a member of the nomination committee.

Stuart's career as a chief executive and chairman of a wide range of financial services companies, both listed and unlisted, across multiple jurisdictions, together with his extensive experience with regulators in the UK and elsewhere, makes him well placed to help develop and enhance the risk management processes not only at group level through his chairmanship of the risk advisory committee but also at divisional level through his appointment to the boards of the companies comprising the consumer credit division.

Current external appointments:

Senior independent director of Swinton Group Limited, QBE Insurance (Europe) Limited and QBE Underwriting Limited; non-executive director of Lloyds Bank plc, Lloyds Banking Group Limited, Bank of Scotland plc and HBOS plc.



Andrea Blance (52)**Independent non-executive director****Appointed to the board:** 2017**Committee membership:** Remuneration committee, risk advisory committee and nomination committee.**Chairman:** Audit committee (with effect from 12 May 2017)

Andrea has held a variety of finance roles during a 29 year career at Legal & General Group plc. Latterly she led the strategy and marketing functions and prior to this she was group chief risk officer where she led contact with the regulator. She is a fellow of the Association of Chartered Certified Accountants and holds degrees from the London School of Economics and City University. Her experience of conduct risk and the regulatory agenda, particularly regarding customer outcomes, will be invaluable to the group in the current regulatory environment.

Current external appointments:

Andrea is currently a non-executive director at Scottish Widows and Lloyds Banking Group's insurance division where she chairs the risk oversight committee.



David Sear (53)**Independent non-executive director****Appointed to the board:** 2017**Committee membership:** Audit committee, risk advisory committee and nomination committee.**Co-chairman:** Digital advisory committee.

David is a well-recognised financial services professional having worked in the financial services sector since the 1990s. He has a strong track record as an executive of leading multi-country, technology led companies with a particularly in-depth insight into and experience in the payments sector. A key theme throughout his career has been digital transformation and customer engagement. David was group chief executive officer at Skrill Ltd (now Paysafe) and chief executive officer of Weve. He also spent six years as divisional managing director and chief executive of two divisions of Travellex, outsourcing and global business payments. David was also founder and chief operating officer at Worldpay.

Current external appointments:

Chairman of Bango (BGO) and chairman of Semafone. Non-executive director of Fintrax Group.



John Straw (57)**Independent non-executive director****Appointed to the board:** 2017**Committee membership:** Risk advisory committee and nomination committee.**Co-chairman:** Digital advisory committee

John is an experienced digital entrepreneur who has a deep understanding of technology disruptors, digital transformation and adoption curves as it relates to companies and their digital channels. Most recently John served as the chairman of the digital advisory board at Thomas Cook plc and Premier Farnell plc. He left Thomas Cook in 2015 and has since started to build a portfolio of senior advisor / board roles.

Current external appointments:

Senior advisor, digital transformation, at McKinsey & Co, senior advisor at IBM, non-executive director of CTRLio Ltd and advisor to Bought By Many Ltd.

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