

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 or an appropriately authorised independent financial adviser 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 these documents to the person who now holds the shares.

---



## **NOTICE OF THE 2013 ANNUAL GENERAL MEETING OF PROVIDENT FINANCIAL plc**

---

Notice of the Annual General Meeting of Provident Financial plc to be held at the offices of Provident Financial plc, No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Thursday 9 May 2013 at 11.30am is set out on pages 3 to 5 of this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy appointment form in accordance with the Notes to the Notice of the Annual General Meeting set out on pages 6 to 7. The proxy appointment form must be received at the address for delivery specified in the Notes by 11.30am on Tuesday 7 May 2013.

**Provident Financial plc**

(incorporated and registered in England and Wales under number 668987)

**Registered Office:**

No. 1 Godwin Street  
Bradford  
West Yorkshire  
BD1 2SU

2 April 2013

*To shareholders*

**Notice of Annual General Meeting**

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ('AGM') which we are again holding at our head office at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Thursday 9 May 2013 at 11.30am. Directions and a map of how to get to our offices are set out on the reverse of the enclosed proxy card. I have arranged for light refreshments to be available on arrival and I look forward to welcoming you to our offices.

Full details of the resolutions that will be put to shareholders are set out in the formal Notice of Annual General Meeting which is set out on pages 3 to 5 of this document. Explanatory Notes to the business to be considered are set out in Appendix I on pages 8 to 11.

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

**Final Dividend (Resolution 3)**

You are being asked to approve a recommended final dividend of 48.4p per ordinary share for the year ended 31 December 2012. If approved, the final dividend will be paid on 21 June 2013 to all ordinary shareholders who were on the register of members at the close of business on 24 May 2013.

**Provident Financial Performance Share Plan 2013 (2013 PSP) (Resolution 15)**

Following the expiry of our current performance share plan, shareholders are being asked to approve a replacement plan, the main features of which are set out in Appendix III on pages 16 to 18 of this document. The remuneration committee of the board of directors of the Company considers the 2013 PSP to be an important means of motivating executive directors and senior management which aligns the interests of the executive directors and senior management with those of the Company's shareholders.

**Provident Financial Savings-Related Share Option Scheme 2013 (2013 SAYE) (Resolution 16)**

The current Savings-Related Share Option Scheme is due to expire on 2 June 2013 and therefore no further grants will be able to be made after this date. The current Savings-Related Share Option Scheme is an important means of motivating employees and is valued by the 1,500 employees currently saving to acquire shares under it. A replacement scheme (the 2013 SAYE) is proposed for approval by shareholders which mirrors the current Savings-Related Share Option Scheme, updated to reflect legislative changes since 2003. The main features of the 2013 SAYE are set out in Appendix IV on pages 19 to 21 of this document.

**Provident Financial Share Incentive Plan 2013 (2013 SIP) (Resolution 17)**

In addition to the 2013 SAYE, a new all-employee plan, the 2013 SIP, is also proposed to shareholders for approval. The 2013 SIP will run alongside the 2013 SAYE, and will give employees the opportunity to further invest in the Company's shares, and in doing so, benefit from the Company's offer to match that investment on the basis of one share for every four shares purchased. The main features of the 2013 SIP are set out in Appendix V on pages 22 to 24 of this document.

### **Recommendation**

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your board will be voting in favour of them and unanimously recommends that shareholders do so as well.

### **Action to be taken**

If you would like to vote on the resolutions but cannot come to the AGM, please complete and submit a proxy appointment form in accordance with the Notes to the Notice of the Annual General Meeting set out on pages 6 to 7. The proxy appointment form must be received at the delivery address specified in the Notes by 11.30am on Tuesday 7 May 2013.

Yours faithfully

**John van Kuffeler**

Chairman

# Provident Financial plc

## NOTICE OF ANNUAL GENERAL MEETING

The fifty-third Annual General Meeting of Provident Financial plc will be held at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU on Thursday 9 May 2013 at 11.30am. Shareholders will be asked to consider and pass the resolutions below. Resolutions 18 to 20 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary resolutions

1. THAT the directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 December 2012 be received.
2. THAT the directors' remuneration report for the year ended 31 December 2012 be approved.
3. THAT a final dividend of 48.4p per share on the ordinary shares of 20<sup>8</sup>/<sub>11</sub>p each in respect of the year ended 31 December 2012 be declared.
4. THAT Stuart Sinclair be appointed as a director of the Company.
5. THAT John van Kuffeler be reappointed as a director of the Company.
6. THAT Robert Anderson be reappointed as a director of the Company.
7. THAT Peter Crook be reappointed as a director of the Company.
8. THAT Andrew Fisher be reappointed as a director of the Company.
9. THAT Christopher Gillespie be reappointed as a director of the Company.
10. THAT Manjit Wolstenholme be reappointed as a director of the Company.
11. THAT Deloitte LLP be appointed as auditor of the Company.
12. THAT the directors be authorised to determine the auditor's remuneration.
13. THAT, from the date of this resolution until the earlier of 8 November 2014 and the conclusion of the Company's next annual general meeting, the Company and all companies that are its 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".
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 £9,505,268;
  - (b) this authority shall expire on 8 November 2014 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.

15. THAT the rules of the Provident Financial Performance Share Plan 2013 (**2013 PSP**), described in the circular of which the notice containing this resolution forms part 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 2013 PSP as they may consider appropriate and to do all such other acts and things as they may consider appropriate to implement the 2013 PSP.
16. THAT:
- (a) the rules of the Provident Financial Savings-Related Share Option Scheme 2013 (**2013 SAYE**), described in the circular of which the notice containing this resolution forms part 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
  - (b) the directors of the Company be and are hereby authorised (i) to do all such things as may be necessary or desirable to carry the 2013 SAYE into effect, including making any changes to the rules of the 2013 SAYE as they may consider necessary or desirable in order to obtain approval by HM Revenue & Customs and (ii) to adopt further plans based on the 2013 SAYE but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2013 SAYE.
17. THAT:
- (a) the trust deed and rules of the Provident Financial Share Incentive Plan 2013 (**2013 SIP**), described in the circular of which the notice containing this resolution forms part 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
  - (b) the directors of the Company be and are hereby authorised (i) to do all such things as may be necessary or desirable to carry the 2013 SIP into effect, including making any changes to the trust deed and/or rules of the 2013 SIP as they may consider necessary or desirable in order to obtain approval by HM Revenue & Customs and (ii) to adopt further plans based on the 2013 SIP but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the 2013 SIP.

### Special resolutions

18. THAT the Company be generally and unconditionally authorised, for the purposes 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 shares of 20 <sup>8</sup>/<sub>11</sub>p each ("ordinary shares"), such power to be limited:
- (a) to a maximum aggregate number of 13,896,591 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 8 November 2014 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.

19. 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 it 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) any other allotment of equity securities up to an aggregate nominal amount of £1,440,192
- 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 agreements as if the power had not ended.
20. THAT a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

Registered Office:  
No. 1 Godwin Street  
Bradford  
West Yorkshire  
BD1 2SU

Registered in England and Wales No. 668987

By order of the board



Kenneth J Mullen  
General Counsel and Company Secretary  
2 April 2013

## Notes

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 shareholder 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 shareholder.
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, shareholders must be registered in the register of members of the Company at 6.00pm on Tuesday 7 May 2013 (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 make such appointment 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 Registrars 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 Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.30am on Tuesday 7 May 2013. 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 by 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 2013 (being the latest practicable date prior to the publication of this document) the Company's total issued equity share capital consisted of 138,965,917 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 March 2013 was 138,965,917.
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 11.30am on Tuesday 7 May 2013.

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.
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: (i) 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; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. 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.
12. Any member attending 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.
13. 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.
14. The following documents will be available for inspection during normal business hours on 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:
  - (a) the draft rules of the Provident Financial Performance Share Plan 2013;
  - (b) the draft rules of the Provident Financial Savings-Related Share Option Scheme 2013; and
  - (c) the draft trust deed and rules of the Provident Financial Share Incentive Plan 2013.

## APPENDIX I

### Resolutions

The following notes give an explanation of the proposed resolutions.

Resolutions 1 to 17 (inclusive) are proposed as ordinary resolutions. An ordinary resolution will be passed at a 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.

Resolutions 18 to 20 (inclusive) are proposed as special resolutions. A special resolution will be passed at a 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.

#### Resolution 1: Directors' and auditor's reports and financial statements

The directors' and auditor's reports and the audited financial statements of the Company for the year ended 31 December 2012 (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.

#### Resolution 2: Directors' remuneration report

The directors' remuneration report is 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.

#### Resolution 3: Dividend

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 48.4p 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 28.8p for each ordinary share which was paid on 30 November 2012.

#### Resolutions 4 to 10: Appointment and reappointment of directors

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 for appointment by the shareholders. Stuart Sinclair was appointed on 1 October 2012 and will therefore retire at the AGM and offer himself for appointment.

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 has served for nine years or more. However, in accordance with the annual reappointment recommendations of the UK Corporate Governance Code all remaining 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 II on pages 12 to 15 of this document.

In accordance with the UK Corporate Governance Code, the Chairman confirms that a formal performance evaluation has been carried out and each of these directors continues to be an effective member of the board and to demonstrate commitment to the role.

#### Resolutions 11 & 12: Appointment and remuneration of auditor

The Company is obliged by law to appoint auditors annually. PricewaterhouseCoopers LLP were appointed auditor of the Company at the 2012 AGM. Subsequently, the board authorised the audit committee to review the provision of audit services to the group. Following a rigorous tender process, the audit committee recommended to the board that Deloitte LLP be appointed as auditor to the group. Deloitte LLP were duly appointed by the board with effect from 29 June 2012. Approval of their appointment is therefore sought from shareholders at the AGM. Special notice of this resolution is given in accordance with section 515 of the Companies Act 2006. Resolution 12 authorises the directors to set the auditor's remuneration.

### **Resolution 13: Authority to make political donations**

This resolution renews the resolution that was passed at the 2012 AGM and seeks approval from shareholders to enable the Company to make donations or incur 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 donations and incur expenditure which might otherwise be prohibited by the 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 also allow the Company and its subsidiaries to provide financial and other support to organisations which it is in shareholders' interests for the Company to support.

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

### **Resolution 14: Authority to allot shares**

The directors are currently authorised to allot shares (which include ordinary shares and preference shares) of the Company and to grant rights to subscribe for or convert any security into shares. Although their authorisation does not expire until 1 November 2013, in accordance with best practice the directors are seeking the annual renewal of the allotment 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 an aggregate nominal value equal to £9,505,268 (representing 45,858,752 ordinary shares). This represents approximately 33% of the total issued equity share capital of the Company as at 27 March 2013 (being the latest practicable date prior to the publication of this document). The renewed authority will remain in force until 8 November 2014 or, if earlier, the conclusion of the Company's next AGM. As at 27 March 2013, 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.

### **Resolution 15: Approval of the Provident Financial Performance Share Plan 2013 (2013 PSP)**

Following the expiry of the Provident Financial Performance Share Plan (PSP), the remuneration committee of the board of directors of the Company (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 PSP. The executive directors will be required to waive a minimum of one third of their annual bonus earned to participate in the 2013 PSP. On a voluntary basis, executive directors may elect to waive up to a further third of their bonus earned. Those who participate in the 2013 PSP will receive a basic award equal to the value of the waived bonus together with a matching award of an amount equal to up to two times the basic award which will be subject to the satisfaction of performance conditions. Further details of the 2013 PSP are set out in Appendix III on pages 16 to 18. The Remuneration Committee considers that the 2013 PSP will continue to align the 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 125% of their annual salary.

The performance condition which relates to the matching award will generally be measured over a period of three consecutive financial years, and for awards in 2013 will be based on absolute earnings per share growth, commencing with the financial year of the Company which starts immediately before the date of grant of any awards under the 2013 PSP. 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 but the specific limit of 5% of the issued share capital in a ten year period which normally applies for any executive share incentive schemes will not 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 a 5% anti-dilution limit.

The Remuneration Committee has consulted with its principal shareholders and certain institutional bodies prior to finalising the 2013 PSP. Whilst the 2013 PSP received general support, the Remuneration Committee nevertheless included a number of amendments to reflect individual comments from shareholders.

#### **Resolution 16: Approval of the Provident Financial Savings-Related Share Option Scheme 2013 (2013 SAYE)**

The rules of the Provident Financial plc Employee Savings-Related Share Option Scheme 2003 (2003 SAYE) provide that no options can be granted after 2 June 2013 (10 years after the date on which the 2003 SAYE was formally approved by HM Revenue & Customs (HMRC)). The directors consider that HMRC approved savings-related share option schemes, which have been in operation within the group since 1983, have been an important factor in attracting, motivating and retaining employees. Therefore, the directors consider that the renewal of the 2003 SAYE is in the best interests of the Company. The 2013 SAYE is substantially similar to the 2003 SAYE, but has been updated to reflect both legislative changes and changes in practice. The principal terms of the 2013 SAYE are set out in Appendix IV on pages 19 to 21.

#### **Resolution 17: Approval of the Provident Financial Share Incentive Plan 2013 (2013 SIP)**

In addition to the proposed adoption of the 2013 SAYE, a new all-employee plan, the 2013 SIP, is also being proposed to shareholders for approval. The 2013 SIP will run alongside the 2013 SAYE, and will give employees the opportunity to further invest in the Company's shares, and in doing so, benefit from the Company's offer to match that investment on the basis of one share for every four shares purchased. The principal terms of the 2013 SIP are set out in Appendix V on pages 22 to 24.

#### **Resolution 18: Authority for the Company to purchase its own shares**

This resolution renews the authority given to the Company at the 2012 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 2013, the highest and lowest prices which may be paid and the date when this authority runs out. If any shares are purchased, they will be either cancelled or held as treasury shares. Any such decision will be made by the directors at the time of purchase on the basis of shareholders' best interests. If the directors decide to hold such shares as treasury shares, 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 2013 there were options outstanding over 1,142,518 ordinary shares in the capital of the Company which represents 0.82% of the Company's total issued equity share capital as at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 0.91% of the Company's total issued equity share capital. As at 27 March 2013 (being the latest practicable date prior to the publication of this document) the Company did not hold any treasury shares.

#### **Resolution 19: Power to allot shares for cash and disapply pre-emption rights**

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 a 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 of 6,948,295 shares. This is approximately 5% of the total issued equity share capital of the Company on 27 March 2013 (being the latest practicable date prior to the publication of this document).

All authorities previously conferred in relation to this power will be revoked, provided that such revocation does not have retrospective effect.

The Association of British Insurers has issued guidelines recommending that a company should not issue shares for cash (without first offering them to existing shareholders) in any one year in excess of 5% of the total issued equity share capital of the Company as shown in its last accounts and in excess of an aggregate of 7.5% in any rolling period of three years. It is the Company's intention to comply with these guidelines.

#### **Resolution 20: Notice for general meeting**

This resolution renews an authority given at the 2012 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 14 clear days' notice and would like to preserve this ability. In order to do so, shareholders must first approve the calling of meetings on 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 to the advantage of shareholders as a whole.

## APPENDIX II

### BIOGRAPHICAL DETAILS OF THE DIRECTORS STANDING FOR APPOINTMENT OR REAPPOINTMENT



Stuart Sinclair, Non-executive Director, Age 59

---

**Appointed to the board:** 2012

---

**Committee membership:** Chairman, Audit Committee; Member, Remuneration Committee, Risk Advisory Committee and Nomination Committee

---

**Key strengths:**

Extensive experience in financial services in the UK and overseas, enabling him effectively to challenge and significantly contribute to board discussions. Ten years in US based management consulting, 14 years as CEO or equivalent in retail banking organisations and 6 years on financial services boards.

---

**Previous board & management experience:**

Chairman, GE Capital China; Chairman, CE Capital Bank (UK); Chief Executive Officer of Tesco Personal Finance; Director, Virgin Direct; Director of Retail Banking at The Royal Bank of Scotland and non-executive director at Liverpool Victoria.

---

**Current external appointments:** Director of Pru Health and Chairman of Platinum Bank (Kiev). Council Member of the Royal Institute for International Affairs (Chatham House).



John van Kuffeler, Non-executive Chairman Age 64

---

**Appointed to the board:** 1991

---

**Committee membership:** Chairman, Nomination Committee

---

**Key strengths:**

A director of the group for over 20 years and previously held the position of Chief Executive. Extensive knowledge of the business and invaluable corporate governance oversight gained from his involvement with many listed and unlisted companies.

---

**Previous board & management experience:**

Chief Executive of Provident Financial plc, Chairman of Huveaux plc, Chief Executive of Brown Shipley Holdings plc, Chairman of Finsbury Smaller Quoted Companies Trust plc and Chairman of JP Morgan Fleming Technology Trust plc.

---

**Current external appointments:** Chairman of Hyperion Insurance Group Limited and Chairman of Marlin Financial Group Limited.



Rob Anderson, Non-executive Director Age 54

---

**Appointed to the board:** 2009

---

**Committee membership:** Chairman, Risk Advisory Committee; Member, Remuneration Committee, Audit Committee and Nomination Committee.

---

**Key strengths:**

Extensive retail experience and knowledge of the type of consumer served by the group. As a serving chief executive he has current operational business experience which is relevant to the group's businesses.

---

**Previous board & management experience:**

Director of childrenswear business unit of Marks & Spencer.

---

**Current external appointments:** Chief Executive of Signet Jewelers Limited's UK Division.

---



Peter Crook, Chief Executive Age 49

---

**Appointed to the board:** 2006

---

**Committee membership:**

Chairman, Executive Committee; Member, Nomination Committee.

---

**Key achievements:**

- Creation of a sustainable development and growth agenda for the group which included a strategic review of growth and development opportunities at the annual Corporate Planning Conference.
  - Overseeing the delivery of the operational performance at Vanquis Bank and the Consumer Credit Division.
  - Overseeing the strengthening of the board of Vanquis Bank including the recruitment of two new independent non-executive directors.
  - Working with the Nomination Committee on the composition of the board and the development of an effective succession plan.
- 

**Previous board & management experience:**

UK Managing Director, Barclaycard.

---

**Current external appointments:** None

---



Andrew Fisher, Finance Director Age 55

---

**Appointed to the board:** 2006

---

**Committee membership:** Member, Risk Advisory Committee and Executive Committee

---

**Key achievements:**

- Renewing the group's £382.5m syndicated bank facility until May 2015.
  - Successfully launching the group's third retail bond offering raising £120m.
  - Raising over £300m through the Vanquis Bank retail deposit programme.
  - Agreeing with the Financial Services Authority to an increase in the level of retail deposit taking by Vanquis Bank from 80% to 90% of its receivables.
- 

**Previous board & management experience:**

Finance Director of Premier Farnell plc and partner at PricewaterhouseCoopers LLP.

---

**Current external appointments:** None

---



Chris Gillespie, Managing Director, Consumer Credit Division Age 50

---

**Appointed to the board:** 2007

---

**Committee membership:** Member, Executive Committee

---

**Key achievements:**

- Developing and establishing the business effectiveness programme for the Consumer Credit Division.
  - Recruiting a new cadre of senior management within the Consumer Credit Division including a new HR Director, Commercial Director and a Director of Field Operations.
  - Creating a marketing and promotional programme for the Consumer Credit Division which included a sponsorship deal with Bradford Bulls.
- 

**Previous board & management experience:**

Director of Consumer Lending at Barclays, Director of HFC Bank and Group Lending Director at Bradford & Bingley.

---

**Current external appointments:** None

---



Manjit Wolstenholme, Non-executive Director,  
Senior Independent Director, Age 48

---

**Appointed to the board:** 2007

---

**Committee membership:** Chairman, Remuneration Committee; Member, Audit Committee, Risk Advisory Committee and Nomination Committee

---

**Key strengths:**

Extensive experience of Corporate Finance matters, having spent 13 years in investment banking, enabling her to make a significant contribution to the corporate and financial structure of the group.

---

**Previous board & 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 III

### SUMMARY OF THE MAIN PROVISIONS OF THE PROVIDENT FINANCIAL PERFORMANCE SHARE PLAN 2013 (2013 PSP)

#### 1. Eligibility

The 2013 PSP will be operated and administered by the remuneration committee of the board of directors of the Company (**Remuneration Committee**). The Remuneration Committee will determine who may participate in the 2013 PSP (**Participants**) and this will be limited to senior executives of the Company who have waived some of their entitlement, if any, under the Company's annual bonus scheme or such other similar cash bonus scheme as the Remuneration Committee may nominate. Executive Directors will be required to waive a minimum of one third of their bonus.

#### 2. Terms of award

Participants will receive an award of ordinary shares in the capital of the Company (**Shares**) as follows:

- (a) an award of a number of Shares whose value is equal to the amount of the bonus to which, but for the waiver, they would have been entitled. The value of the Shares for the Basic Award to be made in 2013 will be based on the closing price at which Shares can be bought on the London Stock Exchange on the date on which the bonus was due to be paid to the relevant Participant (**Basic Award**);
- (b) a further conditional award of up to two Shares for each Share comprised in the Basic Award (**Matching Award**, and together with the Basic Award, the **Awards**).

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

Basic Awards will take the form of restricted shares in the Company, where the beneficial ownership is acquired by the Participant at the grant date but which will be subject to forfeiture until they vest.

Matching Awards may be made either in the form of:

- (a) a conditional award of Shares; or
- (b) a nil or nominal cost option over Shares.

Basic Awards and Matching Awards, made in the form of conditional shares, will normally vest on the third anniversary of the date of grant. Matching Awards made in the form of an option will normally vest on the third anniversary of the date of grant and will lapse on the day immediately before the tenth anniversary of the date of grant if they remain unexercised at that date.

Awards under the 2013 PSP 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.

No Awards may be granted more than ten years after the date of adoption of the 2013 PSP.

#### 3. Individual limits

An annual grant of a Basic Award to participants cannot exceed two thirds of their annual bonus and a Matching Award of up to two times that amount, subject to the satisfaction of performance conditions, may be made to Participants.

#### 4. Performance conditions applying to Matching Awards

Matching Awards will generally only vest or become exercisable subject to the satisfaction of performance conditions determined by the Remuneration Committee at the time of grant. The performance conditions applicable to Matching Awards granted in any one year will be fully disclosed in the Company's annual report and financial statements for that year.

It is intended that Matching Awards granted in 2013 (and subsequent awards unless the Remuneration Committee decide otherwise) shall be subject to challenging earnings per share (EPS) targets which will be no less challenging than those set out below:

Average Annual EPS Growth	Matching Shares vesting
Below 5%	No vesting
5%	Half a Matching Share
11%	Two Matching Shares
Straight line vesting between performance points	

Upon the occurrence of an event where the Remuneration Committee considers it fair and reasonable to do so, it may amend the performance conditions.

## 5. Vesting and Forfeiture of the Awards

A Basic Award will vest three years from grant unless it is forfeited earlier as set out below.

A Matching Award will generally vest on the date determined by the Remuneration Committee being no earlier than three years after the grant date, provided that the relevant performance condition (as described above) is satisfied and the Participant is an employee of the Company or one of its subsidiaries.

A Basic Award will be forfeited immediately upon the earlier of either of the following events:

- (a) the Participant being adjudicated bankrupt; or
- (b) the Participant ceasing to be employed by any member of the group in circumstances where the employer is entitled to dismiss summarily.

Matching Awards will lapse when a Participant ceases to be employed by any member of the group unless the cessation is due to:

- (a) the death of the Participant; or
- (b) the Participant ceasing to be employed by any member of the group due to:
  - injury, ill-health or disability; or
  - redundancy (within the meaning of the Employment Rights Act 1996); or
  - a transfer of the undertaking or part-undertaking in which the Participant is employed to a person other than a member of the group; or
  - the company by which the Participant is employed ceasing to be under the control of the Company; or
  - such other reason as the Remuneration Committee determines.

### (Good Leaver Circumstances).

In Good Leaver Circumstances, the Matching Award will normally vest (at the end of the three year period) subject to the satisfaction of the performance condition (or where the relevant event occurs in the first year following the date of grant of an Award, such alternative performance condition as the Remuneration Committee considers appropriate) and the number of Shares which vest will be time apportioned, unless the Remuneration Committee, in exceptional circumstances, determine it should vest to a greater extent.

Upon cessation of employment in Good Leaver Circumstances for the Matching Award and, other than in cases of forfeiture of the Basic Award, the Basic Award and the Matching Award will normally only vest on the third anniversary of the date of grant, unless the Remuneration Committee determines the Awards should vest earlier.

## 6. Corporate events

The Awards will vest in the event of a change of control, a reorganisation, an amalgamation or a voluntary winding up of the Company, provided, in the case of a Matching Award, that the performance condition has been met over the shortened period or otherwise at the discretion of the Remuneration Committee.

## **7. 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 2013 PSP and any other employees' share 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.

## **8. Clawback**

The Remuneration Committee may take such steps as it considers appropriate to recover any value that should not have been paid under the 2013 PSP in the event of a material misstatement of the Company's annual results.

## **9. Dividends**

Dividends will be payable in respect of the shares held under the Basic Award on the normal dividend payment date. Matching Awards will be eligible to a dividend equivalent, such that the dividend equivalents are payable (allowing for assumed reinvestment in shares) only to the extent that the Matching Awards vest based on achievement of the performance conditions. Matching Awards taking the form of nil or nominal cost options shall not be eligible for any dividend equivalent arising after the vesting of the Matching Award. The Remuneration Committee may determine whether the dividend equivalent is paid to Participants in shares or cash.

## **10. 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).

## **11. Rights attaching to shares**

All shares allotted or transferred under the 2013 PSP will rank *pari passu* with all other shares of the Company 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 2013 PSP.

## **12. 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 Board may make such adjustments as it considers appropriate to the number of shares subject to options and/or conditional awards, and/or the price payable on the exercise of options.

## **13. Amendments to the 2013 PSP**

The Remuneration Committee may alter the provisions of the 2013 PSP in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions which are to the advantage of Participants and relate to eligibility, limits on participation and the number of new shares available under the 2013 PSP, terms of forfeiture or exercise and adjustment of options (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 2013 PSP, 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.

## **14. Termination**

The 2013 PSP 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.

## **15. Benefits non-pensionable**

Awards under the 2013 PSP are non-pensionable.

## APPENDIX IV

### SUMMARY OF THE MAIN PROVISIONS OF THE PROVIDENT FINANCIAL SAVINGS-RELATED SHARE OPTION SCHEME 2013 (2013 SAYE)

#### 1. General

The 2013 SAYE is a savings-related share option scheme designed to be approved by HM Revenue & Customs (**HMRC**) in accordance with the Income Tax (Earnings & Pensions) Act 2003 (**ITEPA**).

The 2013 SAYE will be operated and administered by the board of directors of the Company or a duly authorised committee (**Board**).

#### 2. Eligibility

All UK employees and full-time directors of the Company and participating companies within the group are eligible to participate in the 2013 SAYE.

It is intended that invitations to apply for options over shares under the 2013 SAYE will be made to all eligible employees and executive directors who are employed on the date invitations under the 2013 SAYE are issued. The Board will determine the basis upon which any invitations to apply for options are made.

#### 3. The Savings Contract

To participate in the 2013 SAYE, an eligible employee must enter into a Save-As-You-Earn contract (**Savings Contract**) with an appropriate savings carrier approved by the Company, agreeing to make monthly contributions of between £5 and £250 for a specified savings period of three or five years. The Board has discretion to determine which of the Savings Contracts will be available in respect of any invitation to apply for options. A bonus determined by HMRC is payable after the expiration of the savings period.

Applications to participate in the 2013 SAYE may be scaled down by the Board, if applications exceed the number of shares available for the grant of options. Such scaling down may include:

- (a) the exclusion of bonuses;
- (b) reducing monthly contributions above a certain level pro rata;
- (c) reducing monthly contributions for each eligible employee pro rata; or
- (d) treating elections for five-year savings plans as elections for three-year savings plans.

#### 4. Option price

The option price for each ordinary share in respect of which an option is granted shall not be less than the greater of:

- (i) 80 per cent of the average middle-market quotation as derived from the London Stock Exchange Daily Official List for the dealing day prior to the date of invitation; and
- (ii) the nominal value of the shares.

#### 5. Grant of options

The number of shares over which options may be granted must, as nearly as possible, be equal to, but not in excess of, that number of shares which may be purchased out of the repayment proceeds (including, any interest or bonus payable) of the relevant Savings Contract at the option price.

Options under the 2013 SAYE may only be granted within the period of 42 days following:

- the date of approval of the 2013 SAYE by HMRC;
- the day immediately following any general meeting of the Company;
- any day on which any change to the legislation affecting savings-related share option schemes approved by HMRC is announced or made;
- 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 Board determines that exceptional circumstances exist which justify the grant of options.

No options may be granted more than ten years after the adoption of the 2013 SAYE.

Options granted under the 2013 SAYE may not be transferred (other than on death).

No consideration will be required for the grant of the option.

## **6. 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 2013 SAYE and any other employees' share 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.

## **7. Exercise of options**

Options will only normally be exercisable for a period of six months commencing on the third or fifth anniversary (as the case may be) of the starting date of the related Savings Contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted in specified circumstances, including:

- (a) termination of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works;
- (b) on reaching the age of 60 without retiring; and
- (c) in the event of a takeover or liquidation of the Company.

## **8. Rights attaching to shares**

All shares allotted or transferred under the 2013 SAYE will rank *pari passu* with all other shares of the Company 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 2013 SAYE.

## **9. Corporate events**

In the event of a takeover, reconstruction or winding up of the Company, options may be exercised within six months of the change of control. Alternatively, options may be exchanged for new equivalent options over shares in the acquiring company where appropriate.

## **10. 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 Board may make (subject to receiving prior approval of HMRC) such adjustments as it considers appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

## **11. Amendments to the 2013 SAYE**

The Board may alter the provisions of the 2013 SAYE in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions which are to the advantage of participants and relate to eligibility, option price and variation, limits on participation and the number of new shares available under the 2013 SAYE, terms of exercise and adjustment of options (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 2013 SAYE, 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.

Any amendment to a key feature of the 2013 SAYE will require HMRC approval before it can take effect.

## **12. Termination**

The 2013 SAYE 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 options will be granted.

### **13. Employees outside the UK**

The Board may at any time without further shareholder approval establish appendices to the 2013 SAYE or further share plans corresponding to the 2013 SAYE for the benefit of employees in non-UK jurisdictions, any such appendices or plans to be similar to the 2013 SAYE, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further appendices or plans are treated as counting against the relevant limits in the 2013 SAYE.

### **14. Benefits non-pensionable**

Benefits under the 2013 SAYE are non-pensionable.

## APPENDIX V

### SUMMARY OF THE MAIN PROVISIONS OF THE PROVIDENT FINANCIAL SHARE INCENTIVE PLAN 2013 (2013 SIP)

#### 1. General

The 2013 SIP is a share incentive plan designed to be approved by HM Revenue & Customs (**HMRC**) in accordance with the Income Tax (Earnings & Pensions) Act 2003 (**ITEPA**).

The 2013 SIP shall be administered by the board of directors of the Company or a duly authorised committee (**Board**).

#### 2. Eligibility

All employees of the Company and participating subsidiaries who have been employed for a minimum period (not exceeding the period specified from time to time by HMRC) are entitled to participate in the 2013 SIP.

#### 3. How the 2013 SIP may be operated

The Board can operate the 2013 SIP in a number of ways. It can:

- make an award of 'free shares'; and/or
- give employees the opportunity to invest in 'partnership shares'; and
- make an award of 'matching shares' to those employees who have invested in 'partnership shares' (free shares, partnership shares and matching shares - together **Plan Shares**); and/or
- require or allow employees to re-invest any dividends paid on their Plan Shares in further ordinary shares (**Dividend Shares**).

#### 4. Free shares

The Company may give free shares up to a maximum annual value set from time to time by HMRC. The current maximum annual value is £3,000 per employee. If the Company wishes, the award of free shares can be based on the achievement of individual, team, divisional or corporate performance measures which must be fair and objective and notified to all employees. Otherwise, free shares must be awarded to employees on the same terms, although awards can vary by reference to remuneration, length of service or hours worked.

#### 5. Partnership shares

The Company may provide employees with the opportunity to acquire partnership shares from their gross monthly salary, up to a maximum value set from time to time by HMRC, currently £1,500 per year. The Company may set a minimum monthly deduction which may not be greater than £10. Ordinary shares will be acquired on behalf of employees within 30 days after each deduction at the market value of the ordinary shares on the date they are acquired. Alternatively, deductions can be accumulated during any accumulation period of up to 12 months. In this case, ordinary shares will be acquired on behalf of employees within 30 days after the end of the accumulation period, at the lower of the market value of the ordinary shares at the beginning of the accumulation period or the date when they are acquired.

#### 6. Matching shares

The Company can give an employee up to two free matching shares for each partnership share acquired by the employee.

#### 7. Dividend shares

The Company can either give employees the opportunity or require employees to re-invest any dividends paid on any of their Plan Shares in further ordinary shares, up to a maximum amount set by HMRC, which is currently £1,500 per year.

## **8. Trust**

The 2013 SIP operates through a trust, which will acquire ordinary shares by purchase, by subscription or by the acquisition of ordinary shares held in treasury and will hold the ordinary shares on behalf of the employees.

## **9. Awards of 'free shares'**

An award of 'free shares' may only be made within the period of 42 days following:

- the date of approval of the 2013 SIP by HMRC;
- any day on which any change to the legislation affecting share incentive plans approved by HMRC is announced or made;
- the day following 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 Board determines that exceptional circumstances exist which justify an award of 'free shares'.

## **10. Holding period**

Free and/or matching shares must be held in trust for a period specified by the Company, which must not be less than three years nor more than five years from the date on which the shares are allocated to employees. Dividend Shares must be held in trust for three years.

## **11. Cessation of employment, forfeiture of shares and non-transferability**

The Company can provide that free shares and/or matching shares are forfeited if employees cease employment with a member of the group (other than because of certain circumstances such as redundancy, injury, disability, transfer of the employing business or change of control of the employing company) within the period of up to three years from the date on which shares were allocated. Employees can withdraw their partnership shares from the 2013 SIP at any time. However, the Company can stipulate that matching shares will be subject to forfeiture if the corresponding partnership shares are withdrawn within a specified period, not exceeding three years, of their purchase on behalf of the employee. Awards are not transferable except on death, when Plan Shares may be transferred to the deceased employee's personal representatives.

## **12. Funding the SIP**

If existing ordinary shares are acquired as partnership shares, participating group companies may be required to fund the acquisition cost to the extent that salary deductions are insufficient to do so. This may be the case if an accumulation period is operated.

## **13. 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 2013 SIP and any other employees' share 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.

## **14. Rights attaching to shares**

All shares allotted or transferred under the 2013 SIP will rank *pari passu* with all other shares of the Company 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 2013 SIP.

## **15. Amendments to the SIP**

The Board will have authority to amend the 2013 SIP, provided that no amendment which is to the advantage of participants may be made in relation to eligibility, limits on participation and the number of new shares available under the 2013 SIP and adjustment of shares in the event of a variation in the Company's share capital without the prior approval of the shareholders in a general meeting (unless an amendment is minor and made to benefit the administration of the 2013 SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment

for the Company, any of its subsidiaries or for participants). While the 2013 SIP retains its HMRC approved status, no amendment may be made to a key feature of the 2013 SIP without the prior approval of HMRC.

#### **16. Termination**

The 2013 SIP 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 made.

#### **17. Employees outside the UK**

The Board may at any time without further shareholder approval establish appendices to the 2013 SIP or further share plans corresponding to the 2013 SIP for the benefit of employees in non-UK jurisdictions, any such appendices or plans to be similar to the 2013 SIP, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further appendices or plans are treated as counting against the relevant limits in the 2013 SIP.

#### **18. Benefits non-pensionable**

Benefits under the 2013 SIP are non-pensionable.

