

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION**

**FOR IMMEDIATE RELEASE**

**11 March 2019**

**Provident Financial plc ("Provident", the "Company" or the "Group")**

**Statement regarding offer from Non-Standard Finance plc ("NSF")**

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

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

- The Board notes again the letter sent to NSF by the FCA on 6 March 2019, which underlines the regulatory position on standards in the market and the considerations the FCA would apply to any transformation plans;
- The Board continues to believe that NSF management has limited banking and credit card experience, which introduces material risk given that Vanquis Bank is Provident's largest business by a significant margin and a key driver of future value for shareholders;
- The Board believes that the Offer Document has only superficially addressed the funding and value implications and issues highlighted by Provident with respect to the sale of Moneybarn, and thereby continues to create the misleading impression that substantial sale proceeds would be available to shareholders by way of a capital distribution, which the Board continues to believe is inaccurate;
- The Board continues to have significant concerns regarding NSF's proposed demerger of its Loans at Home business, including its viability as a stand-alone company, and the adequacy of the proposed demerger to address competition and CMA concerns;
- The Board believes that it has taken significant and positive action to embed a new culture that puts the customer at the centre of Provident's business model. The progress it has made, including the substantial resolution of all material outstanding regulatory issues with the FCA, is testament to this substantial cultural shift, which, were the Offer to succeed, the Board believes would be put at risk;
- The Board believes that the Offer Document illustrates NSF's management's prioritisation of growth over profitable returns for shareholders. NSF's operating track-record, while demonstrating organic and inorganic balance sheet and revenue growth, has resulted in repeated net losses and a decline in its share price. The Board believes that the pursuit of volume growth alone presents significant financial risk; and

- NSF itself admits that its plans are subject to uncertainty as it has elected to pursue its Offer on a hostile basis, and therefore has not had access to information to substantiate a number of its assertions, and has failed to quantify the perceived financial benefits of its Offer in any meaningful way. The Board considers that this represents a material risk to all Provident shareholders. NSF has a track record of value destruction through M&A and has no experience of integrating an acquisition of this magnitude, which further exacerbates the risks.

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

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

Malcolm Le May, CEO of Provident, commented:

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

Patrick Snowball, Chairman of Provident, commented:

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

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

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

**Enquiries**

**Provident, Tel:** +44 12 7435 1135

Patrick Snowball, Chairman

Malcolm Le May, Chief Executive Officer

Gary Thompson / Vicki Turner, Investor Relations, **Tel:** +44 12 7435 1900

Richard King, Media, **Tel:** +44 20 3620 3073

**Barclays (Joint Lead Financial Adviser and Corporate Broker to Provident)**

Richard Taylor, **Tel:** +44 20 7623 2323

Kunal Gandhi

Francesco Ceccato

Derek Shakespeare

**J.P. Morgan Cazenove (Joint Lead Financial Adviser and Corporate Broker to Provident)**

Ed Byers, **Tel:** +44 20 7742 4000

Jeremy Capstick

Claire Brooksby

James Robinson

**Jefferies (Financial Adviser to Provident)**

Graham Davidson, **Tel:** +44 20 7029 8000

Philip Noblet

Barry O'Brien

**Brunswick (PR Adviser to Provident)**

Nick Cosgrove, Tel: +44 20 7404 5959

Charles Pretzlik

Simone Selzer

**Further Information**

Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively as corporate broker and financial adviser for Provident and no one else and will not be responsible to anyone other than Provident for providing the protections afforded to clients of Barclays nor for providing advice in relation to any matter referred to in this announcement.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom. J.P. Morgan Cazenove is acting exclusively as corporate broker and financial adviser to Provident and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to anyone other than Provident for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the contents of this announcement or any other matter referred to herein.

Jefferies International Limited ("Jefferies"), which is authorised and regulated in the United Kingdom by the FCA, is acting for Provident and no one else in connection with the matters set out in this Announcement. In connection with such matters, Jefferies will not regard any other person as their client, nor and will not be responsible to anyone other than Provident for providing the protections afforded to clients of Jefferies or for providing advice in relation to the contents of this Announcement or any other matter referred to herein. Neither Jefferies nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with this Announcement, any statement contained herein or otherwise.

**Important Notices**

A copy of this announcement will be made available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on the Provident website at [www.providentfinancial.com](http://www.providentfinancial.com) no later than 12 noon (London time) on the business day following this announcement. For the avoidance of doubt, the content of this website is not incorporated by reference into, and does not form part of, this announcement.

This communication is not intended to and does not constitute an offer to buy or the solicitation of an offer to subscribe for or sell or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction. The release,

publication or distribution of this communication in whole or in part, directly or indirectly, in, into or from certain jurisdictions may be restricted by law and therefore persons in such jurisdictions should inform themselves about and observe such restrictions.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

END

OFBDBGDXXSBBGCG