

## OFFERING CIRCULAR



### **PROVIDENT FINANCIAL PLC**

*(incorporated with limited liability in England and Wales)*

**Up to £75,000,000 7.00 per cent. Guaranteed Bonds due 2020**

**unconditionally and irrevocably guaranteed by**

### **PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED**

*(incorporated with limited liability in England and Wales)*

**and**

### **PROVIDENT PERSONAL CREDIT LIMITED**

*(incorporated with limited liability in England and Wales)*

**and**

### **GREENWOOD PERSONAL CREDIT LIMITED**

*(incorporated with limited liability in England and Wales)*

**and**

### **PROVIDENT INVESTMENTS PLC**

*(incorporated with limited liability in England and Wales)*

**Issue price: 100.00 per cent.**

Up to £75,000,000 7.00 per cent. Guaranteed Bonds due 2020 (the **Bonds**) will be issued by Provident Financial plc (the **Issuer**) and guaranteed on a joint and several basis by Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and Provident Investments plc (each a **Guarantor** and together the **Guarantors**). The Bonds bear interest from and including 14 April 2010 at a rate of 7.00 per cent. per annum, payable semi-annually in arrear.

Application has been made to the Financial Services Authority (the **FSA**) in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds to be admitted to trading on the electronic order book for retail bonds on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without interest coupons, which will be issued in New Global Note (NGN) form as the Bonds are intended to be eligible collateral for Eurosystem monetary policy. The Temporary Global Bond will be deposited on or before 14 April 2010 (the **Closing Date**) with a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and will be made eligible for Euroclear UK & Ireland Limited (**CREST**) via the CREST Depository Interest mechanism. Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), without interest coupons, on or after 24 May 2010 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will be exchangeable for definitive Bonds only in certain limited circumstances — see *“Summary of Provisions relating to the Bonds while represented by the Global Bonds”*.

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (the **FSMA**), the Issuer may be responsible to the Investor for the Offering Circular under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of section 90 of the FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents it should take legal advice.

Prospective Investors should ensure that they understand the nature of the Bonds and the extent of their exposure to risks and that they consider the suitability of the Bonds as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Bonds and are not relying on the advice of the Issuer, the Trustee or the Manager in that regard.

**An investment in Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 11.**

**Manager**

**Numis Securities**

The date of this Offering Circular is 23 March 2010

This Offering Circular comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer and the Guarantors (the **Responsible Persons**) accept responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the 5th paragraph on the first page of this Offering Circular.

The Responsible Persons, having made all reasonable enquiries, confirm that this Offering Circular contains all material information with respect to the Responsible Persons and the Bonds (including all information which, according to the particular nature of the Responsible Persons and of the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Responsible Persons and of the rights attaching to the Bonds), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that any summary set out in this Offering Circular is not misleading, inaccurate or inconsistent when read with other parts of this Offering Circular, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Responsible Persons accept responsibility accordingly.

The only persons authorised to use this Offering Circular in connection with the offering of the Bonds are the Manager, Hargreaves Lansdown Asset Management Limited as authorised offeror in connection with the Bonds (the **Authorised Offeror**) and any other Financial Intermediary (as defined in “*Subscription and Sale – Public Offer*”).

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY OF THE BONDS FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE BONDS TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE RESPONSIBLE PERSONS WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE MANAGER) IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS AND, ACCORDINGLY, THIS OFFERING CIRCULAR DOES NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Offering Circular should be read and construed on the basis that such documents are incorporated in and form part of the Offering Circular.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Numis Securities Limited (the **Manager**) or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantors in connection with the offering of the Bonds. None of the Manager, the Authorised Offeror or Deutsche Trustee Company Limited as the trustee (the **Trustee**) accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Responsible Persons in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by any of the Responsible Persons, the Manager, the Authorised Offeror or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Responsible Persons, the Manager, the Authorised Offeror or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by any of the Responsible Persons, the Manager, the Authorised Offeror or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantors. Neither this Offering Circular nor any other information supplied in connection

with the offering of the Bonds constitutes an offer or invitation by or on behalf of any of the Responsible Persons, the Manager or the Trustee to any person to subscribe for or to purchase any Bonds.

The Manager, which is authorised and regulated by the FSA, is acting for the Issuer and for no one else in connection with the contents of this Offering Circular and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of the Manager, or for providing advice in relation to the contents of this Offering Circular or any matter referred to herein. The Manager is not responsible for the contents of this Offering Circular.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Responsible Persons is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. None of the Manager, the Authorised Offeror or the Trustee expressly undertakes to review the financial condition or affairs of the Responsible Persons during the life of the Bonds or to advise any investor in the Bonds of any information coming to its attention. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see "*Subscription and Sale*".

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Bonds may be restricted by law in certain jurisdictions. None of the Responsible Persons, the Manager, the Authorised Offeror or the Trustee represents that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the "*Subscription and Sale – Public Offer*" section no action has been taken by any of the Responsible Persons, the Manager, the Authorised Offeror or the Trustee which is intended to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Bonds in the United States, the European Economic Area (including the United Kingdom) and Japan, see "*Subscription and Sale*".

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

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## SUMMARY

This Summary must be read as an introduction to this Offering Circular and any decision to invest in the Bonds should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.

Words and expressions defined in "*Terms and Conditions of the Bonds*" shall have the same meanings in this Summary.

### Issuer:

#### **Provident Financial plc**

The Issuer is a public limited company with its ordinary shares listed on the London Stock Exchange. It is the parent company of the Provident Financial group (the Issuer and its subsidiaries together, constitute the **Group**). The Group focuses on the provision of small-sum, unsecured credit products tailored to the needs of customers on moderate incomes who are unable to access credit from mainstream providers. The business was established in 1880 and now provides its simple credit products to over two million customers throughout the United Kingdom (the UK) and the Republic of Ireland.

### Guarantors:

#### **Provident Financial Management Services Limited**

Provident Financial Management Services Limited is a wholly owned subsidiary of the Issuer. It provides head office services and related activities to its subsidiaries, Provident Personal Credit Limited and Greenwood Personal Credit Limited.

#### **Provident Personal Credit Limited**

Provident Personal Credit Limited provides home credit loans and unsecured direct repayment loans to customers in the UK and the Republic of Ireland.

#### **Greenwood Personal Credit Limited**

Greenwood Personal Credit Limited provides unsecured home credit loans to customers in the UK.

#### **Provident Investments plc**

Provident Investments plc is a wholly owned subsidiary of the Issuer and has no subsidiaries. It provides finance and loans to the Issuer and the Issuer's subsidiaries.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These are set out under "*Risk Factors*" below and include the credit risk arising from events of default by customers or bank counterparties causing loss to the Group; regulatory risk in relation to breaches of existing regulations or future changes in regulations in the markets in which the Group operates; reputational risk in relation to events or circumstances having an adverse impact on the Group's reputation; operational risks in relation to IT systems, health and safety, fraud and the recruiting and retaining of highly skilled management and staff; tax risk in relation to losses that may arise from changes in tax legislation or practice; liquidity risk in relation to the availability of liquid resources for the Group's operational plans; interest rate risk in relation to changes in external interest rates increasing the Group's cost of borrowing; foreign exchange risk in relation to changes in foreign exchange rates resulting in the reduction of profit or equity; business risk in relation to loss arising from the failure of strategies or management actions; concentration risk in relation to the lack of diversification of the Group's business either geographically, demographically or by product; and pension risk in relation to insufficient assets to meet the liabilities of the Group's defined benefit pension scheme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Bonds. These are set out under "*Risk Factors*" and include the fact that the Bonds may not be a suitable investment for all investors and certain market risks.

**Description of Bonds:**

Up to £75,000,000 7.00 per cent. Guaranteed Bonds due 2020 (the **Bonds**), to be issued by the Issuer on 14 April 2010 (the **Closing Date**).

**Trustee:**

Deutsche Trustee Company Limited

**Manager:**

Numis Securities Limited

**Authorised Offeror:**

Hargreaves Lansdown Asset Management Limited

**Denomination/ Calculation Amount:**

£1.00

**Interest:**

The Bonds bear interest from and including 14 April 2010 at the rate of 7.00 per cent. per annum, payable semi-annually in arrear in equal instalments of £0.035 per Calculation Amount on 14 April and 14 October in each year.

**Optional Redemption by Issuer for tax reasons:**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders, at their principal amount, if:

- (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 March 2010; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice or redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due,

in the circumstances and subject to the conditions described in Condition 5(b).

**Events of Default:**

Events of Default under the Bonds include non-payment by the Issuer of principal or any interest when due and where such failure continues for a period of five Business Days; non-performance or compliance of other obligations in the Bonds or the Trust Deed by the Issuer or any Guarantor which default is incapable of remedy, or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default; any other present or future Borrowed Moneys of the Issuer or a Guarantor or any of their respective Subsidiaries becomes due and payable prior to its stated maturity by reason of default, event of default or the like or are not paid when due or within any originally applicable grace period or any present or future guarantee for, or indemnity in respect of Borrowed Moneys is not paid when due provided that the aggregate amount of the relevant Borrowed Moneys, guarantees and indemnities equals or exceeds £5,000,000 or its equivalent (as reasonably determined by the Trustee); the enforcement of proceedings against any part of the property, assets or revenues of the Issuer or a Guarantor or any Material Subsidiary which remains undischarged for 60 days; security becomes enforceable against the Issuer or a Guarantor or any Material Subsidiary and any step is taken to enforce it; any material obligations of the Issuer or any Guarantor are not or cease to be legal, valid and enforceable in the opinion of the Trustee; any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; the Guarantee is not in full force and effect; and certain events related to insolvency or winding up of the Issuer or a Guarantor or any Material Subsidiary, in the circumstances and subject to the conditions described in Condition 8.

**Negative Pledge:**

The terms of the Bonds contain a negative pledge provision which limits the Issuer, the Guarantors and their Subsidiaries from creating or having outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of their respective present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto, according to the Bonds and Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either:

- (a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders; or
- (b) shall be approved by an Extraordinary Resolution of the Bondholders,

in the circumstances and subject to the conditions described in Condition 3.

**Guarantee:**

The Guarantors have unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Bonds and the Coupons. Their obligations in that respect are contained in the Trust Deed.

**Status of the Bonds:**

The Bonds and Coupons (subject to Condition 3) will constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons and of the Guarantors under the Guarantees shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

**Meetings of Bondholders:**

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting the interests of Bondholders generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.



**Modification, Waiver and Substitution:**

The Trustee may, without the consent of Bondholders or Couponholders, agree to (a) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders, in the circumstances and subject to the conditions described in Condition 11(b).

The Trustee may, without the consent of the Bondholders or Couponholders, agree to (a) the substitution of certain other entities in place of the Issuer, or any previous substituted company, as principal debtor under the Trust Deed and the Bonds, and (b) to the resignation of a Guarantor, or to the addition of a new guarantor, in certain circumstances if there is a resignation of a Guarantor, or the addition of a new guarantor, under the terms of the Issuer's £707,500,000 Multi Currency Term and Revolving Facilities Agreement dated 9 March 2007, as amended and replaced by the Issuer's £384,261,484.09 Multi Currency and Revolving Facilities Agreement dated 26 February 2010 as further amended and/or replaced from time to time, in the circumstances and subject to the conditions described in Condition 11(c).

**Withholding Tax and Additional Amounts:**

The Issuer or the Guarantors will pay such additional amounts as may be necessary in order that the amounts received by each Bondholder in respect of the Bonds, after withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless withholding or deduction is required by law, upon payments made by or on behalf of the Issuer in respect of the Bonds, will equal the amount which would have been received by them had no such withholding or deduction been required, in the circumstances and subject to the conditions as described in Condition 7.

**Listing and admission to trading:**

Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market.

**Governing Law:**

The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.

**Form:**

The Bonds will be issued in bearer form in denominations of £1.00, each with Coupons attached on issue.

**Clearing System**

The Bonds will be settled in Euroclear Bank S.A./N.V. and Clearstream Banking, Luxembourg. In addition, the Bonds will be accepted for settlement in Euroclear UK & Ireland Limited via the CREST Depository Interest mechanism.

**Selling Restrictions:**

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds may be sold in other jurisdictions (including the United Kingdom and other Member States of the European Economic Area) only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

**Public Offer:**

The Bonds may be offered to the public in the UK. For provisions and restrictions relating to offers of Bonds to the public, see "*Subscription and Sale–Public Offer*".

**Fees and commissions:**

The fees and commission payable to the Manager and the Authorised Offeror are set out in "*Subscription and Sale*".

**Use of Proceeds:**

The net proceeds of the issue of the Bonds will be applied by the Issuer for its general corporate purposes.

## RISK FACTORS

*The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.*

*The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **Factors that may affect the Group's ability to fulfil its obligations under the Bonds**

The Group operates through two principal trading divisions: the Consumer Credit Division (**CCD**) and Vanquis Bank. The background to each division is provided on pages 35 to 36.

The Group has a rigorous risk management framework. This is designed to identify the risks that could adversely impact the delivery of the Group's strategic aims and to ensure that adequate controls and procedures are in place to mitigate the risks.

The Group's principal risks, together with the controls and procedures in place to mitigate the risks, are as follows:

#### ***Credit risk***

Credit risk is the risk that the group will suffer loss in the event of a default by a customer or bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due. Customer defaults in the non-standard credit market are typically higher than in more mainstream markets. In addition, the current economic climate has led to increased impairment levels in the credit market generally.

#### ***(i) CCD***

Credit risk management for CCD is the responsibility of the CCD Credit Committee which is responsible for approving product criteria and pricing. All changes to lending policy must be approved by the CCD Credit Committee, which meets at least every two months.

Credit risk is managed using a combination of lending policy criteria, credit scoring (including behavioural scoring), policy rules, individual lending approval limits, central underwriting, and a home visit to make a decision on applications for credit.

CCD has lending portfolios within its home credit business (**Home Credit**).

Loans within Home Credit are short-term, typically for a contractual period of around a year, with average issue values of between £300 and £500. Agents' commission is based on collections from customers rather than from the issue of new loans which reinforces the core principle of responsible and affordable lending. The business is conducted through agents who have regular face-to-face contact with customers, with all loans underwritten in the customers' home and collections made by a weekly agent visit. Agents often live in the same communities as their customers and are quick to identify and deal with changes to customers' circumstances. These characteristics of the business model make Home Credit well placed to effectively manage the impact of changes in economic conditions on customers.

The underwriting of direct repayment loans is carried out through the home credit branch network and is focused on known prospects generated through the home credit branch network and customer database. The emphasis is placed on employment and residential history, credit bureau reports, bank statements, salary slips, disposable income calculations, and a home visit. Average loan size is typically £1,800 and repayable monthly via direct debit over an 18 month to three-year period.

Arrears management within CCD is a combination of central letters, central telephony, and field activity undertaken by field management. This will often involve a home visit to discuss the customer's reasons for non-payment and to try to agree a resolution.

Weekly and monthly monitoring is undertaken at both the product portfolio level and at field management level. Any significant departures from expected performance, together with the reason for departure, are reported to the CCD Credit Committee for it to determine the appropriate action.

**(ii) Vanquis Bank**

Oversight of Vanquis Bank credit risk is managed by the Vanquis Bank Credit Committee which meets at least quarterly. The committee manages all credit risks of Vanquis Bank, specifically to ensure that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy.

The Vanquis Bank operating model is very different to that of mainstream credit card issuers. The business has developed bespoke underwriting scorecards and the customer application process normally involves a telephone interview. The initial credit line granted to a new customer is low, typically £250, and is only increased if a customer establishes a satisfactory payment history. Credit bureau data is re-checked regularly for existing customers in order to mitigate the risk of over-indebtedness. The criteria applied to underwriting and credit line increases have been tightened continuously since the middle of 2007, reflecting a cautious stance in anticipation of deteriorating economic conditions.

Arrears management consists of a combination of central letters, inbound and outbound telephony and outsourced debt collection agency activities. A customer interface from the call centre in Chatham, Kent focuses on collections and customer service.

Daily and monthly monitoring of portfolio key performance indicators is undertaken. Any significant departures from expected performance, together with the reason for departure, are reported to the Board and the Vanquis Bank Credit Committee in order to take the appropriate action.

**(iii) Bank counterparties**

Counterparty credit risk arises as a result of occasional cash deposits placed with clearing banks and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange risk.

Counterparty credit risk is managed by the Group's Treasury Committee and is governed by a counterparty policy approved by the board of the Issuer (the **Board**) which ensures that the Group's cash deposits and derivative financial instruments are only made with high quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of their respective credit ratings. This is linked to the Group's regulatory capital base and is in line with the Group's regulatory reporting requirements on large exposures to the FSA.

Despite the Group's credit risk management procedures, there can be no assurance that the Group's financial performance could not be adversely affected should unforeseen events relating to credit risk arise in the future.

**Regulatory risk**

Regulatory risk is the risk of loss arising from a breach of existing regulation or future changes in regulation in the markets within which the Group operates. The current volatile economic environment has resulted in a greater focus on regulation, and in particular, there has been an increase in the level of scrutiny placed upon lenders in the non-standard credit market.

The Group's operations are subject to various forms of regulation originating from Europe, the UK and the Republic of Ireland as explained further in the "*Description of the Issuer and the Group*" on pages 37 and 38. These regulations are subject to continual modification which could adversely affect the Group's operations if they are not effectively anticipated and responded to. Changes to legislation could include the introduction of interest rate caps, changes to regulations on lending in the home, more stringent consumer credit legislation or changes in the employment status of CCD's self-employed agents.

In order to manage effectively the risk associated with changing regulation, the Group has a central in-house legal team which, working closely with the CCD and Vanquis Bank compliance and governance functions, seeks to ensure that the Group's operations are compliant with current legislation and manages the implementation of future changes to legislation. Expert third party legal advice is taken where necessary. In addition, both directly and through its trade body, The Consumer Credit Association, the Group aims to maintain a constructive dialogue with its regulators to ensure that its businesses are fully understood.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to regulatory risk arise in the future.

### ***Reputational risk***

Reputational risk is the risk that an event or circumstance could adversely impact on the Group's reputation. Operating as it does in the non-standard credit market leads to greater scrutiny of the Group's activities and any adverse publicity from the activities of legislators, pressure groups and the media could potentially have a detrimental impact on the Group's sales and collections activities.

Reputational risk is managed in a number of ways. At Group level there is a dedicated team and established procedures for dealing with media issues. In addition, a pro-active communication programme to foster a better understanding of the Group's products is co-ordinated at Group level and is targeted at key opinion formers.

Continued investment in a Group co-ordinated community programme helps to foster good relations with customers and the areas in which they live.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to reputational risks arise in the future.

### ***Operational risk***

Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems.

Operational risk is managed by risk functions within CCD and Vanquis Bank whose responsibility it is to monitor operational risks, monitor the controls in place to mitigate those risks and determine the likelihood, value and impact of the risks.

The principal operational risks and the key controls in place to mitigate those risks are as follows:

- ***IT systems*** — the Group's divisions rely on the effective and efficient use of IT systems. IT is managed on a divisional basis by experienced management teams with the use of third party contractors and consultants where necessary.

The Group has disaster recovery procedures and policies in place which are designed to allow the Group to continue trading in the event of a disaster. These policies and procedures are tested on a regular basis.

- ***Health and safety*** — The health and safety of employees is a key concern for the Group. The Group also has a duty of care to the agents it engages. As a result, the Group tries to ensure that staff is safety conscious. It also assists agents to ensure that they are safety aware. Induction sessions and regular updates are provided on safety awareness and safety awareness weeks form part of the annual calendar.
- ***Fraud*** — The Group can be the subject of fraud by customers, employees and agents. Both CCD and Vanquis Bank operate specialist departments to identify, investigate and report on fraudulent activity. Fraud reports are presented to the divisional boards and the Issuer's Audit Committee.
- ***Recruiting and retaining highly skilled management and staff*** — The Group is dependant on the executive directors and the senior management team to deliver the Group's strategy. The Group maintains recruitment, retention and succession planning strategies and monitors remuneration and incentive structures to ensure that they are appropriate and competitive. The Group also ensures that there are training and development opportunities and effective staff communication throughout the business.

In addition to the above mitigating controls, the Group also maintains a range of insurance policies to cover eventualities such as business interruption, loss of IT systems and crime. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to operational risks arise in the future.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

### ***Tax risk***

Tax risk is the risk of loss arising from changes in tax legislation or practice.

The Group has a Board approved tax strategy. The Group's overall tax risks are managed by an in-house tax team which is responsible for managing the Group's tax affairs. In addition, advice from external professional

advisors is sought for all material transactions and, where possible, tax treatments are agreed in advance with any relevant authorities.

The Group's in-house tax team works closely with external advisors on key corporate and indirect tax matters, including the self-employed status of agents. Despite these measures, there can be no assurance that any changes in taxation legislation or practice will not adversely affect the Group's financial position.

### ***Liquidity risk***

Liquidity risk is the risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or meet its financial obligations as they fall due.

Liquidity risk is managed daily by the Group's centralised treasury department through monitoring of expected cash flows in accordance with a Board approved Group funding and liquidity policy. This process is monitored regularly by the treasury committee.

The Group's funding and liquidity policy is designed to ensure that the Group is able to continue to fund the growth of the business through its existing borrowing facilities. The Group therefore maintains committed borrowing facilities in excess of expected borrowing requirements to ensure a significant and continuing headroom above forecast requirements at all times for at least the following 12 months. In determining the forecast borrowing requirement, attention is paid to the currently undrawn credit lines granted by Vanquis Bank.

The Group is less exposed than mainstream lenders to liquidity risk as the loans issued by Home Credit, the Group's largest business, are of a short-term duration (typically of around one year) whereas the Group's borrowing facilities typically extend over a number of years.

As at 31 December 2009, the Group's committed borrowing facilities had a weighted average maturity of 3.5 years and the headroom on these facilities amounted to £331.0 million. After taking into account the extension of £380 million of syndicated bank facilities to 13 May 2010 which took place on 26 February 2010, the weighted average period to maturity of the Group's borrowing facilities was 4.0 years. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to liquidity risks arise in the future.

### ***Interest rate risk***

Interest rate risk is the risk that a change in external interest rates leads to an increase in the Group's cost of borrowing.

The Group's interest cost is a relatively small part of the Group's cost base, representing only 7.0 per cent. of total costs in the year ended 31 December 2009.

The Group's exposure to movements in interest rates is monitored by the Treasury Committee and is governed by a Board approved interest rate hedging policy, which forms part of the Group's treasury policies.

The Group seeks to limit the net exposure to changes in sterling interest rates. This is achieved through a combination of issuing fixed rate debt and by the use of derivative financial instruments such as interest rate swaps. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to interest rate risks arise in the future.

### ***Foreign exchange risk***

Foreign exchange risk is the risk that a change in foreign currency exchange rates leads to a reduction in profits or equity.

The Group's exposure to movements in foreign exchange rates is monitored by the treasury committee and is governed by a Board approved currency risk management policy which forms part of the Group's treasury policies.

The Group's exposures to foreign exchange risk arise solely from (a) the issuance of US dollar loan notes, which are fully hedged into Sterling through the use of cross-currency swaps, and (b) the Home Credit operations in the Republic of Ireland, which are hedged by matching euro denominated net assets with euro denominated borrowings as closely as possible. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to foreign exchange risks arise in the future.

### ***Business risk***

Business risk is the risk of loss arising from the failure of the Group's strategy or management actions over the planning horizon.

The Group has developed a clear strategy to grow the business by focusing on being the leading lender to the approximately 10 million people in the UK who make up the non-standard market. To deliver the strategy, the Group aims to grow its existing businesses in a controlled manner by developing new distribution channels; developing or acquiring new products and services to meet the changing needs of customers; and enhancing business processes to ensure that the Group remains efficient and competitive.

The business risk associated with failure to deliver the Group strategy is mitigated by a number of actions:

- The Board has an annual planning conference to discuss strategy, performance and business opportunities.
- The Group has a Director of Corporate Strategy whose role is to develop corporate strategy, identify strategic opportunities and monitor the strategy and performance of direct, indirect and potential competitors and partners.
- New products or processes are supported by a detailed business plan and are tested and assessed prior to formal roll-out.
- Customer surveys performed by third parties are used regularly to assess customer demographics, attitudes and needs.
- There is wide ranging monitoring of competitor product offers, pricing levels and strategic and operational actions.
- There are programme management functions and processes that oversee and control major change efforts in the business to ensure that they align with strategic priorities.
- A management accounts and budgeting process is in place to monitor actual performance against targets, including strategic and operational reporting.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to business risks arise in the future.

### ***Concentration risk***

Concentration risk is the risk arising from the lack of diversification in the Group's business either geographically, demographically or by product.

The Group's operations are concentrated wholly in the UK and the Republic of Ireland in the non-standard consumer credit market which may indicate concentration risk. However, the Group's customer base is well diversified throughout the UK and the Republic of Ireland and is not concentrated in a particular region. In addition, the Group offers a variety of loan products within CCD in addition to the Vanquis Bank credit card to ensure that there is not an overreliance on a particular product. The introduction of the unsecured direct repayment loans market further diversifies the Group's product range.

Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to concentration risks arise in the future.

### ***Pension risk***

Pension risk is the risk that there may be insufficient assets to meet the liabilities of the Group's defined benefit pension scheme.

The Group operates a defined benefit pension scheme based on final salary. There is a risk that the liabilities within the scheme materially exceed the assets in the scheme due to changes in corporate bond yields, inflation, equity and bond returns and mortality rates.

In order to mitigate the pension risk, the defined benefit pension scheme was substantially closed to new employees joining the Group after 1 January 2003. All new employees joining the Group after 1 January 2003 are invited to join a stakeholder pension plan into which the Group typically contributes between 5.1 and 10.6 per cent. of members' pensionable earnings, provided the employee contributes, by way of salary sacrifice, a minimum of between 3 and 8 per cent. The Group has no investment or mortality risk in respect of the stakeholder pension plan. In addition, the Group's defined benefit scheme arrangements were amended in 2006 to give active members the choice of (a) paying higher contributions into the scheme and retaining final salary

benefits or (b) paying reduced contributions and joining the ‘cash balance’ section of the scheme. The scheme’s investment strategy is to maintain a balance of assets between equities and bonds in order to reduce the risk of volatility in investment returns.

As at 31 December 2009, the Group had a pension asset, calculated in accordance with IAS 19 ‘Employee benefits’, of £19.9 million on its balance sheet. The Group, in conjunction with its advisors, continues to monitor investment strategy carefully.

Despite these measures, there can be no assurance that the Group’s financial performance will not be adversely affected should unforeseen events relating to pension risks arise in the future.

### **Factors which are material for the purpose of assessing the market risks associated with the Bonds**

#### ***The Bonds may not be a suitable investment for all investors***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor’s overall investment portfolio.

#### ***Risks related to the Bonds generally***

Set out below is a brief description of certain risks relating to the Bonds generally:

##### *Modification, waivers and substitution*

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, (i) agree to certain modifications of, or to the waiver or authorisation of certain breaches or proposed breaches of, any of the provisions of the Bonds or (ii) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such. The Terms and Conditions also provide for the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 11 and for the release of any of the Guarantors and/or the addition of other companies in the Group as additional guarantors of the Bonds as referred to in Condition 11(c). Any of the Guarantors will be automatically released from its obligations to act as guarantor of the Bonds (i) if it becomes a Regulated Subsidiary (as defined in the “*Terms and Conditions of the Bonds*” below) or (ii) if it becomes regulated by law or otherwise and under the terms of such regulation the contingent liability resulting from a guarantee or



indemnity by that Guarantor under the Facilities Agreement (as defined in the “*Terms and Conditions of the Bonds*” below) would result in a breach by the relevant Guarantor of such regulation or would be required to be taken into account in calculating applicable financial adequacy requirements, solvency ratios or other tests pursuant to such regulation. In addition, the Issuer may choose to release a Guarantor as a guarantor under the Facilities Agreement and the Bonds if it ceases to be a subsidiary or a Material Subsidiary (as defined in the “*Terms and Conditions of the Bonds*” below) of the Issuer, and the lenders under the Facilities Agreement may also agree to the release of a guarantor under such agreement (and therefore also under the Bonds).

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission’s advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, the Guarantors, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

The conditions of the Bonds are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks:

##### *The secondary market generally*

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are designed for specific investment objectives or strategies. As such, the Bonds generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

##### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Bonds and the Guarantors will make any payments under the Guarantees in Sterling. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the **Investor’s Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to Sterling would decrease (i) the Investor’s Currency-equivalent yield on the Bonds, (ii) the Investor’s Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor’s Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

***Financial Services Compensation Scheme***

The Bonds will not have the status of bank deposits under English law and are not within the scope of the Financial Services Compensation Scheme operated by the FSA.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The auditors report and audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2008 and 2009 which have been published and have been filed with the UK Listing Authority shall be incorporated in, and form part of, this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. Copies of the documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and are published on the Issuer's website at [www.providentfinancial.com](http://www.providentfinancial.com).

## TERMS AND CONDITIONS OF THE BONDS

The issue of the Bonds was authorised by a resolution of the Board of Directors of Provident Financial plc (the **Issuer**) passed on 18 March 2010 and the giving of the Guarantees of the Bonds was duly authorised by a resolution of each of the Boards of Directors of Provident Personal Credit Limited dated 19 March 2010, Greenwood Personal Credit Limited dated 19 March 2010, Provident Financial Management Services Limited dated 19 March 2010, and Provident Investments plc dated 19 March 2010. The Bonds are constituted by a Trust Deed (the **Trust Deed**) dated on or about 14 April 2010 between the Issuer, the Guarantors (as defined in the Trust Deed) and Deutsche Trustee Company Limited (the **Trustee** which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the **Bondholders**). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the **Coupons**). Copies of the Trust Deed, and of the Paying Agency Agreement (the **Paying Agency Agreement**) dated on or about 14 April 2010 relating to the Bonds between the Issuer, the Guarantors, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified offices of the principal paying agent for the time being (the **Principal Paying Agent**) and the other paying agents for the time being (the **Paying Agents**, which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (the **Couponholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

### 1. Form, Denomination and Title

#### (a) Form and denomination

The Bonds are serially numbered and in bearer form in the denomination of £1.00 each with Coupons attached on issue.

#### (b) Title

Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### 2. Guarantees and Status

#### (a) Guarantees

The Guarantors have unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Bonds and the Coupons. Their obligations in that respect (the **Guarantees**) are contained in the Trust Deed.

#### (b) Status

The Bonds and Coupons constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons and of the Guarantors under the Guarantees shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

### 3. Negative Pledge

So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantors will, and will ensure that none of their Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Trust Deed, the Bonds and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In this Condition 3:

- (i) **Relevant Indebtedness** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (ii) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

#### **4. Interest**

The Bonds bear interest from and including 14 April 2010 at the rate of 7.00 per cent. per annum, payable semi-annually in arrear in equal instalments of £0.035 per Calculation Amount (as defined below) on 14 April and 14 October in each year (each an **Interest Payment Date**). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

In these Conditions, the period beginning on and including 14 April 2010 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **Interest Period**.

Interest in respect of any Bond shall be calculated per £1.00 in principal amount of the Bonds (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 7.00 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a pence being rounded upwards).

#### **5. Redemption and Purchase**

##### **(a) Final redemption**

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 14 April 2020. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

##### **(b) Redemption for taxation reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantees were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 23 March 2010, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it/them, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds (or the Guarantees, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer (or the relevant Guarantor(s), as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it and the Trustee shall be required to accept such certificate as

sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

**(c) Notice of redemption**

All Bonds in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

**(d) Purchase**

Each of the Issuer, the Guarantors and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantors or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 5, 8 and 11.

**(e) Cancellation**

All Bonds so redeemed or purchased and any unmatured Coupons attached to or surrendered with them may be held or re-sold or, at the discretion of the Issuer, the relevant Guarantor or the relevant Subsidiary, surrendered to the Principal Paying Agent for cancellation. All Bonds and Coupons which are so surrendered will be cancelled and may not be re-issued or resold.

**6. Payments**

**(a) Method of Payment**

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office outside the United States of any Paying Agent by pounds sterling cheque drawn on, or by transfer to pound sterling account maintained by the payee with, a bank in London. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.

**(b) Payments subject to laws**

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

**(c) Surrender of unmatured Coupons**

Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than ten years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

**(d) Payments on business days**

A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a pound sterling account, in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition **business day** means a day on which commercial banks and foreign exchange markets are open in the relevant city.

**(e) Paying Agents**

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least two major European cities approved by the Trustee and (iii) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders.

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantors in respect of the Bonds and the Coupons or under the Guarantees shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of the Bond or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (d) **Payment by another Paying Agent:** by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

**Relevant Date** means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

**Tax Jurisdiction** means any jurisdiction under the laws of which the Issuer or any Guarantor, or any successor to the Issuer or any Guarantor, or any entity which becomes an additional guarantor pursuant to Condition 11(c), is organised or in which it is resident for tax purposes.

## 8. Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of five Business Days; or
- (b) **Breach of Other Obligations:** the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default shall have been given to the Issuer or the relevant Guarantor(s) by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future Borrowed Moneys of the Issuer or a Guarantor or any of their respective Subsidiaries (as defined in the Trust Deed) become due and payable prior to their stated maturity by reason of default, event of default or the like (howsoever described), or (ii) any such Borrowed Moneys are not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or a Guarantor or any of their respective Subsidiaries fails to pay, when due any amount payable by it under any present or future guarantee for, or indemnity in respect of Borrowed Moneys provided that the aggregate amount of the relevant Borrowed Moneys, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition

8(c) have occurred equals or exceeds £5,000,000 or its equivalent (as reasonably determined by the Trustee); or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or a Guarantor or any Material Subsidiary and remains undischarged for 60 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or a Guarantor or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (f) **Insolvency:** the Issuer or a Guarantor or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or a Guarantor or any Material Subsidiary; or
- (g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or a Guarantor or any Material Subsidiary, or the Issuer or a Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or a Guarantor (as the case may be) or another of its Subsidiaries; or
- (h) **Illegality:** in the opinion of the Trustee, any material obligations of the Issuer or any Guarantor are not or cease to be legal, valid and enforceable; or
- (i) **Ownership:** any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; or
- (j) **Guarantees:** a Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect,

provided that in the case of Conditions 8(b), (d) and (e) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

For the purposes of this Condition 8:

**Base IFRS** means international accounting standards within the meaning of the IAS Regulation 1606/2002 as applied by the Issuer in connection with the preparation of the audited financial statements of the Issuer for the financial year ended 31 December 2006.

**Borrowed Moneys** means of any person without duplication:

- (a) any indebtedness for moneys borrowed of such person including, without limitation, indebtedness created by means of acceptances, the issue of loan stock and any liability evidenced by bonds, debentures, notes or similar instruments; and
- (b) capitalised rental obligations of such person under any lease entered into by such person as lessee which would be classified as a “finance lease” under International Financial Reporting Standards.

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

**Consolidated EBITA** means, in respect of any period, the consolidated profit of the Group and the profits of any joint venture and associates of the Group for that period:

- (a) after adding back (to the extent otherwise deducted) interest payable;
- (b) before any deduction for or on account of taxation;



- (c) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;
- (d) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets (excluding any deferred acquisition costs in respect of any of the Regulated Subsidiaries);
- (e) excluding any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature including, without limitation, any such item:
  - (i) in relation to:
    - (A) the restructuring of the activities of an entity;
    - (B) disposals, revaluations or impairment of non-current assets; or
    - (C) disposals of assets associated with discontinued operations; or
  - (ii) which is a reversal of any item falling within this paragraph (e); and
- (f) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities, all as determined in accordance with Base IFRS.

**Gross Tangible Assets** means, in relation to the Issuer or any Subsidiary of the Issuer or grouping of the foregoing referred to in these Conditions, the total of the fixed and current assets of such entity or grouping, but excluding:

- (a) sums due to such entity or grouping from other members of the Group; and
- (b) any amounts attributable to goodwill and other intangible assets, as determined in accordance with Base IFRS.

**Group** means the Issuer and its Subsidiaries for the time being.

**Material Subsidiary** means each Subsidiary of the Issuer (other than any Regulated Subsidiary or any Stand Alone Subsidiary) from time to time whether owned at the date of issue of the Bonds or acquired subsequently:

- (a) whose Gross Tangible Assets represents 7.5 per cent. or more of the Gross Tangible Assets of the Group, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary; or
- (b) whose profit for the financial period of the Issuer and its Subsidiaries then most recently ended (calculated with respect to such Subsidiary in the same manner as Consolidated EBITA is calculated) represents 7.5 per cent. or more of Consolidated EBITA, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary.

In the case of such a Subsidiary which itself has Subsidiaries (the **Relevant Group**), the calculation shall be made by comparing the Gross Tangible Assets or consolidated profit (calculated in the same manner as Consolidated EBITA is calculated), as the case may be, of the Relevant Group to the Gross Tangible Assets or Consolidated EBITA of the Group.

**Non-Guaranteeing Subsidiary** means any Subsidiary of the Issuer which is not a Regulated Subsidiary, a Guarantor or a Stand Alone Subsidiary, and **Non-Guaranteeing Subsidiaries** means all such Subsidiaries.

**Regulated Subsidiary** means any Subsidiary of the Issuer which is:

- (a) an institution or a Subsidiary of such an institution, authorised or permitted under applicable law or regulation to accept deposits from the general public, and which does so accept deposits, in the course of its business; or

- (b) permitted under the Financial Services and Markets Act 2000 to effect and carry out contracts of insurance or which is a Subsidiary of the same; or
- (c) an institution or a Subsidiary of such an institution not falling within paragraph (b) or (c) above, authorised or permitted under applicable law or regulation to engage, and which does so engage, in the business of writing or issuing contracts of insurance with the general public or in the business of writing similar contracts for the purpose of the spreading or underwriting of specified risks or peril,

and **Regulated Subsidiaries** means all such Subsidiaries and any reference in this definition (i) to any statute shall be construed as a reference to the same as it may have been or may from time to time be amended, modified or re-enacted or (ii) to any body shall include any successor thereto.

**Stand Alone Subsidiary** means any Subsidiary of the Issuer:

- (a) which is not a Regulated Subsidiary;
- (b) whose Borrowed Moneys are not guaranteed by the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary and the person to whom the Borrowed Moneys are owed has no recourse to the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary in respect of any failure to pay those Borrowed Moneys; and
- (c) which does not provide guarantees in respect of the Borrowed Moneys of the Issuer, the Guarantors and the Subsidiaries which are not Regulated Subsidiary, a Guarantor or a Stand Alone Subsidiary.

**Subsidiary** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

A certificate signed by two authorised signatories of the Issuer stating a Subsidiary is or is not or was or was not at any particular time or any particular period a Material Subsidiary shall in the absence of manifest error be conclusive and binding on the Issuer, the Guarantors, the Trustee and the Bondholders.

## 9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

## 10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantors may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

## 11. Meetings of Bondholders, Modification, Waiver and Substitution

### (a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than one-tenth in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing more than half in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds, (iv) to change the currency of payment under the Bonds or the Coupons, (v) to change the quorum requirements relating to meetings of Bondholders or the majority required to pass an Extraordinary Resolution, or (vi) to modify or cancel a Guarantee, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one quarter, in

principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

**(b) Modification and Waiver**

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

**(c) Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

The Trust Deed also contains provisions requiring the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the resignation of a guarantor, or to the addition of a new guarantor, in certain circumstances. Any such resignation or addition will occur if there is a resignation of a Guarantor, or the addition of a new guarantor, under the terms of the Issuer's £707,500,000 Multi Currency Term and Revolving Facilities Agreement dated 9 March 2007, as amended and replaced by the Issuer's £384,261,484.09 Multi Currency and Revolving Facilities Agreement dated 26 February 2010 as further amended and/or replaced from time to time (the "**Facilities Agreement**"), and will take effect on the same date that any such resignation or addition takes effect under the Facilities Agreement. In the case of such a resignation or addition the Trustee may agree, without the consent of the Bondholders or the Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Bondholders. The Issuer will provide to the Trustee 60 days' notice of any planned change of guarantor under the Facilities Agreement before any such change is to take effect under the Facilities Agreement.

The Issuer will notify Bondholders in the event of any substitution of the Issuer, or of any previous substituted company, or of any resignation of a Guarantor or addition of a new guarantor, pursuant to this Condition 11.

**(d) Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or a Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

**12. Enforcement**

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantors, or take any action or step, as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such

proceedings, action or step unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-quarter in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or provided with security to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer or a Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### **13. Indemnification of the Trustee**

The Trust Deed contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantors and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or a Guarantor and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely, without liability to the Bondholders or Couponholders, on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

### **14. Further Issues**

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

### **15. Notices**

Notices to the Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition 15.

### **16. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

### **17. Governing Law**

The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with, English law.

## **SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY THE GLOBAL BONDS**

### **1. Nominal Amount And Exchange**

The nominal amount of the Bonds shall be the aggregate amount from time to time entered in the records of Euroclear Bank S.A/N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or any alternative clearing system approved by the Trustee (the **Alternative Clearing System**) (each a **relevant Clearing System**). The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Bonds represented by the Temporary Global Bond and the Global Bond and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

**Exchange Date** means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant Clearing System is located.

### **2. Payments**

No payment will be made on the Temporary Global Bond unless exchange for an interest in the Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by the Global Bond will be made to its holder. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Condition 6(e)(iii) and 7(d) will apply to the Definitive Bonds only.

### **3. Notices**

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by Condition 15.

### **4. Prescription**

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

### **5. Purchase and Cancellation**

On any cancellation of any Bond required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by this Global Bond shall be reduced by the aggregate nominal amount of the Bonds so cancelled.

## **6. Trustee's Powers**

In considering the interests of Bondholders while the Global Bond is held on behalf of a relevant Clearing System the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

### **USE OF PROCEEDS BY THE GROUP**

The net proceeds of the issue of the Bonds, to be determined following completion of the Offer Period (as defined in "*Subscription and Sale*"), will be used by the Issuer for the general corporate purposes of the Group.

The estimated total expenses will be determined following completion of the Offer Period.

## DESCRIPTION OF THE ISSUER AND THE GROUP

### History and Development of the Issuer and the Group

The Issuer is a public limited company whose ordinary shares are listed on the London Stock Exchange. As at 5 March 2010, the Issuer had a market capitalisation of approximately £1.182 billion.

The Issuer was incorporated in England and Wales on 31 August 1960 under the Companies Act 1948 with registered number 668987. It was re-registered as a public limited company on 31 December 1981. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 731111.

The Issuer is the parent company of the Group (the Issuer and its subsidiaries together constitute the **Group**).

The Issuer has an issuer default rating of BBB+ by Fitch Ratings Limited. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Group's business is the provision of small-sum, unsecured credit products tailored to the needs of customers on moderate incomes who are often unable to access credit from mainstream providers. Its geographic focus is solely upon the UK and the Republic of Ireland. Its strategy is to grow its existing businesses, taking advantage of changes in the market and competitive environment, whilst also broadening its range of credit products to meet the needs of more of the people in its target market.

The Group's business was established in 1880 and now provides simple credit products to over two million customers throughout the UK and the Republic of Ireland.

The Issuer has an authorised share capital of £39,999,999.97 divided into 192,982,459 ordinary shares of 20 pence each (as of 2 March 2010). 134,404,570 of these ordinary shares are issued ordinary shares quoted on the London Stock Exchange with an aggregate nominal value of £27,858,401.73.

The Issuer's objects and purposes can be found in clause 4 of its Memorandum of Association. They include, amongst others, (a) the carrying on of business as a general commercial company, (b) the carrying on of any trade or business whatsoever including, without limitation, as financiers and capitalists and as financiers and buyers or, dealers in and sellers of hire purchase agreements, credit sale agreements (c) the general financing, developing and promoting of credit trading in all its aspects and (d) the carrying on of any other business compatible therewith.

### Business Overview of the Group

The Group operates through two principal trading divisions: CCD and Vanquis Bank.

An analysis of profit before tax and exceptional items of the Group for the three years ended 31 December 2007, 2008 and 2009 is as follows:

	<u>Year ended</u> <u>31 December 2009</u>	<u>Year ended</u> <u>31 December 2008</u>	<u>Year ended</u> <u>31 December 2007</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
CCD.....	121.2	126.1	123.5
Vanquis Bank.....	14.1	8.0	(0.9)
Yes Car Credit (collect-out).....	0.2	(2.9)	(2.9)
Central:			
— Costs.....	(7.0)	(5.5)	(6.5)
— Interest receivable.....	1.6	3.1	2.0
Total central.....	<u>(5.4)</u>	<u>(2.4)</u>	<u>(4.5)</u>
Total Group.....	<u><u>130.1</u></u>	<u><u>128.8</u></u>	<u><u>115.2</u></u>



## Selected Financial Information

### Consolidated income statement for the year ended 31 December

	<b>2009</b>	<b>2008</b>
	<b>£m</b>	<b>£m</b>
<b>Revenue</b>	815.6	751.2
Finance costs	(58.2)	(45.7)
Finance costs before exceptional finance cost	(53.8)	(45.7)
Exceptional finance cost	(4.4)	-
Operating costs	(425.3)	(379.3)
Administrative expenses	(206.4)	(197.4)
<b>Total costs</b>	(689.9)	(622.4)
<b>Profit before taxation</b>	125.7	128.8
Profit before taxation and exceptional finance cost	130.1	128.8
Exceptional finance cost	(4.4)	-
Tax charge	(37.1)	(36.7)
<b>Profit for the year attributable to equity shareholders</b>	<b>88.6</b>	<b>92.1</b>

All of the above activities relate to continuing operations.

**Consolidated balance sheet as at 31 December**

	<b>2009</b>	<b>2008</b>
	<b>£m</b>	<b>£m</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	2.1	3.1
Other intangible assets	19.5	17.1
Property, plant and equipment	26.3	28.6
Financial assets:		
– amounts receivable from customers	86.9	83.7
– derivative financial instruments	12.5	28.9
Retirement benefit asset	19.9	50.9
Deferred tax assets	7.7	-
	<u>174.9</u>	<u>212.3</u>
<b>Current assets</b>		
Financial assets:		
– amounts receivable from customers	1,052.4	979.6
– cash and cash equivalents	20.3	19.5
– trade and other receivables	28.2	15.1
	<u>1,100.9</u>	<u>1,014.2</u>
<b>Total assets</b>	<u><b>1,275.8</b></u>	<u><b>1,226.5</b></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities:		
– bank and other borrowings	(72.7)	(4.0)
– derivative financial instruments	(18.4)	(4.7)
– trade and other payables	(48.0)	(64.0)
Current tax liabilities	(39.2)	(32.8)
Provisions	(0.8)	(0.8)
	<u>(179.1)</u>	<u>(106.3)</u>
<b>Non-current liabilities</b>		
Financial liabilities:		
– bank and other borrowings	(817.6)	(824.5)
– derivative financial instruments	(10.7)	(16.1)
Provisions	-	(1.2)
Deferred tax liabilities	-	(0.5)
	<u>(828.3)</u>	<u>(842.3)</u>
<b>Total liabilities</b>	<u><b>(1,007.4)</b></u>	<u><b>(948.6)</b></u>
<b>NET ASSETS</b>	<u><b>268.4</b></u>	<u><b>277.9</b></u>
<b>SHAREHOLDERS' EQUITY</b>		
Called-up share capital	27.9	27.3
Share premium account	142.4	134.6
Other reserves	(13.0)	(16.3)
Retained earnings	111.1	132.3
<b>TOTAL EQUITY</b>	<u><b>268.4</b></u>	<u><b>277.9</b></u>

## Consolidated statement of cash flows for the year ended 31 December

	2009 £m	2008 £m
<b>Cash flows from operations</b>		
Cash generated from operations	92.7	40.9
Finance costs paid	(57.0)	(44.1)
Tax paid	(28.4)	(29.7)
<b>Net cash generated from/(used in) operating activities</b>	<b>7.3</b>	<b>(32.9)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(6.2)	(6.2)
Purchase of property, plant and equipment	(7.2)	(8.5)
Proceeds from disposal of property, plant and equipment	0.9	0.8
Proceeds from disposal of subsidiary undertaking	0.7	-
<b>Net cash used in investing activities</b>	<b>(11.8)</b>	<b>(13.9)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	250.0	191.0
Repayment of borrowings	(171.3)	(51.8)
Dividends paid to company shareholders	(84.1)	(83.4)
Proceeds from issue of share capital	8.4	2.0
Purchase of own shares	(0.9)	(8.7)
<b>Net cash generated from financing activities</b>	<b>2.1</b>	<b>49.1</b>
<b>Net (decrease)/increase in cash, cash equivalents and overdrafts</b>	<b>(2.4)</b>	<b>2.3</b>
Cash, cash equivalents and overdrafts at beginning of year	16.9	14.6
<b>Cash, cash equivalents and overdrafts at end of year</b>	<b>14.5</b>	<b>16.9</b>
<b>Cash, cash equivalents and overdrafts at end of year comprise:</b>		
Cash at bank and in hand	20.3	19.5
Overdrafts (held in bank and other borrowings)	(5.8)	(2.6)
<b>Total cash, cash equivalents and overdrafts</b>	<b>14.5</b>	<b>16.9</b>

### CCD

Home Credit has been in existence since 1880 and is a leading provider of home credit in the UK and Republic of Ireland, serving approximately 1.8 million customers as at 31 December 2009. The business offers simple, transparent financial services to customers on average or below-average incomes, many of whom find it difficult to obtain or manage other forms of credit. Typically, customers are fairly evenly split between the C2, D and E socio-economic groups (as originally developed by the National Readership Survey).

Home Credit operates under two brand names, Provident Personal Credit and Greenwood Personal Credit, and offers small unsecured cash loans, typically for sums between £300 and £500 repayable over a period of about a year. The Annual Percentage Rate (APR) on the most popular loans is currently either 254.5 per cent. or 272.7 per cent. The business model requires a large agency force, currently made up of approximately 11,500 self-employed individuals of whom approximately 70 per cent. are female. The agency force is supported by a large branch network comprising of more than 300 locations throughout England, Scotland, Wales, Northern Ireland and the Republic of Ireland. The loans are underwritten and delivered in cash to the customer's home by an agent who then calls every week to collect the repayments. Unlike other forms of lending, Home Credit's loans include all the costs up front and there are no extra fees or penalty charges when a customer misses a payment. Agents are paid commission on what they collect, not what they lend, in order to motivate them to lend only what the customer can afford to pay back.

Home Credit also offers pre-loaded Visa cards where a Home Credit loan is loaded onto a plastic card and pre-paid shopping vouchers which can be redeemed at certain high street retail outlets.

Home Credit regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 31 December 2009, customer satisfaction in Home Credit was 93 per cent.

CCD also provides direct repayment loans to existing and previous paid up customers with whom Home Credit already had a good relationship. These loans are an extension of the weekly collected home credit model and involve an initial assessment interview in the customer's home, with payments collected through monthly direct debit. The loans are marketed under the brands "Provident Direct" and "Greenwood Direct".

## ***Vanquis Bank***

Vanquis Bank was established as a pilot credit card operation in 2003 prior to advancing into full roll-out during 2004. The business operates in the non-standard sector of the UK credit market, offering credit cards to customers on average to below-average incomes, where the household income is typically between £20,000 and £30,000 per year with limited or impaired credit histories. Credit limits are lower than those generally offered by mainstream credit card companies, with half of all new customers starting with a credit limit of £250. The maximum initial credit line is currently £1,000. Utilisation on card accounts is high at around 80 per cent. and the current average balance is approximately £640. Vanquis Bank cards have a higher minimum repayment amount of around 5 per cent. compared with most other credit cards. The typical initial APR is currently 39.9 per cent.

Customer recruitment is primarily carried out through the internet, direct mailing campaigns and from decline agreements with other card providers. Customer numbers as at 31 December 2009 were 426,000. Vanquis Bank regularly commissions independent customer satisfaction surveys to ensure that customers' needs are being met and that customers are satisfied with the service they are receiving. As at 31 December 2009, customer satisfaction in Vanquis Bank was 86 per cent.

## ***Yes Car Credit***

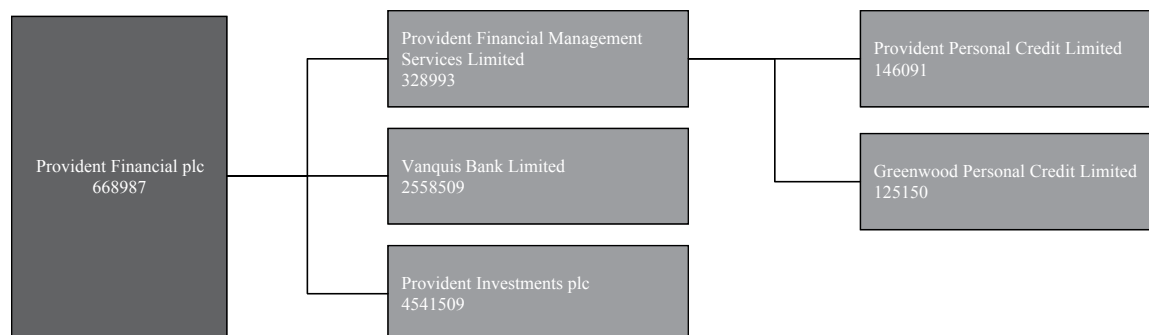
The Yes Car Credit operation (**Yes Car Credit**) formerly provided vehicle finance and ancillary insurance products through a branch network. Loans were typically for a four year period and the vehicle was used as security. Yes Car Credit was closed in December 2005 and the Group continued to collect-out the loan book until full collect-out was completed in November 2009.

## **Principal Markets**

The Group operates in the non-standard credit market, within which there are over ten million consumers in the UK and Republic of Ireland. The home credit industry serves up to 3 million customers of this market and the Group has 1.8 million Home Credit customers within CCD.

## **Organisational Structure**

The diagram below sets out the current structure of the principal operating subsidiaries of the Group.



The Issuer is the parent company of the Group. It is dependant on the performance of its two principal divisions: CCD and Vanquis Bank.

The principal operating subsidiaries within CCD, are Provident Financial Management Services Limited, Provident Personal Credit Limited and Greenwood Personal Credit Limited, all of which are Guarantors of the Bonds. The Issuer's interests in Provident Personal Credit Limited and Greenwood Personal Credit Limited are held indirectly through its 100 per cent. holding in Provident Financial Management Services Limited.

The remaining Guarantor of the Bonds, Provident Investments plc, is a wholly owned subsidiary of the Issuer.

The Issuer's interest in the business of Vanquis Bank is held directly through a 100 per cent. holding in Vanquis Bank Limited. Vanquis Bank Limited is not a Guarantor in respect of the Bonds because of its regulated status.

## **Regulation**

The Group's operations are subject to various forms of regulation originating from Europe, the UK and the Republic of Ireland. The paragraphs set out below briefly summarise the principal areas of regulation specific to the Group's operations:

### ***The Consumer Credit Act 2006 (the Credit Act)***

All major parts of the Credit Act are now in force although the Office of Fair Trading (**OFT**) still has to complete a project on 'irresponsible lending'. Amongst the business practices that the OFT must take into

account in assessing a lender's fitness to hold a licence, are practices that appear to the OFT to involve irresponsible lending. In July 2009 the OFT issued a consultation paper outlining draft guidance on irresponsible lending. The Issuer, through its trade body the Consumer Credit Association, engaged with OFT officials and responded to the consultation. It was expected that the guidance would be issued by the end of January 2010. However, the OFT has recently announced that publication will be delayed until March 2010.

### ***The European Consumer Credit Directive (Credit Directive)***

The Credit Directive was adopted by the European Parliament in January 2008 and must be implemented in the UK by June 2010, with a transitional period for businesses to comply with the new rules by 31 January 2011. Areas where there will be changes from the current law include pre-contract information, requests to provide adequate explanations and to assess creditworthiness, right of withdrawal and rebates on partial early repayment. The Department for Business, Innovation and Skills (**BIS**) has consulted on draft texts of the regulations, but these have not been concluded. BIS is expected to publish final form regulations by March 2010.

### ***Credit and Store Card Regulation***

In response to the recent BIS consultation on the future regulation of credit and store cards, Government and industry groups have agreed to introduce new rights for credit and store card users. These rights focus on transparency and putting the consumer in control and include allocating payments against the highest rate debt first, defining minimum payments for new accounts and giving consumers more time to reject interest rate increases. The consultation considered an outright ban on unsolicited credit limit increases, but concluded that it was more appropriate to give consumers the right to reject increases and to impose a ban only where consumers are at risk of financial difficulties. Credit card companies will work over the coming months with debt advice agencies to agree how they will identify consumers at risk. The changes are to come into effect by the end of 2010.

### ***Ireland Consumer Protection Code for Moneylenders***

The Financial Regulator in the Republic of Ireland has published a new Consumer Protection Code (the **Code**) that will apply to home credit traders. The Code includes new provisions on knowing the customer, suitability, complaint handling and consumer records.

General principles set out in the Code came into force on 1 January 2009. The more detailed provisions came into force on 30 September 2009.

The Issuer has implemented changes to its practices and procedures to ensure compliance with the Code. However, as with all new regulation, it will be some time before the full effects of the new rules are evident.

### ***FSA regulation***

Vanquis Bank holds a banking licence and is regulated by the FSA. In its supervisory role, the FSA sets requirements relating to capital adequacy, liquidity management and large exposures. CCD operates under a number of consumer credit licences granted by the OFT but is not regulated by the FSA. However, the Group, incorporating both CCD and Vanquis Bank, is the subject of consolidated supervision by the FSA as the Issuer is the parent company of Vanquis Bank.

The FSA sets requirements for the Group in respect of capital adequacy and large exposures but not in respect of liquidity. The Group adopted the Capital Requirements Directive (**CRD**) on 1 January 2008. The CRD requires the Group (including Vanquis Bank) to conduct an Internal Capital Adequacy Assessment Process (**ICAAP**) on an annual basis. The key output of the ICAAP is a document which considers the risks faced by the Group and the adequacy of internal controls in place, ascertains the level of regulatory capital that should be held to cover these risks and performs stress testing on both regulatory capital and liquidity under severe downside scenarios. The ICAAP must be approved by the Board and is considered by the FSA in setting the Group's regulatory capital requirement (called Individual Capital Guidance (**ICG**)).

Each member of the Group and Vanquis Bank has received final ICGs from the FSA in September 2009. These are not materially different from the interim ICGs which the Group had operated under since 1 January 2008.

The ICG set by the FSA is expressed as a percentage of the minimum Pillar I requirement for credit risk and operational risk calculated using predetermined formulae. As at 31 December 2009, the regulatory capital held as a percentage of the minimum Pillar I requirement was 293 per cent. for the supervised Group and 259 per cent. for Vanquis Bank. These were comfortably in excess of the final ICGs set by the FSA.

The CRD requires the Group to make annual Pillar III disclosures which sets out information on the Group's regulatory capital, risk exposures and risk management processes. The Group's full Pillar III disclosures can be found separately on the Group's website, [www.providentfinancial.com](http://www.providentfinancial.com).

## ***BIS White Paper***

On 2 July 2009, BIS published its White Paper, “A Better Deal for Consumers — Delivering Real Help Now and Change for the Future”. Part of this paper is concerned with consumer credit with the aims of continuing access to credit for vulnerable consumers, promoting more responsible lending, limiting over-indebtedness and increasing the transparency of consumer credit products. At the same time, the OFT announced its review of the £35 billion high-cost consumer credit market, which focuses on the impact of the economic downturn on competition, the business models of lenders and consumer protection. The review covered a broad range of lending activities of which home credit represented less than 5 per cent. These interim findings were published in December 2009 and it is expected that the review will be concluded in April 2010. The interpretation of any policy recommendations would be for the incoming administration to consider after the General Election. The Issuer supports the broad aims of the White Paper and will contribute to the review process. The competitive position in the £3 billion home credit segment of the market has not changed materially since the Competition Commission concluded its review of the home credit market at the end of 2006, and the business model has a proven track record of fulfilling a valuable role in providing small-sum credit to households on low incomes through the economic cycle.

### **Administrative, Management and Supervisory Bodies**

The principal activity of the Issuer is to act as the parent company to a group of companies engaged in the provision of simple financial products to the non-standard credit market in the UK and Republic of Ireland. The Issuer also provides certain management services, as well as loans to the companies within the Group.

The directors of the Issuer are as follows:

<b><u>Name:</u></b>	<b><u>Position:</u></b>	<b><u>Principal outside activities</u></b>
John Philip de Blocq van Kuffeler....	Chairman (Non-Executive)	Non-Executive Chairman of Hyperion Insurance Group Limited and Chairman of Marlin Capital
Peter Stuart Crook .....	Chief Executive	None
Andrew Charles Fisher.....	Finance Director	None
Christopher Donald Gillespie.....	Managing Director - CCD	None
Robert William Anderson .....	Non-Executive Director	Chief Executive of Signet Jewelers Limited’s UK division
Robert Eric Hough.....	Non-Executive Director	Non-Executive Director of Peel Holdings (Management) Limited and Chairman of the North West Development Agency
Manjit Wolstenholme.....	Non-Executive Director	Non-Executive Director of Capital & Regional plc

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to the Issuer of the directors referred to above and their respective private interests and/or other duties.

### **Audit Committee**

The audit committee of the Issuer makes recommendations to the Board, for the Board to put to the shareholders in the general meeting, in respect of the appointment, reappointment and removal of the auditors and approves their remuneration and terms of engagement. It reviews and monitors the independence and objectivity of the auditors and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements. It develops and implements policies on the engagement of the auditors to supply non-audit services and reports to the Board (identifying any matters in respect of which it considers that action or improvement is needed) and makes recommendations as to the steps to be taken. It monitors the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them. It also reviews the Group's internal and external whistleblowing policy and has established an independent external confidential reporting line. The audit committee is also responsible for the annual review of the register of benefits offered to directors in accordance with the company's code of practice on benefits. The members of the audit committee are Manjit Wolstenholme (Chair), Robert Hough and Rob Anderson.

### **Corporate Governance**

The Issuer complied with the main and supporting principles set out in Section 1 of the Combined Code on Corporate Governance 2008 throughout 2009.

## **Major Shareholders**

The principal shareholders of the Issuer as at 2 March 2010, are as follows:

Invesco Limited — with a shareholding of 18.04 per cent.

Schroders plc — with a shareholding of 12.03 per cent. Prudential plc — with a shareholding of 7.37 per cent.

Marathon Asset Management LLP — with a shareholding of 5.30 per cent.

## **Recent Developments**

As part of the Group's strategy to diversify its funding sources, the Group issued its first senior bonds to wholesale investors in a principal amount of £250 million on 23 October 2009. The bonds are repayable in 2019 and carry a coupon of 8.0 per cent. At the same time as that issue, the Group repurchased £94 million of the Issuer's £100 million subordinated loan notes prior to their call date on 15 June 2010 at a price of £0.975 in the £ following a tender offer. The Group no longer required this lower tier 2 regulatory capital following confirmation of its ICG by the FSA.

As part of the refinancing, an exceptional finance cost of £4.4 million was incurred by the Group. This comprised a £6.8 million charge representing the fair value of interest rate swaps previously deducted from equity which became ineffective following the repayment of variable rate bank borrowings, less the discount of £2.4 million on repurchase of the subordinated loan notes.

Total committed debt facilities available as at 31 December 2009 stood at £1.2 billion and against committed borrowings of £877.6 million provided undrawn headroom of £331.0 million. On 26 January 2010 the Group also entered into forward-starting arrangements which extend syndicated bank facilities totalling £380 million to May 2013. This provides the Group with sufficient committed facilities to fund its planned growth for a period of at least 18 months from the date of this Offering Circular.

## DESCRIPTION OF THE GUARANTORS

### PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

#### Introduction

Provident Financial Management Services Limited was incorporated as a private limited company in England and Wales on 18 June 1937 with registered number 328933. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 733321.

Provident Financial Management Services Limited is a wholly owned subsidiary of the Issuer. It is the direct intermediary holding company of Provident Personal Credit Limited and Greenwood Personal Credit Limited and provides various head office services and related activities to these companies.

Provident Financial Management Services Limited has an authorised share capital of £900,000,000 divided into 272,000,000 ordinary shares of £1 each; and 6,280,000 9.75 per cent. Cumulative Preference Shares of £100 each. Its issued share capital consists of 257,782,905 ordinary shares with an aggregate nominal value of £257,782,905.

The objects and purposes of Provident Financial Management Services Limited are set out in clause 3 of its Memorandum of Association and include amongst others, providing credit as such term is defined in the Consumer Credit Act of 1974 and lending and advancing money to any person, firm or company.

#### Administrative, Management and Supervisory Bodies

The directors of Provident Financial Management Services Limited are as follows:

<b><u>Name:</u></b>	<b><u>Position:</u></b>
David Colin Craggs .....	Director
Peter Stuart Crook .....	Director
Michael Roger Elliott.....	Director
Andrew Charles Fisher.....	Director
Christopher Donald Gillespie.....	Director
Jonathan Richard Gillespie.....	Director
Michael Ashley Palmer.....	Director
Stephen David Shaw.....	Director
Charles Ernest Fred Taylor.....	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

M A Palmer, a director of the company, has a material interest in Smartstyle Technology Limited, from which Provident Financial Management Services Limited receives training services. The directors consider these transactions to be at arm's length. The value of transactions during the year ended 31 December 2009 amounted to £36,106 (year ended 31 December 2008: £61,121). The balance outstanding in relation to these transactions at 31 December 2009 was nil (31 December 2008: £881).

There are no other potential conflicts of interests between any duties to Provident Financial Management Services Limited of the directors referred to above and their private interests and/or other duties.

### PROVIDENT PERSONAL CREDIT LIMITED

#### Introduction

Provident Personal Credit Limited was incorporated as a private limited company in England and Wales on 20 February 1917 with registered number 146091. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 733243.

Provident Personal Credit Limited is an indirectly wholly owned subsidiary of the Issuer. It is directly held by the intermediary holding company, Provident Financial Management Services Limited, and has no subsidiaries. Its principal activity is to provide home credit loans and unsecured direct repayment loans to customers in the UK and the Republic of Ireland.

Provident Personal Credit Limited's authorised share capital is £100,125,230. Its issued share capital consists of 316,367,421 shares made up of A preference shares of 12,523,000, ordinary shares of 286,168,421 and preference shares of 17,676,000. The aggregate nominal value of the shares is £71,844,095.250 with the A preference shares valued at £125,230, the ordinary shares valued at £71,542,105.25 and the preference shares valued at £176,760.



The objects and purposes of Provident Personal Credit Limited are set out in clause 3 of its Memorandum of Association and include, amongst others, lending money on any terms that may be thought fit particularly to customers or other persons having dealings with the company.

#### **Administrative, Management and Supervisory Bodies**

The directors of Provident Personal Credit Limited are as follows:

<b><u>Name:</u></b>	<b><u>Position:</u></b>
David Colin Craggs .....	Director
Michael Roger Elliott.....	Director
Christopher Donald Gillespie.....	Director
Jonathan Richard Gillespie.....	Director
Michael Ashley Palmer.....	Director
Stephen David Shaw.....	Director
Charles Ernest Fred Taylor.....	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Provident Personal Credit Limited of the directors referred to above and their private interests and/or other duties.

#### **GREENWOOD PERSONAL CREDIT LIMITED**

##### **Introduction**

Greenwood Personal Credit Limited was incorporated as a private limited company in England and Wales on 4 November 1912 with registered number 125150. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 304044.

Greenwood Personal Credit Limited is an indirect wholly owned subsidiary of the Issuer and has no subsidiaries. It is directly held by the intermediary holding company, Provident Financial Management Services Limited. Its principal activity is to provide unsecured home credit loans to customers in the UK.

Greenwood Personal Credit Limited's authorised share capital is £25,000 divided into 50,000 shares at 0.50p each. Its issued share capital is 33,924 with a nominal value of £16,962.

The objects and purposes of Greenwood Personal Credit Limited are set out in clause 3 of its Memorandum of Association and include, amongst others to lend money or give credit on such terms as may be considered expedient and to receive money on deposit or loan from and give guarantees or to grant security for any persons, firms and companies.

#### **Administrative, Management and Supervisory Bodies**

The directors of Greenwood Personal Credit Limited are as follows:

<b><u>Name:</u></b>	<b><u>Position:</u></b>
David Colin Craggs .....	Director
Michael Roger Elliott.....	Director
Christopher Donald Gillespie.....	Director
Jonathan Richard Gillespie.....	Director
Michael Ashley Palmer.....	Director
Stephen David Shaw.....	Director
Charles Ernest Fred Taylor.....	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Greenwood Personal Credit Limited of the directors referred to above and their private interests and/or other duties.

## PROVIDENT INVESTMENTS PLC

### Introduction

Provident Investments plc was incorporated as a private limited company in England and Wales on 20 September 2002 with registered number 4541509. The company changed its name and was re-registered as a public limited company on 16 April 2003. It has its principal place of business and registered office at Colonnade, Sunbridge Road, Bradford, West Yorkshire BD1 2LQ and its telephone number is +44 1274 731111.

Provident Investments plc is a wholly owned subsidiary of the Issuer and has no subsidiaries. Its principal business activity is to provide finance and loans to the Issuer and the Issuer's subsidiaries.

The authorised share capital of Provident Investments plc is £50,000. It has 50,000 issued ordinary shares with an aggregate nominal value of £50,000.

The objects and purposes of Provident Investments plc are set out in clause 4 of its Memorandum of Association and include, amongst others, lending and advancing money or giving credit on any terms with or without security to any person firm or company (including, without prejudice to the generality of the foregoing any holding company, subsidiary or fellow subsidiary of, or any other company associated in any way with, such company) and the granting of guarantees, contracts of indemnity and suretyships of all kinds.

### Administrative, Management and Supervisory Bodies

The directors of Provident Investments plc are as follows:

<b><u>Name:</u></b>	<b><u>Position:</u></b>
Andrew Charles Fisher.....	Director
Kenneth John Mullen.....	Director
Emma Gayle Versluys .....	Director

The business address of each of the directors is Colonnade, Sunbridge Road, Bradford, West Yorkshire, BD1 2LQ.

There are no potential conflicts of interests between any duties to Provident Investments plc of the directors referred to above and their private interests and/or other duties.

## TAXATION

### United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

#### A. Interest on the Bonds

##### 1. *Payment of interest on the Bonds*

Subject to the paragraph below, payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Act). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax. Payments made by the Guarantors in respect of interest on the Bonds may be required to be made under deduction of United Kingdom income tax, but the gross-up provisions in Condition 7 would then be applicable. Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by the Issuer and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that Her Majesty's Revenue & Customs (HMRC) has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax. In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty). Bondholders may wish to note that, in certain circumstances, HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Bondholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

##### 2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

**3. Further United Kingdom Income Tax Issues**

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

**4. Individuals Savings Accounts (ISAs)**

The Bonds should be eligible for inclusion within a stocks and shares ISA provided that they are and continue to be listed on a recognised stock exchange (or if that is not the case, that the Issuer's ordinary shares are, and continue to be listed, on a recognised stock exchange) and when the Bonds are included in such an ISA, their terms do not require the Bonds to be redeemed within the next five years.

Bondholders should note that for the 2009/2010 tax year, the yearly subscription limits for a stocks and shares ISA is £10,200 for individuals who on 5 April 2010 are aged 50 or above and £7,200 for all other individuals. From 6 April 2010 onwards, the yearly subscription limit will be £10,200 for all individuals who are eligible to hold a stocks and shares ISA regardless of age.

**B. United Kingdom Corporation Tax Payers**

5. In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

**C. Other United Kingdom Tax Issues**

**6. Taxation of Chargeable Gains**

The Bonds will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

**7. Accrued Income Scheme**

On a disposal of Bonds by a Bondholder (other than Bondholders subject to corporation tax), any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

**D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

8. No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

## SUBSCRIPTION AND SALE

Numis Securities Limited (the **Manager**) has, pursuant to a placing agreement (the **Placing Agreement**) dated 23 March 2010 agreed to, amongst other things, (a) use its reasonable endeavours to procure the Authorised Offeror to procure places for the Bonds and (b) provide such other assistance and undertake such other duties in connection with the issue of the Bonds as agreed in writing between the Issuer and the Manager from time to time. The Issuer will be paying the Manager a management commission of 0.7 per cent. of the aggregate principal amount of the Bonds. The Issuer and Guarantors will also reimburse the Manager in respect of certain of its costs and expenses, and have agreed to indemnify the Manager against certain liabilities incurred in connection with the Bonds. The Placing Agreement may be terminated in certain circumstances prior to payment of the subscription proceeds to the Issuer.

Hargreaves Lansdown Asset Management Limited (the **Authorised Offeror**) has, pursuant to a placing letter (the **Placing Letter**) dated 23 March 2010, agreed to, amongst other things, (a) use its reasonable endeavours to procure the placing of, and subscriptions and payment for, the Bonds, (b) use its reasonable endeavours to identify and contact other wealth management companies which will procure places for the Bonds (together with the Authorised Offeror, the **Financial Intermediaries**), and (c) pay or procure to be paid to the Manager the net subscription money in respect of the Bonds. For providing these services, the Authorised Offeror is entitled to a fee which will be paid by the Issuer as a recurring commission and may be up to 0.5 per cent. of the then outstanding principal amount of the Bonds on an annual basis until maturity of the Bonds in 2020. This fee may be shared with other Financial Intermediaries.

### United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each of the Manager and the Authorised Offeror has agreed that, except as permitted by the Placing Agreement and the Placing Letter, it will not offer, sell or deliver the Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each of the Manager and the Authorised Offeror has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each of the Manager and the Authorised Offeror has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than the offers contemplated in the Offering Circular in the United Kingdom from the time the Offering Circular has been approved by the competent authority in the United Kingdom and published in

accordance with the Prospectus Directive as implemented in the United Kingdom until 12 April 2010, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Manager; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer, the Manager or the Authorised Offeror to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Bonds to the public** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **General**

Save as described under "Public Offer" below, no action has been or will be taken by the Issuer, any of the Guarantors, the Manager or the Authorised Offeror that would, or is intended to, permit a public offer of the Bonds, or possession or distribution of this Offering Circular or any other offering material in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Manager and the Authorised Offeror has undertaken that it will not, directly or indirectly, offer or sell any Bonds or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

#### **Public Offer**

An offer of the Bonds (the **Offer**) may be made by any of, the Financial Intermediaries other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (the **Public Offer Jurisdiction**) during the period set out in paragraph (a) below. The Bonds may only be offered or sold in any jurisdictions (including, without limitation, the Public Offer Jurisdiction), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdiction.

- (a) Offer Period:

The Offer is expected to open at 8 a.m. (London time) on 24 March 2010 and close at 12 noon (London time) on 12 April 2010. The total principal amount of Bonds to be subscribed pursuant to the Offer is expected to be announced on the Closing Date.

- (b) Offer Price:

The Issuer has offered the Bonds to the Authorised Offeror (via the Manager) for placing the Bonds either directly or through other Financial Intermediaries at the initial issue price of 100 per cent.

- (c) Conditions to which the Offer is subject:

The Offer is conditional on the issue of the Bonds and certain other conditions contained in the Placing Agreement.

- (d) Description of the application process:

Subscription of the Bonds may only be made through the Financial Intermediaries and in the case of the Authorised Offeror via its online application procedure before 12 noon (London time) on 12 April

2010. Other financial institutions can apply on behalf of their underlying clients directly via the Authorised Offeror in strict adherence to the Offer terms.

Investors who wish to hold their Bonds in an ISA and/or any other plans available through the Financial Intermediaries should apply through the relevant Financial Intermediary in accordance with the procedures established by such Financial Intermediary and in accordance with the terms of the ISA and/or any other plans, as the case may be. The Financial Intermediaries may reject any subscription in their absolute discretion. The Bonds are freely transferable, subject to the selling and transfer restrictions described in this Offering Circular.

In the case of the Authorised Offeror, all subscription moneys must be transferred as detailed on the electronic application form.

No Bonds will be offered for sale after the closing date of the Offer, being 12 noon. (London time) on 12 April 2010.

Pursuant to anti-money laundering laws and regulations in force in the UK, the Financial Intermediaries or any of their authorised agents may require evidence in connection with any subscription for the Bonds, including further identification of the investor, before any Bonds are allocated.

- (e) Details of the minimum and/or maximum amount of application:

The minimum subscription per investor is for a principal amount of £1,000 of the Bonds. A maximum aggregate principal amount of £75 million of Bonds is available under the Offer.

- (f) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

If any subscription is not accepted by the Financial Intermediaries in whole, or is accepted in part only (as a result of any *pro rata* scaling back of any part of the subscription or otherwise), the subscription monies or, as the case may be, the balance of the amount paid on application will be returned without interest by transfer to the investor's account or the relevant agent's account at the risk of the person entitled thereto.

- (g) Details of the method and time limits for paying up and delivering the Bonds:

The Bonds will be issued on the Closing Date against payment to the Issuer of the net subscription moneys by the Manager.

- (h) Manner and date in which results of the Offer are to be made public:

The aggregate principal amount of the Bonds to be issued will be determined by the Issuer on the basis of market conditions then prevailing, including supply and demand for the Bonds and other similar securities.

Once determined, the aggregate principal amount of the Bonds is expected to be published by Regulatory News Service notice on or about the Closing Date.

- (i) Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:

Not Applicable.

- (j) Categories of potential investors to which the Bonds are offered:

Offers may be made by the Financial Intermediaries in the Public Offer Jurisdiction to any person during the Offer Period.

- (k) Process for notification to investors of the amount allotted and indication whether dealing may begin before notification is made:

Investors will be notified by the Financial Intermediaries of their allocations of Bonds in accordance with the arrangements in place between such Financial Intermediary and the prospective investor.

- (1) Name and address of the Authorised Offeror:  
Hargreaves Lansdown Asset Management Limited  
1 College Square South  
Anchor Road  
Bristol BS1 5HL



## GENERAL INFORMATION

### Authorisation

1. The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer dated 18 March 2010 and the giving of the Guarantees was duly authorised by a resolution of each of the Boards of Directors of Provident Personal Credit Limited dated 19 March 2010, Greenwood Personal Credit Limited dated 19 March 2010, Provident Financial Management Services Limited dated 19 March 2010 and Provident Investments plc dated 19 March 2010.

### Listing

2. It is expected that official listing will be granted on or about 14 April 2010 subject only to the issue of the Temporary Global Bond. Application has been made to the UK Listing Authority for the Bonds to be listed on the Official List of the London Stock Exchange and for such Bonds to be admitted to trading on the electronic order book for retail bonds on the London Stock Exchange's Regulated Market.

### Yield

3. On the basis of the issue price of the Bonds of 100 per cent. of their principal amount, the yield of the Bonds is expected to be 7 per cent. on an annual basis. It is not an indication of future yield.

### Clearing systems

4. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will be made eligible for Euroclear UK & Ireland Limited (**CREST**) via the CREST Depository Interest mechanism. The ISIN for this issue is XS0496412064 and the Common Code is 049641206.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of CREST is 33 Cannon Street, London EC4M 5SB, United Kingdom.

### No significant change

5. There has been no significant change in the financial or trading position of the Group since 31 December 2009 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009. There has been no significant change in the financial or trading position, and no material adverse change in the financial position or prospects of each of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Financial Management Services Limited and its subsidiaries since 31 December 2009.

### Litigation

6. None of the Issuer, Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and its subsidiaries, or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, any of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and its subsidiaries, or the Group.

### Auditors

7. The auditors of the Issuer are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors who have audited the Issuer's accounts, without qualification, in accordance with International Standards on Auditing (UK and Ireland) for each of the two financial years ended on 31 December 2008 and 2009.

### U.S. tax

8. The Bonds and the Coupons will contain the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

**Documents Available**

9. For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:
  - (a) the Memorandum and Articles of Association of the Issuer and the Memoranda and Articles of Association of each of the Guarantors;
  - (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2008 and 2009, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited accounts on an annual basis; and
  - (c) the Trust Deed and the Agency Agreement.

**Post-issuance information**

10. The Issuer does not intend to provide any post-issuance information in relation to this issue of Bonds.

## **THE ISSUER**

**Provident Financial plc**  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire BD1 2LQ

## **THE GUARANTORS**

**Provident Personal Credit Limited**  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire BD1 2LQ

**Greenwood Personal Credit Limited**  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire BD1 2LQ

**Provident Financial Management Services Limited**  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire BD1 2LQ

**Provident Investments plc**  
Colonnade  
Sunbridge Road  
Bradford  
West Yorkshire BD1 2LQ

## **TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## **PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

## **MANAGER**

**Numis Securities Limited**  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT

## **LEGAL ADVISERS**

*To the Issuer and the Guarantors as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD

*To the Manager and the Trustee as to English law*

**Norton Rose LLP**  
3 More London Riverside  
London SE1 2AQ

## **AUDITORS**

*To the Issuer and the Guarantors*

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Chartered Accountants and Registered Auditors  
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West Yorkshire LS1 4JP