

OFFERING CIRCULAR



PROVIDENT FINANCIAL PLC

(incorporated with limited liability in England and Wales)

£2,000,000,000

Euro Medium Term Note Programme

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)

Under this £2,000,000,000 Euro Medium Term Note Programme (the **Programme**), Provident Financial plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Provident Financial Management Services Limited, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Investments plc (each a **Guarantor** and together the **Guarantors**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

An investment in Notes issued under the Programme involves certain risks, see “Risk Factors”.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes to be issued under the Programme during a period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for any such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List. 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**).

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg. Investors may also hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (**CREST**) through the issuance of dematerialised depository interests (**CREST Depository Interests** or **CDIs**) issued, held, settled and transferred through CREST, representing interests in the relevant Notes underlying the CDIs (the **Underlying Notes**). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantors and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer and the Guarantors may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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 (**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 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.

Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Offering Circular or the applicable Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the investor with such information.

Arranger
LLOYDS BANK
Dealers

CREDIT SUISSE
LLOYDS BANK

J.P.MORGAN CAZENOVE
THE ROYAL BANK OF SCOTLAND

The date of this Offering Circular is 16 March 2012.

This Offering Circular comprises a base 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 Issuer and the Guarantors (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. This paragraph should be read in conjunction with the last paragraph on the first page of this Offering Circular.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES 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 ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL 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.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

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 shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Save for the Issuer and the Guarantors, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers 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 Programme. No Dealer nor 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 Issuer or the Guarantors in connection with the Programme or the Notes.

No person is or has been authorised by the Issuer, the Guarantors or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantors, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes 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 Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantors, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantors during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes 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, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes 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 Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantors, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes 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 assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Guarantors, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes 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 Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom) and Japan, see “*Subscription and Sale*”.

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes and the impact the Notes 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 Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and 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.

Some Notes 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 Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars. In addition, all references to *Sterling* and *£* refer to pounds sterling and to *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

CONTENTS

<u>Clause</u>	<u>Page</u>
Summary of the Programme	7
Risk Factors	12
Overview of the Programme	25
Documents Incorporated by Reference	28
Form of the Notes	29
Applicable Final Terms	31
Terms and Conditions of the Notes	58
Use of Proceeds	82
Clearing and Settlement	83
Description of the Issuer and the Group	85
Description of the Guarantors	94
Taxation	98
Subscription and Sale	100
General Information	103
Historical Financial Information of the Guarantors	F-1

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

FORWARD LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, ‘forward looking statements’. These forward looking statements can be identified by the use of forward looking terminology, including the terms ‘believes’, ‘estimates’, ‘anticipates’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantors and the Issuer and the Guarantors taken as a whole (the **Group**) concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Group’s operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward looking statements contained in this document. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

These and other factors are discussed in more detail under “*Risk Factors*” and “*Description of the Issuer and the Group*”. Many of these factors are beyond the control of the Issuer and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer does not intend, and does not assume any obligation, to update any forward looking statements set out in this Offering Circular.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes 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 claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” 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 issued in the home and collected weekly or through the provision of a credit card tailored to the needs of customers on moderate incomes who are unable to access credit from mainstream providers. The Group’s 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 and unsecured direct repayment 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 Notes issued under the Programme. These are set out under “*Risk Factors*” below and include the credit risk arising from defaults 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 Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

Programme Size: Up to £2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantors may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Form of Notes: The Notes will be issued in bearer form.

Terms of Notes: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Notes may be denominated in any agreed currency and with any agreed maturity, subject to any applicable legal or regulatory restrictions and any requirements of the relevant central bank (or equivalent body).

The terms of the Notes will be specified in the applicable Final Terms. The following types of Note may be issued: (i) Notes which bear interest at a fixed rate or a floating rate; (ii) Notes which do not bear interest; and (iii) Notes which bear interest, and/or the redemption amount of which is, calculated by reference to a specified factor such as movements in an index or a currency exchange rate, changes in share or commodity prices or changes in the credit of an underlying entity. In addition, Notes which have any combination of the foregoing features may also be issued.

Interest periods, rates of interest and the terms of and/or amounts payable on redemption may differ depending on the Notes being issued and such terms will be specified in the applicable Final Terms.

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to

be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms. The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless such deduction is required by law, as provided in Condition 8. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantors will, save in certain limited circumstances provided in Condition 8, be required to pay such additional amounts as shall result in receipt by the Noteholders of the amounts which would have been received in respect of the Notes in the absence of such deduction.

Negative Pledge:

The terms of the Notes will 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 Notes 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 Noteholders; or
- (b) shall be approved by an Extraordinary Resolution of the Noteholders,

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

Events of Default:

The terms of the Notes will contain, amongst others, the following events of default:

- (a) non-payment by the Issuer of any principal or any interest when due in respect of the Notes and where such failure continues for a period of five Business Days;
- (b) non-performance of or non-compliance with other obligations in respect of the Notes or the Trust Deed by the Issuer or any Guarantor which default is incapable of remedy, or, if in the opinion of the Trustee is capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default;
- (c) any other present or future Financial Indebtedness 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, Financial Indebtedness is not paid when due provided that the aggregate amount of the relevant Financial Indebtedness, guarantees and indemnities equals or exceeds £5,000,000 or its equivalent (as determined by the Trustee);

- (d) 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;
- (e) security becomes enforceable against the Issuer or a Guarantor or any Material Subsidiary and any step is taken to enforce it;
- (f) certain events related to insolvency of the Issuer or a Guarantor or any Material Subsidiary, in the circumstances and subject to the conditions described in Condition 10;
- (g) certain events related to winding up, dissolution or administration of the Issuer or a Guarantor or any Material Subsidiary, in the circumstances and subject to the conditions described in Condition 10;
- (h) 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; and
- (i) any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; a Guarantee is not in full force and effect.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Guarantee:

The Notes will be unconditionally and irrevocably guaranteed by the Guarantors. The obligations of the Guarantors under the guarantee will be direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Guarantors and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantors from time to time outstanding.

Use of Proceeds:

Unless otherwise stated in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Rating:

The Programme and the long-term issuer default rating (IDR) of the Issuer have been rated BBB by Fitch Ratings Ltd. Fitch Ratings Ltd is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such Fitch Ratings Ltd is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

A BBB rating means that the IDR of the Issuer and the Programme have been rated good credit quality. Expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Notes issued pursuant to the Programme may be rated or unrated as specified in the applicable Final Terms.

Listing and admission to trading:

Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

Notes may be admitted to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

RISK FACTORS

Each of the Issuer and the Guarantors believe that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are 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 Notes issued under the Programme are also described below.

Each of the Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes 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 ability of the Issuer and the Guarantors (together the Group) to fulfil its obligations under Notes issued under the Programme

The Group operates through two principal trading divisions: the Consumer Credit Division (CCD) and Vanquis Bank. The background to each division is provided on page 88 of the Offering Circular.

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:

Macro-economic conditions

The Group's businesses are subject to inherent risks arising from general and sector-specific economic conditions in the UK and the Republic of Ireland. Adverse developments, such as further deterioration of general economic conditions in the UK or the Republic of Ireland, could cause the Group's earnings and profitability to decline. In addition, a credit rating downgrade of the United Kingdom, and any further downgrades of the USA or Eurozone countries (or a perception that downgrades may occur) may severely destabilise the markets and could have a material adverse effect on the Group's operating results, financial condition and prospects.

The Group's businesses are subject to risks arising from the current UK macro economic environment, high and increasing levels of UK government debt and the impact of the announced UK Budget cuts and any further cuts. Further, any downgrade of the UK sovereign credit rating or the perception that such a downgrade may occur may severely destabilise the markets and have a material adverse effect on the Group's operating results, financial condition and prospects. This might also impact on the Group's own credit ratings, borrowing costs and ability to fund itself.

The performance of the Group may be affected by economic conditions impacting the USA or Eurozone member states. For example, the financial problems experienced by certain governments in the Eurozone may restrict demand for debt issued by financial institutions and corporate borrowers. This could adversely affect the Group's access to the debt capital markets and may increase the Group's funding costs, having a negative impact on the Group's earnings and financial condition. Should the economic conditions faced by certain Eurozone member states, such as Greece, Italy, Portugal and Spain be replicated in other Eurozone member states, the risks above would be exacerbated.

The exact nature of the risks faced by the Group is difficult to predict and guard against in view of (i) the severity of the global financial crisis, (ii) difficulties in predicting whether the recovery will be sustained and at what rate, and (iii) the fact that many of the related risks to the business are totally, or in part, outside the control of the Group.

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 and marked increases in unemployment and under-employment arising from the government's austerity measures may lead to higher than expected impairment charges. Further increases in food, fuel and utility prices may put additional pressure on household incomes, particularly those of CCD customers, and lead to a reduction in the level of credit issued.

(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.

Loans within the home credit business (**Home Credit**) are short-term, typically for a contractual period of around a year, with average issue value of around £500. Agents' commission is almost entirely 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 or monthly, in some cases, 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.

Arrears management within CCD is a combination of central letters, central telephony, and field activity undertaken by field management including the taking, where appropriate, of payments by debit and credit card. 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 and customers are re-scored monthly. The criteria applied to underwriting and credit line increases were tightened continuously between 2007 and 2009, 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. Customer interface from the contact centres in Chatham, Kent and Bradford focuses on collections and customer service.

Daily, weekly 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 of the Issuer (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 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 would 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 and guidance originating from Europe, the UK and the Republic of Ireland as explained further in the "*Description of the Issuer and the Group*" on pages 85 to 93 of the Offering Circular. These regulations and guidance are subject to potential modifications 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 and guidance 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.

Lenders to the Group, including banks, may also be impacted by changes to the regulatory environment; for example with the potential implementation of recommendations from the Independent Commission on Banking. These changes may adversely impact the terms on which existing and future lenders are prepared to transact with the Group.

Capital adequacy requirements

The Group, incorporating both CCD and Vanquis Bank, is the subject of consolidated supervision by the FSA in respect of capital adequacy and large exposures but not in respect of liquidity. On 16 December 2010, the Basel Committee on Banking Supervision (the **Basel Committee**) published the Basel III rules in documents entitled "Basel III: A global regulatory framework for more resilient banks and banking systems" (containing the reforms relating to capital). The implementation of the Basel III reforms will begin on 1 January 2013, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019. Any change that limits the Group's ability to manage effectively its balance sheet and capital resources going forward could have a material adverse impact on its financial condition and regulatory capital position.

Financial Services Compensation Scheme (FSCS)

The Financial Services and Markets Act 2000 (**FSMA**) established the Financial Services Compensation Scheme (the **FSCS**), which pays compensation to eligible customers of authorised financial services firms which are unable, or are likely to be unable, to pay claims against them. An institution's FSCS levy is linked to its share of the UK deposit market. As at the date of this Offering Circular, a number of claims against the FSCS have been triggered. Claims on the FSCS are funded by loans from the Bank of England, and until such loans are repaid, increased levies on UK deposit-taking institutions fund interest payments on such loans. As a result of the various claims under the FSCS, regulated UK deposit takers have recently been subject to significantly increased FSCS levies. In certain circumstances, regulated UK deposit takers may further be required to fund, by way of a further increase in the FSCS levy, the capital repayment to the Bank of England of a loan. There can also be no assurance that there will be no actions taken under the Banking Act 2009 (the **Banking Act**) that may lead to future claims against the FSCS, and concomitant increased FSCS levies payable by Vanquis Bank (and other regulated UK deposit takers), which may have a material adverse effect on its results of operations.

Risk relating to the Banking Act 2009

Under the Banking Act 2009 (the **Banking Act**), substantial powers have been granted to HM Treasury, the Bank of England and the Financial Services Authority (the **Authorities**) as part of a special resolution regime (the **SRR**). These powers enable the Authorities to deal with a UK bank, building society or other UK institution with permission to accept deposits pursuant to Part IV of the FSMA (each a **relevant entity**) in circumstances in which the Authorities consider its failure has become highly likely and a threat is posed to the public interest. The SRR consists of three stabilisation options and two insolvency and administration procedures applicable to UK banks which may be commenced by the Authorities. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank of England; and (iii) temporary public ownership (nationalisation) of the relevant entity. In each case, the Authorities have been granted wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively. The following paragraphs set out some of the possible consequences of the exercise of those powers under the SRR.

The SRR may be triggered prior to insolvency of Vanquis Bank

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may only be exercised if (a) the Financial Services Authority (the **FSA**) is satisfied that a relevant entity (such as Vanquis Bank) is failing, or is likely to fail, to satisfy the threshold conditions within the meaning of section 41 of the FSMA (which are the conditions that a relevant entity must satisfy in order to retain its authorisation to accept deposits), (b) following consultation with the other Authorities, the FSA determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those threshold conditions, and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial systems, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

A partial transfer of Vanquis Bank's business may result in a deterioration of its creditworthiness

If Vanquis Bank were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Group (which may include the Notes) may result in a deterioration in the creditworthiness of the Group and, as a result, increase the risk that the Issuer may be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Offering Circular, the Authorities have not made an instrument or order under the Banking Act in respect of Vanquis Bank and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made.

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. Media and pressure activity can increase during an economic downturn or when the Group is not performing well.

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 and regular customer satisfaction surveys are undertaken.

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. In particular, Vanquis Bank is reliant upon a third party provider for its core customer IT platform and the CCD IT systems are hosted by an external third party provider.

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 are safety conscious. It also assists agents to ensure that they are safety aware, particularly as agents are required to carry cash to undertake their role. Induction sessions and regular updates are provided on safety awareness and safety awareness weeks form part of the annual calendar.
- ***Fraud*** — The Group is subject to the risk of fraud by customers, employees and agents. Both CCD and Vanquis Bank operate specialist departments to prevent, identify, investigate and report on fraudulent activity. Fraud reports are regularly presented to the divisional boards and the Issuer's Audit Committee.
- ***Recruiting and retaining highly skilled management and staff*** — The Group is dependent on its executive directors and 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, failure 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. Credit markets and economic conditions continue to be difficult making it more challenging for companies to obtain funding.

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 contractual debt maturities and the growth of the business through its existing borrowing facilities and retail deposit funding. Following the commencement of retail deposit taking, Vanquis Bank expects to fund up to 80 per cent. of the value of its receivables book through retail deposits. To meet the Group policy, the Group ensures that the forecast residual borrowing requirement for the next 12 month period, including growth and contractual maturities, is covered by committed facilities.

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 2011, the Group's committed borrowing facilities had a weighted average maturity of 3.5 years and the headroom on these facilities amounted to £288 million.

Vanquis Bank holds a banking licence and is permitted to take retail deposits. In July 2011, Vanquis Bank commenced accepting retail deposits via an outsourced third party platform. The retail deposit programme is planned to fund up to 80 per cent. of Vanquis Bank's receivables book through fixed term, internet only retail deposits. The fixed-term deposits will only be redeemable early in the event of death or mandated legal reasons, thereby providing a fixed maturity profile. Vanquis Bank is required to adhere to the FSA's liquidity guidelines in respect of its deposit taking activity and undrawn credit card lines and therefore has established a liquid asset buffer. As at 31 December 2011, the liquid asset buffer was £17.5 million.

Despite the above 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 9 per cent. of total costs in the 12 months ended 31 December 2011.

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 its 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 Group 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.

Market conditions

The competitive landscape for the Home Credit business remained unchanged in 2011 with around 500 active participants in the UK home credit market. Home Credit customers tend to be hourly-paid with a bias towards more casual, temporary and part-time employment. Whilst household incomes of Home Credit customers showed modest growth during 2011, disposable incomes remain under pressure from food, fuel and utility price increases. As a result, customer and agent behaviour is relatively cautious, which is moderating the demand for credit. Tight underwriting standards remain in place and the focus of the business has continued to be on lending to good-quality existing customers and moderating the amount of credit advanced to new customers.

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:

- A clear Group strategy is in place.
- A Board strategy and planning conference is held annually.
- A dedicated central resource is in place to develop corporate strategy.
- New products and processes are thoroughly tested prior to roll-out.
- There is comprehensive monitoring of competitor products, pricing and strategy.
- Robust business change functions oversee change programmes.
- The Group has comprehensive monthly management accounts, a monthly rolling forecast and a bi-annual budgeting process.
- Loans are short term in nature and agents visit customers in their homes and therefore are able to stay up to date with customer circumstances.
- Impairment arises from unexpected life events rather than from expected changes in income of the Group's customers.
- Vanquis Bank continues to grow strongly despite the application of tight credit standards.
- Measures taken to improve arrears management and bolster credit quality in CCD are proving to be the right approach in the current economic environment.

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.

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 may materially exceed the assets in the scheme due to changes in corporate bond yields, inflation, equity and bond returns and mortality rates. The current economic environment has led to volatile movements in equity markets and corporate yields and mortality rates have been improving in the UK.

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, between 3 and 8 per cent. of pensionable earnings. 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 2011, the Group had a pension asset, calculated in accordance with IAS 19 'Employee benefits', of £13.5 million on its balance sheet. The Group, in conjunction with its advisors, continues to monitor investment strategy carefully and the last full actuarial valuation of the defined benefit pension scheme was as at 1 June 2009. The Group undertakes a full actuarial valuation of the defined benefit pension scheme every 3 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 pension risks arise in the future

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider this reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the

secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

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

Modification, waivers and substitution

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders 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 Notes in place of the Issuer, in the circumstances described in the Trust Deed and for the release of any of the Guarantors and/or the addition of other companies in the Group as additional guarantors of the Notes as referred to in Condition 15. Any of the Guarantors will be automatically released from its obligations to act as guarantor of the Notes (i) if it becomes a Regulated Subsidiary (as defined in the “*Terms and Conditions of the Notes*”) or (ii) if it becomes regulated by law 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 Notes*”) 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 any other test of similar nature to be applied to or satisfied by that Guarantor pursuant to such regulation. In addition, the Issuer may choose to release a Guarantor as a guarantor under the Facilities Agreement and the Notes if it ceases to be a subsidiary or a Material Subsidiary (as defined in the “*Terms and Conditions of the Notes*”) 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 Notes).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), 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).

The European Commission has proposed certain amendments to the Directive which may, if implemented, 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, neither the Issuer nor any Paying

Agent nor any other person would be obliged to pay additional amounts with respect to any Note 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.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) any Notes treated as debt for U.S. federal tax purposes that are issued on or after 1 January 2013 or are materially modified from that date and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, (**FATCA**). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (**FFI**) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a **Participating FFI**), (ii) the Issuer has a positive “passthru percentage” (as defined in FATCA), and (iii)(a) an account holder does not provide information sufficient for the relevant Participating FFI (or the Guarantors, if payment is required under the guarantee) to determine whether the account holder is a U.S. person or should otherwise be treated as holding a “United States Account” of such Participating FFI, or (b) any FFI through which payment on such Notes is made is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder’s failure to comply with these rules or as a result of the presence in the payment chain of a non-Participating FFI, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Offering Circular, as applicable.

Change of law

The conditions of the Notes 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.

Holding CREST Depository Interests (CDI)

CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Notes. Such CDIs will be issued to CDI Holders pursuant to the CREST Deed Poll that will bind such CDI Holders. Fees, charges, costs and expenses may be incurred in connection with the use of the CREST International Settlement Links Service.

Potential investors should note that neither the Issuer, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see “Clearing and Settlement” on pages 83-84 of the Offering Circular.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes 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 Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would 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 Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make any payments under the Guarantee in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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 Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Programme. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in "Summary of the Programme" of this Offering Circular and will be disclosed in the Final Terms.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Summary and the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Offering Circular will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

Issuer:	Provident Financial plc
Guarantors:	Provident Financial Management Services Limited Provident Personal Credit Limited Greenwood Personal Credit Limited Provident Investments plc
Description:	Euro Medium Term Note Programme
Arranger:	Lloyds TSB Bank plc
Dealers:	Credit Suisse Securities (Europe) Limited J.P.Morgan Securities Ltd. Lloyds TSB Bank plc The Royal Bank of Scotland plc and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”). Notes having a maturity of less than one year Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
Trustee:	Deutsche Trustee Company Limited
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.

Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree and as may be specified in the relevant Final Terms.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and as may be specified in the relevant Final Terms.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree and as may be specified in the relevant Final Terms.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “*Certain Restrictions — Notes having a maturity of less than one year*” above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions — Notes having a maturity of less than one year*” above.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Offering Circular:

- (a) the auditors report and audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011; and
- (b) the Terms and Conditions of the Notes contained in the Offering Circular dated 10 September 2010, page 51 to page 72 (inclusive) prepared by the Issuer in connection with the Programme.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of 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.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuer and the Guarantors will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Investors may also hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) (**CREST**) through the issuance of dematerialised depository interests (**CREST Depository Interests** or **CDIs**) issued, held, settled and transferred through CREST, representing interests in the relevant Notes underlying the CDIs (the **Underlying Notes**). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**).

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear

and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 1 year and on all receipts and interest coupons relating to such Notes:

“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.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).

[Date]

PROVIDENT FINANCIAL PLC

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Provident Financial Management Services Limited, Provident Personal Credit Limited,
Greenwood Personal Credit Limited and Provident Investments plc
under the £2,000,000,000
Euro Medium Term Note Programme**

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 16 March 2012 [and the Supplemental Offering Circular dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the Supplemental Offering Circular] [is] [are] available for viewing at www.providentfinancial.com and during normal business hours at Deutsche Bank AG, London Branch, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from Provident Financial plc, No.1, Godwin Street, Bradford, West Yorkshire BD1 2SU.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date] which are incorporated by reference in the Offering Circular dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of such Offering Circular are available for viewing at www.providentfinancial.com and during normal business hours at Deutsche Bank AG, London Branch, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from Provident Financial plc, No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. *Italics denote directions for completing the Final Terms.*]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors “ and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/ may need to] be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|-----|-----------------------------------|---|
| 1. | (a) | Issuer: | Provident Financial plc |
| | (b) | Guarantors: | Provident Financial Management Services Limited
Provident Personal Credit Limited
Greenwood Personal Credit Limited
Provident Investments plc |
| 2. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | []
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | | Specified Currency or Currencies: | [] |
| 4. | | Aggregate Nominal Amount: | |
| | (a) | Series: | [] |
| | (b) | Tranche: | [] |
| 5. | | Issue Price: | [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from <i>[insert date]</i> (if applicable)] |
| 6. | (a) | Specified Denominations: | []
<i>(If Notes are admitted to trading on the electronic order book for retail bonds of the London Stock Exchange's regulated market, the Specified Denomination is required to be less than £10,000)</i> |
| | (b) | Calculation Amount: | []
<i>(If only one Specified Denomination, insert the Specified Denomination.</i>

<i>If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)</i> |

7. (a) Issue Date: []
 (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate — specify date]
 Floating rate — Interest Payment Date falling in or nearest to [specify month]
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [specify other]
(N.B. If the Final Redemption Amount is other than 100 per cent, of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. (a) Status of the Notes: Senior
 (b) Status of the Guarantees: Senior
 (c) [Date [Board] approval for issuance of Notes [and Guarantees] obtained: [] [and [], respectively]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees)*
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent, per annum [payable [annually/semi-annually/quarterly/ other (specify)] in arrear]
(If payable other than annually, consider amending Condition [Interest])
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)

- (c) Fixed Coupon Amount(s): (Applicable to Notes in definitive form.) [] per Calculation Amount
- (d) Broken Amount(s): (Applicable to Notes in definitive form.) [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *[specify other]*]
- (f) [Determination Date(s): [] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/ Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *[specify other]*]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ *specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [] per cent. per annum
 - (b) Reference Price: []
 - (c) Any other formula/basis of determining amount payable: []
 - (d) Method of calculating Early Redemption Amounts and late payment: Conditions 7.5(c) and 7.10 apply/specify other *(Consider applicable day count fraction if not U.S. dollar denominated)*
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Index/Formula: [give or annex details]
 - (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
 - (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
 - (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]

- (e) Specified Period(s)/ Specified Interest []
Payment Dates:
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *specify other*]
[]
- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: []
19. Dual Currency Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(N.B. If the Final Redemption Amount is other than 100 per cent, of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Rate of Exchange/ method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/*specify other*/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

21. Investor Put: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [Redemption and Purchase — Early Redemption Amounts]): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- (For CDIs, specify Permanent Global Note exchangeable for definitive Notes)*
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.)*
- (b) [New Global Note: [Yes] [No]]
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(c) and 18(g) relate)*

26. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. *N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
28. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
30. Other final terms: [Not Applicable/give details]
[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]
(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

DISTRIBUTION

31. (a) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (b) Date of [Subscription] Agreement: []
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
33. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]

35. Non exempt Offer:

[Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) — which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as “the Issue Date” or “the date which falls [•] Business Days thereafter”] (**Offer Period**). See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

36. Additional selling restrictions:

[Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the London Stock Exchange’s Regulated Market and admission to the Official List of the UK Listing Authority of the Notes described herein] pursuant to the £2,000,000,000 Euro Medium Term Note Programme of Provident Financial plc.

RESPONSIBILITY

The Issuer and the Guarantors accept responsibility for the information contained in these Final Terms. [[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Provident Financial plc:

Signed on behalf of Provident Financial Management Services Limited, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Investments plc:

By: _____
Duly authorised

By: _____
Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [electronic order book for retail bonds of the] London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [electronic order book for retail bonds of the] London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

2. **RATINGS**

Ratings:

The Notes to be issued [have been]/[are expected to be] rated: [insert details] by [insert the legal names of the relevant credit rating agency entity(ies)].

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).] [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).] *[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of *[insert the legal name of relevant non-EU credit rating agency entity]*.] While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Market Authority has indicated that the ratings used in third countries may continue to be used in the EU by the relevant market participants for a transitional period ending on 30 April 2012.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of the relevant EU-registered credit rating agency entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU-registered credit rating agency entity] is established in the European Union and registered under the CRA Regulation. [As such [insert the legal name of the relevant EU credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with the CRA Regulation.]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation.][and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation][although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU credit rating agency entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit agency entity][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) [Reasons for the offer []
(See “Use of Proceeds” wording in Offering Circular — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- (ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) Estimated total expenses: []
[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]
(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes Only)

- Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes Only)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked Notes Only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes Only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]

(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./ N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes must be issued in NGN form]*

10. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price/Not applicable/specify]
[Conditions to which the offer is subject:]	[Not applicable/give details]
[Description of the application process:]	[Not applicable/give details]
[Details of the minimum and/or maximum amount of application:]	[Not applicable/give details]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not applicable/give details]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/give details]
[Manner in and date on which results of the offer are to be made public:]	[Not applicable/give details]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not applicable/give details]
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not applicable/give details]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable/give details]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable/give details]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None/give details]

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[Date]

PROVIDENT FINANCIAL PLC

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Provident Financial Management Services Limited, Provident Personal Credit Limited,
Greenwood Personal Credit Limited and Provident Investments plc
under the £2,000,000,000 Euro Medium Term Note Programme**

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 16 March 2012 [and the Supplemental Offering Circular dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the Supplemental Offering Circular] [is] [are] available for viewing at www.providentfinancial.com and during normal business hours at Deutsche Bank AG, London Branch, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from Provident Financial plc, No 1, Godwin Street, Bradford, West Yorkshire BD1 2SU.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date] which are incorporated by reference in the Offering Circular dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated [current date]. Copies of such Offering Circular are available for viewing at www.providentfinancial.com and during normal business hours at Deutsche Bank AG, London Branch, 1 Great Winchester Street, London EC2N 2DB and copies may be obtained from Provident Financial plc, No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable “ is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors “ and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/ may need to] be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|-----|-------------|---|
| 1. | (a) | Issuer: | Provident Financial plc |
| | (b) | Guarantors: | Provident Financial Management Services Limited
Provident Personal Credit Limited Greenwood
Personal Credit Limited Provident Investments plc |

2. (a) Series Number: []
 (b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 (a) Series: []
 (b) Tranche: []
5. Issue Price: [] per cent, of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (a) Specified Denominations: []
(Note — where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:
“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€100,000] minimum denomination is not required.)
 (b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (a) Issue Date: []
 (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate — specify date/ Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [specify other]
 (further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]

(N.B. If the Final Redemption Amount is other than 100 per cent, of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (a) Status of the Notes: Senior
(b) [Status of the Guarantee: Senior
(c) [Date [Board] approval for issuance of Notes [and Guarantees] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees)
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent, per annum [payable [annually/semi-annually/quarterly/ other (specify)] in arrear]
(If payable other than annually, consider amending Condition 5)
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): *(Applicable to Notes in definitive form.)* [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) [Determination Date(s): [] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]

- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/ Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *[specify other]*]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ *specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)

- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Method of calculating Early Redemption Amounts and late payment: Conditions 7.5(c) and 7.10 apply/specify other
(Consider applicable day count fraction if not U.S. dollar denominated)
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/ Specified Interest Payment Dates: []
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ specify other]
- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: []

19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Rate of Exchange/ method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

22. Final Redemption Amount: ☐ per Calculation Amount/specify other/see Appendix
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition [Redemption and Purchase — Early Redemption Amounts]): ☐ per Calculation Amount/specify other/see Appendix

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: ☐ Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
☐ Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
☐ Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.))
- (b) New Global Note: ☐ Yes ☐ No
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: ☐ Not Applicable/give details
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(c) and 18(g) relate)
26. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): ☐ Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: ☐ Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]

28. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
30. Other final terms: [Not Applicable/give details]
[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]
(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

DISTRIBUTION

31. (a) If syndicated, names of Managers: [Not Applicable/give names]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (b) Date of [Subscription] Agreement: []
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange’s Regulated Market and admission to the Official List of the UK Listing Authority of the Notes described herein pursuant to the £2,000,000,000 Euro Medium Term Note Programme of Provident Financial plc.

RESPONSIBILITY

The Issuer and the Guarantors accept responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Provident Financial plc

Signed on behalf of Provident Financial Management Services Limited, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Investments plc

By: _____
Duly authorised

By: _____
Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and admission to the Official List of the UK Listing Authority with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: The Notes to be issued [have been]/[are expected to be] rated: *[insert details]* by *[insert the legal names of the relevant credit rating agency entity(ies)]*.
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [Insert the legal name of the relevant credit rating agency entity]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).] [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with such Regulation.]
- [[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).] *[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with such Regulation.]
- [[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation (EC) No. 1060/2009 of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union and is registered in the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*.] While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Market Authority has indicated that the ratings used in third countries may continue to be used in the EU by the relevant market participants for a transitional period ending on 30 April 2012.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of the relevant EU-registered credit rating agency entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU-registered credit rating agency] is established in the European Union and registered under the CRA Regulation.] [As such [insert the legal name of the relevant EU credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with the CRA Regulation.]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation] [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation][although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU credit rating agency entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit agency entity][, although notification of the corresponding registration decision has not been provided by the relevant competent authority and [insert the legal name of the relevant EU credit rating agency entity] is not yet included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. — Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors “ and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) [Reasons for the offer []]
(ii) [Estimated net proceeds: []]
(iii) [Estimated total expenses: []]

(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)]

5. YIELD (Fixed Rate Notes Only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING *(Index-Linked Notes Only)*

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE *(Dual Currency Notes Only)*

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors “ and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

- (i) ISIN Code: []
(ii) Common Code: []
(iii) Any clearing system(s) other than Euroclear Bank S.A./ N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes must be issued in NGN form]*

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the form of the Notes as specified in the Final Terms as to which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Provident Financial plc (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 10 September 2010 made between the Issuer, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and Provident Investment plc (each a **Guarantor** and together, the **Guarantors**) and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 10 September 2010 and made between the Issuer, the Guarantors, the Trustee, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, each of the Guarantors the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, each of the Guarantors, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, each of the Guarantors, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

2. STATUS OF THE NOTES AND THE GUARANTEE

2.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantors on a joint and several basis in the Trust Deed (the **Guarantee**). The obligations of the Guarantors under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantors and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any Note 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 Notes 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 Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In this Condition 3:

- (a) **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
- (b) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. REDENOMINATION

4.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, the Trustee, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or

Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

4.2 Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the

Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine (or shall appoint an agent on its behalf to determine) the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate (or shall appoint an agent on its behalf to calculate) the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of manifest error) be binding on the Issuer,

the Guarantors, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantors, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due,

endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum 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 relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note whose outstanding nominal amount is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the outstanding nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

6.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantors will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantors to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or the Guarantors.

6.5 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer (or, if the Guarantee were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) 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 the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantees, as the case may be), then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the relevant Guarantor stating that the obligation referred to in (a) 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 entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (a) and (b) above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

7.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5.

7.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

7.8 Purchases

The Issuer, the Guarantors or any Subsidiary of the Issuer or the Guarantors may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantors, surrendered to any Paying Agent for cancellation.

Any Notes so purchased, while held by or on behalf of the Issuer, the Guarantors or any Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quora at meetings of the Noteholders for the purposes of Conditions 7, 10 and 15.

7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons (or under the Guarantees, as the case may be) by the Issuer or the Guarantors will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within any Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantors will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders, Receiptholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons (or under the Guarantees), as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means any jurisdiction under the laws of which the Issuer or any Guarantor, or any successor to the Issuer or the Guarantor, or any entity which becomes an additional guarantor under Condition 15, is organised or in which it is resident for tax purposes; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b), (d) and (e), only if the Trustee shall have certified in writing to the Issuer and the Guarantors that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

- (a) the Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of five Business Days; or
- (b) the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Notes 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) (i) any other present or future Financial Indebtedness of the Issuer or a Guarantor or any of their respective Subsidiaries 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 Financial Indebtedness is 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 Financial Indebtedness provided that the aggregate amount of the relevant Financial Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10.1(c) have occurred equals or exceeds £5,000,000 or its equivalent (as determined by the Trustee); or
- (d) 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) 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) 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) 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 on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, 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) 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) any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; or
 - (j) a Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect.

For the purposes of this Condition 10:

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 2008.

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.

Financial Indebtedness means, without double counting, any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Base IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement, but excluding any amounts held on deposit by Vanquis Bank Limited) having the commercial effect of a borrowing in accordance with Base IFRS;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

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 Stand Alone Subsidiary) from time to time whether owned at the date of issue of the Notes 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), 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 reenacted 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 Financial Indebtedness is not guaranteed by the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary and the person to whom the Financial Indebtedness is owed has no recourse to the Issuer, any Guarantor or any Non-Guaranteeing Subsidiary in respect of any failure to pay that Financial Indebtedness; and
- (c) which does not provide guarantees in respect of the Financial Indebtedness of the Issuer, the Guarantors and the Non-Guaranteeing Subsidiaries.

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 Noteholders.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer and/or the Guarantors as it may think fit to enforce the provisions of the Trust Deed, the Notes, the

Receipts and the Coupons, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantors unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) there will at all times be Paying Agents having specified offices in at least two major European cities approved by the Trustee;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner

which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the fifth day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantors or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than half in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing, altering or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-quarter in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of holders of not less than three quarters of the principal amount of the Notes for the time being outstanding or (ii) where Notes are represented by a Temporary Global Note and/or a Permanent Global Note or are held in definitive form within the relevant Clearing System(s), approval of a resolution given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders 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 Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution of certain other entities in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed (as set out in Clause 22.1 of the Trust Deed).

In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes, the Receipts, 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 Noteholders.

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 Noteholders, 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 £384,261,484.09 Multi Currency and Revolving Facilities Agreement dated 26 February 2010 as 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 Noteholders, to a change of the law governing the Notes, the Receipts 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 Noteholders. 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 Noteholders 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 15.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTORS

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantors and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantors and/or any of their respective 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 Noteholders, Receiptholders or 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.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

CLEARING AND SETTLEMENT

Book-Entry Ownership

Notes

The Issuer may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Notes. A temporary Global Note and/or a permanent Global Note without coupons may be deposited with a common depositary or common safekeeper, as the case may be, for Clearstream, Luxembourg and/or Euroclear or an Alternative Clearing System as agreed between the Issuer and Dealer. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or, if appropriate, the Alternative Clearing System. Each Global Note deposited with a common depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

CREST Depository Interests

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the Common Depositary may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes underlying the CDIs to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the **CREST International Settlement Links Service**). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.

- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.crestco.co.uk.
- (g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.
- (h) Potential investors should note that neither the Issuer, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (i) Potential investors should note that Notes issued in temporary global form exchangeable for a Permanent Global Note will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued directly in permanent global form.

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 6 March 2012, the Issuer had a market capitalisation of approximately £1.5 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 No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 351.

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

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 192,982,456 ordinary shares of 20 8/11 pence each (as of 6 March 2012). 137,265,351 of these ordinary shares are issued ordinary shares quoted on the London Stock Exchange with an aggregate nominal value of £28,451,363.

Business Overview of the Group

The Group operates through two principal trading divisions: Consumer Credit Division (CCD) and Vanquis Bank.

An analysis of profit before tax and exceptional items of the Group for the two years ended 31 December 2010 and 2011 is as follows:

	Year ended 31 December 2011 £m	Year ended 31 December 2010 £m
Consumer Credit Division	127.5	127.3
Vanquis Bank	44.2	26.7
	<hr/>	<hr/>
	171.7	154.0
Central – costs	(10.2)	(8.1)
– interest receivable/(payable)	0.6	(1.4)
	<hr/>	<hr/>
Total central	(9.6)	(9.5)
Total group before exceptional costs	<hr/>	<hr/>
	162.1	144.5
Exceptional costs	-	(2.5)
	<hr/>	<hr/>
Total group	162.1	142.0

Selected Financial Information

Consolidated income statement

	Year ended 31 December 2011 £m	Year ended 31 December 2010 £m
Revenue	910.8	866.4
Finance costs	(69.6)	(69.7)
Operating costs	(450.1)	(440.6)
Administrative costs	(229.0)	(214.1)
Administrative costs before exceptional costs	(229.0)	(211.6)
Exceptional costs	-	(2.5)
Total costs	(748.7)	(724.4)
Profit before taxation	162.1	142.0
Profit before taxation and exceptional costs	162.1	144.5
Exceptional costs	-	(2.5)
Tax charge	(42.3)	(40.5)
Profit for the year attributable to equity shareholders	119.8	101.5

All of the above activities relate to continuing operations.

Consolidated balance sheet

	As at 31 December 2011 £m	As at 31 December 2010 £m
ASSETS		
Non-current assets		
Goodwill	2.1	2.1
Other intangible assets	12.9	17.4
Property, plant and equipment	26.8	29.9
Financial assets:		
– amounts receivable from customers	88.0	97.4
– derivative financial instruments	11.9	12.4
Retirement benefit asset	13.5	41.0
Deferred tax assets	7.5	2.8
	162.7	203.0
Current assets		
Financial assets:		
– amounts receivable from customers	1,244.7	1,121.9
– derivative financial instruments	0.3	3.5
– cash and cash equivalents	49.6	29.0
– trade and other receivables	21.1	23.6
	1,315.7	1,178.0
Total assets	1,478.4	1,381.0

LIABILITIES**Current liabilities**

Financial liabilities:

– bank and other borrowings	(50.5)	(147.7)
– derivative financial instruments	-	(13.4)
– trade and other payables	(53.0)	(46.0)
Current tax liabilities	(40.1)	(44.4)
	<u>(143.6)</u>	<u>(251.5)</u>

Non-current liabilities

Financial liabilities:

– bank and other borrowings	(999.1)	(817.2)
– derivative financial instruments	(9.5)	(2.9)
	<u>(1,008.6)</u>	<u>(820.1)</u>

Total liabilities(1,152.2) (1,071.6)**NET ASSETS**326.2 309.4**SHAREHOLDERS' EQUITY**

Called-up share capital	28.5	28.1
Share premium account	146.0	144.0
Other reserves	9.4	0.9
Retained earnings	142.3	136.4
TOTAL EQUITY	<u>326.2</u>	<u>309.4</u>

Consolidated statement of cash flows

	Year ended 31 December 2011 £m	Year ended 31 December 2010 £m
Cash flows from operating activities		
Cash generated from operations	138.7	150.5
Finance costs paid	(69.9)	(80.0)
Tax paid	(42.0)	(36.5)
Net cash generated from operating activities	<u>26.8</u>	<u>34.0</u>
Cash flows from investing activities		
Purchase of intangible assets	(3.0)	(4.4)
Purchase of property, plant and equipment	(6.0)	(14.8)
Proceeds from disposal of property, plant and equipment	1.6	1.6
Net cash used in investing activities	<u>(7.4)</u>	<u>(17.6)</u>
Cash flows from financing activities		
Proceeds from bank and other borrowings	330.1	99.0
Repayment of bank and other borrowings	(251.1)	(28.2)
Dividends paid to company shareholders	(86.8)	(84.9)
Proceeds from issue of share capital	2.4	1.8
Purchase of own shares	(0.2)	(0.2)
Net cash used in financing activities	<u>(5.6)</u>	<u>(12.5)</u>
Net increase in cash, cash equivalents and overdrafts	13.8	3.9
Cash, cash equivalents and overdrafts at beginning of year	18.4	14.5
Cash, cash equivalents and overdrafts at end of year	<u>32.2</u>	<u>18.4</u>
Cash, cash equivalents and overdrafts at end of year comprise:		
Cash at bank and in hand	49.6	29.0
Overdrafts (held in bank and other borrowings)	(17.4)	(10.6)
Total cash, cash equivalents and overdrafts	<u>32.2</u>	<u>18.4</u>

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 2011. 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 of around £500 repayable over a period of approximately one year. The Annual Percentage Rate (**APR**) on the most popular loans is currently 254 per cent. The business model requires a large agency force, currently made up of approximately 10,500 self-employed individuals of whom approximately 69 per cent. are female. The agency force is supported by a large branch network comprising of more than 400 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 typically 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 predominantly 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-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 2011, customer satisfaction in Home Credit was 91 per cent.

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 £15,000 and £30,000 per year with limited or impaired credit histories. Underwriting criteria have been tightened since mid-2007 and the acceptance rate for new applications is approximately 20 per cent.

Credit limits are lower than those generally offered by mainstream credit card companies, with over half of all new customers starting with a credit limit of £250. The maximum initial credit line is currently £1,000 and credit lines will be increased only when customers have established a sound payment history. Utilisation on card accounts during 2011 was high at 76 per cent. resulting in corresponding revenues, whilst maintaining a relatively low level of contingent undrawn exposure. The current average balance is approximately £650 against an average credit line of £940. Vanquis Bank cards have a higher minimum monthly 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 2011 were 691,000. 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 2011, customer satisfaction in Vanquis Bank was 84 per cent.

Balance Sheet and Funding

As at 31 December 2011, the total equity of the Group was £326 million. The gearing level was 3.2 times calculated in accordance with the covenants under the Group's existing bank facilities, against a limit of 5.0 times. Total committed debt facilities available as at 31 December 2011 stood at £1,316 million and borrowings, including amounts drawn under overdrafts, at £1,050 million. The Group had undrawn committed facility headroom of £288 million.

As part of the Group's strategy to diversify its funding sources, the Group issued its first senior bonds aimed at institutional 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 for £1 in nominal amount following a tender offer.

The Group further diversified its funding base by becoming one of the first entities to issue a retail bond quoted on the new Order Book for Retail Bonds (ORB) platform established by the London Stock Exchange. This raised £25 million through an issue in April 2010 of 10-year bonds carrying a coupon of 7.0 per cent., and a second five and half year bond issue carrying a coupon of 7.5 per cent. in April 2011 raised £50 million.

During 2011, the Group has entered into private placement funding arrangements totalling £140 million, including a £100 million 10-year term loan facility amortising between years 2015 and 2021 with Prudential / M&G Investments UK Companies Financing Fund.

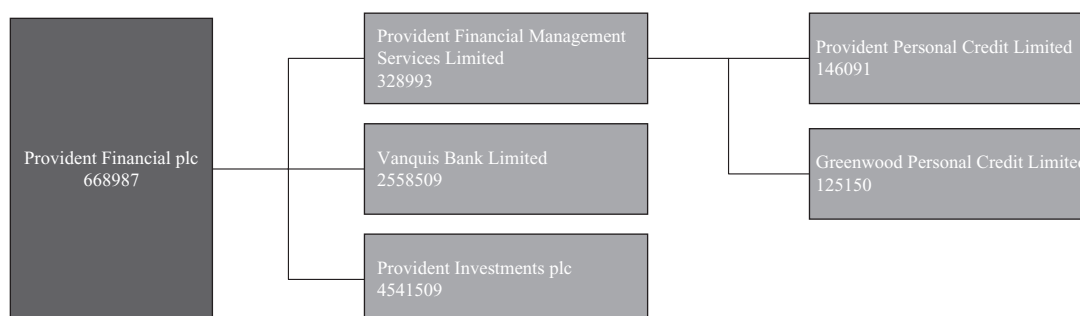
In July 2011, Vanquis Bank activated its retail deposit taking programme via an outsourced third party platform. The programme is planned to fund up to 80 per cent. of Vanquis Bank's receivables book through fixed-term, internet only retail deposits. The fixed term deposits (the typical term is one, two, three or five years) are only redeemable by the depositor prior to the end of the term in the event of death or mandated legal reasons, which provides a fixed maturity profile. The programme will be executed over an eighteen month period and will seek broadly to establish stand-alone funding for Vanquis Bank. In addition, the retail deposits represent further diversification of the Group's funding base. As at 31 December 2011, Vanquis bank had raised £140 million of retail deposits.

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 within the market and the Group has approximately 1.8 million Home Credit customers within CCD.

Organisational Structure

The diagram below sets out the current structure of the principal operating subsidiaries (and their registered numbers) 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 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 Notes. 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 Notes, 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 Notes because of its regulated status.

Regulation and Guidance

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)

The Credit Act was updated in 2006 and all major new provisions are now in force. Irresponsible lending was added to the types of business practice that the Office of Fair Trading (**OFT**) must take into account in assessing a lender's fitness to hold a licence. The OFT's Irresponsible Lending Guidance was published in March 2010 and most of it came into force in early 2011, although some sections, including "affordability", came into force with immediate effect.

The OFT Irresponsible Lending Guidance published in March 2010 has been implemented by the Group.

The European Consumer Credit Directive (Credit Directive)

The Credit Directive was finally implemented into UK law on 1 February 2011.

During 2010, the Group amended practice and procedures to take account of the changes introduced by the Credit Directive to ensure compliance both with the new law and those parts of the OFT Irresponsible Lending Guidance which took effect in February 2011.

Credit and Store Card Regulation

In March 2010 the Government and credit and store card companies entered into a Joint Commitment agreeing to implement five new rights for credit and store card users by the end of 2010. These included a right to repay against the highest rate debt first, a right to control the level of credit limits, more time to reject interest rate increases, rights to clearer information to enable users to make comparisons and to deal more effectively with payment difficulties and a ban on increases in credit limits and interest rates for those who are at risk of financial difficulties. Along with other credit and store card providers, during 2010, Vanquis Bank made the system and other procedural changes necessary to ensure compliance with the Joint Commitment.

Ireland: Credit Directive Implementation and Consumer Protection Code for Moneylenders and Credit Directive

The Credit Directive was implemented in the Republic of Ireland on 11 June 2010 and, during the first part of 2010, the Issuer amended practices and procedures to ensure compliance with the new law. The Group's operations in the Republic of Ireland are subject to the licensing regime controlled by the Central Bank of Ireland and credit provision is governed by the Consumer Credit Act 1995. In January 2009 the Financial Regulator (now the Central Bank of Ireland) in the Republic of Ireland had published a new Consumer Protection Code (the **Code**) that applies to home credit traders. The Code included new provisions on knowing the customer, suitability, complaint handling and consumer records. Some Code provisions were amended following the implementation of the Credit Directive. In October 2010 the Central Bank Reform Act 2010 became law and introduced for the first time in Irish law a harmonised statutory system for the regulation of financial institutions by the Central Bank of Ireland. The Group's operations in Ireland are a regulated financial service provider and as such are subject to the fitness and probity standards issued by the Central Bank of Ireland and the enforcement proceedings contained in the Central Bank Reform Act 2010.

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.

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 received final ICGs from the FSA in June 2011. These are not materially different from the interim ICGs which the Group has 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, operational risk, counterparty risk and market risk calculated using predetermined formulae plus a nominal capital add-on. As at 31 December 2011, the regulatory capital held as a percentage of the minimum Pillar I requirement was 317 per cent. for the supervised Group and 331 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.

Current Government Initiatives

In October 2010, HM's Treasury (**HMT**)/Department for Business, Innovation and Skills (**BIS**) issued a Call for Evidence in support of its Review of Credit and Insolvency Law. The Review is wide ranging and The Call for Evidence sought comments on issues arising at each stage of the life of a credit agreement, from advertising to debt recovery. The Call for Evidence closed on 10 December 2010 and responses were considered by BIS. In July 2011, BIS announced that it is to commission research into how a cap on the total cost of credit in the high cost credit market could affect consumers and on 22 November 2011 it was announced that Personal Finance Research Centre at the University of Bristol had been appointed to carry out the research into the potential impact of caps on the total cost of credit.

The government's coalition document published in May 2010 makes reference to giving regulators new powers to define and ban excessive interest rates on credit and store cards.

In December 2010 a joint HMT/BIS Consultation was launched setting out the Government's proposal to transfer responsibility for consumer credit from the OFT to a new Financial Conduct Authority (**FCA**). On 27 January 2012 the Government published a Financial Services Bill which includes provisions enabling the transfer of responsibility for consumer credit regulation to the FCA, whilst retaining the existing consumer rights and protections contained in the Consumer Credit Act 1974. The Government has stated that it will exercise these powers if and when it has identified a mode of FCA regulation that is proportionate for the different segments of the credit market.

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:

<u>Name:</u>	<u>Position:</u>	<u>Principal outside activities</u>
John Philip de Blocq van Kuffeler . . .	Chairman (Non-Executive)	Non-Executive Chairman of Hyperion Insurance Group Limited and Chairman of Marlin Capital Europe Limited
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 Northwest Development Agency and Non-Executive Director of Styles & Wood plc
Manjit Wolstenholme	Non-Executive Director	Non-Executive Director of Capital & Regional plc, Future plc, The Unite Group plc and chair of Albany Investment Trust Plc

The business address of each of the directors is No. 1, Godwin Street, Bradford, West Yorkshire, BD1 2SU.

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 Issuer'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 UK Corporate Governance Code throughout 2011.

Major Shareholders

The principal shareholders of the Issuer as at 31 December 2011 are as follows:

Invesco Limited:	26.28%
M&G Investment Management Limited:	7.09%
Marathon Asset Management Limited:	6.31%
Tweedy Browne Company:	5.89%
Baillie Gifford & Co Limited:	3.54%
Legal & General Investment Management Limited:	3.48%
Black Rock Inc.	3.40%

Recent Developments

On 10 February 2012, the Group entered into a new £382.5 million syndicated bank facility maturing in May 2015 and cancelled all existing committed bank facilities. The syndicate is comprised of the Group's core relationship banks. The all-in cost of funds is very similar and the terms, conditions and covenant package are consistent with the previous facility. Headroom on the Group's committed debt facilities at 31 December 2011 amounted to £288 million.

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 No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 135.

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:

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

The business address of each of the directors is No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

There are no 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.

Corporate Governance

Provident Financial Management Services Limited complied with the UK Corporate Governance Code throughout 2011.

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 No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 135.

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 £71,844,095.25 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:

<u>Name:</u>	<u>Position:</u>
David Colin Craggs	Director
Michael Roger Elliott	Director
Christopher Donald Gillespie	Director
Jonathan Richard Gillespie	Director
Stephen David Shaw	Director
Charles Ernest Fred Taylor	Director
Ian Thomas Bailey	Director

The business address of each of the directors is No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

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.

Corporate Governance

Provident Personal Credit Limited complied with the UK Corporate Governance Code throughout 2011.

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 No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 555.

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 shares 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:

<u>Name:</u>	<u>Position:</u>
David Colin Craggs	Director
Michael Roger Elliott	Director
Christopher Donald Gillespie	Director
Jonathan Richard Gillespie	Director
Stephen David Shaw	Director
Charles Ernest Fred Taylor	Director
Ian Thomas Bailey	Director

The business address of each of the directors is No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

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.

Corporate Governance

Greenwood Personal Credit Limited complied with the UK Corporate Governance Code throughout 2011.

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 No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 135.

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:

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

The business address of each of the directors is No. 1 Godwin Street, Bradford, West Yorkshire, BD1 2SU.

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.

Corporate Governance

Provident Investments plc complied with the UK Corporate Governance Code throughout 2011.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and Her Majesty's Revenue and Customs (HMRC) practice (which practice may not be binding on HMRC) as applied in England and Wales relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders 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. Payments of interest on the Notes

Payments of interest by the Issuer on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. 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 Notes are and remain so listed, interest on the Notes may be paid by the Issuer without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes 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 Notes 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 HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that this exemption is not to apply in relation to such payment.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently twenty per cent.) subject to the availability of the reliefs. 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 Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has 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 another person who is an individual. HMRC also has power, in certain circumstances, to obtain information (including the name and address of the beneficial owner of the amount payable on redemption) from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person who is an individual, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid or received on or before 5 April 2013. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

B. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), 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-European Union countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

C. Payments in respect of the Guarantee

If the Guarantors make any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for under the Notes), such payments may be subject to United Kingdom withholding tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 16 March 2012, agreed with the Issuer and the Guarantors a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, the Guarantors) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer 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 Notes to the public** in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means a Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantors, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantors, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 27 February 2012 and the giving of the Guarantees has been duly authorised by resolutions of each of the Boards of Directors of the Guarantors dated 14 March 2012.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 20 March 2012.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the 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 2010 and 2011, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;
- (c) the historical financial information of each Guarantor in respect of the financial periods ended 31 December 2010 and 2011, in each case together with an accountants' report prepared in connection therewith. Each of the Guarantors currently prepares audited unconsolidated accounts on an annual basis;
- (d) the most recently published interim financial statements (if any) of the Issuer, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares consolidated interim accounts on a six monthly basis;
- (e) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (f) a copy of this Offering Circular;
- (g) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (h) in the case of each issue of Notes admitted to trading on the London Stock Exchange's Regulated Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 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.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 31 December 2011 and there has been no material adverse change in the prospects of the Group since 31 December 2011. There has been no significant change in the financial or trading position, and no material adverse change in the prospects, of each of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Financial Management Services Limited and their respective subsidiaries since 31 December 2011.

Litigation

None of the Issuer, Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited, Provident Financial Management Services Limited and their respective 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 their respective subsidiaries, or the Group.

Auditors

Auditors of the Issuer

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 financial years ended on 31 December 2010 and 2011. These accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The auditors of the Issuer have no material interest in the Issuer.

The financial information contained in this Offering Circular in relation to the Issuer does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the **Act**). Statutory accounts of the Issuer for the financial year ended 31 December 2010 have been delivered to the Registrar of Companies in England and Wales. The auditors have reported on the statutory financial accounts of the Issuer for the year ended 31 December 2011, which will be filed with the Registrar of Companies following the annual general meeting. The Issuer's auditors have made a report under section 495 of the Act on these statutory accounts that was not qualified within the meaning of section 539 of the Act and did not contain a statement made under section 498(2) or section 498(3) of the Act.

Auditors of the Guarantors

The auditors of each of the Guarantors are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, who have audited the accounts of each Guarantor, without qualification, in accordance with International Standards on Auditing (UK and Ireland) for each of the financial years ended on 31 December 2010 and 2011. These accounts have been prepared in accordance with UK GAAP for the financial year ended on 31 December 2010 and in accordance with IFRS as adopted by the European Union for the financial year ended on 31 December 2011. The auditors of the Guarantors have no material interest in the Guarantors.

The financial information contained in this Offering Circular in relation to the Guarantors does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the **Act**). Statutory accounts of the Guarantors for the financial years ended 31 December 2010 and 31 December 2011 have been delivered to the Registrar of Companies in England and Wales. The Guarantors' auditors have made a report under section 495 of the Act on these statutory accounts that was not qualified within the meaning of section 539 of the Act and did not contain a statement made under section 498(2) or section 498(3) of the Act.

PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its accountants' reports on each of Provident Investments plc, Provident Personal Credit Limited, Greenwood Personal Credit Limited and Provident Financial Management Services Limited, on pages F-3 to F-4, F-28 to F-29, F-59 to F-60 and F-83 to F-84, respectively, of this document, in the forms and contexts in which they appear and has authorised the contents of those parts of this document which comprise those reports for the purposes of Rule 5.5.4R(2)(f) of the Prospectus Rules.

Post-issuance information

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

Dealers transacting with the Issuer and the Guarantors

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantors and their affiliates in the ordinary course of business.

HISTORICAL FINANCIAL INFORMATION OF THE GUARANTORS

The historical financial information of Provident Financial Management Services Limited for the financial periods ended 31 December 2010 and 31 December 2011 together with an accountants' report prepared in connection therewith F-2

The historical financial information of Provident Personal Credit Limited for the financial periods ended 31 December 2010 and 31 December 2011 together with an accountants' report prepared in connection therewith F-27

The historical financial information of Greenwood Personal Credit Limited for the financial periods ended 31 December 2010 and 31 December 2011 together with an accountants' report prepared in connection therewith F-58

The historical financial information of Provident Investments plc for the financial periods ended 31 December 2010 and 31 December 2011 together with an accountants' report prepared in connection therewith F-82

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED

THE HISTORICAL FINANCIAL INFORMATION OF PROVIDENT FINANCIAL
MANAGEMENT SERVICES LIMITED FOR THE FINANCIAL PERIODS ENDED 31
DECEMBER 2010 AND 31 DECEMBER 2011 TOGETHER WITH AN ACCOUNTANTS'
REPORT PREPARED IN CONNECTION THEREWITH



The Directors
Provident Financial Management Services Limited
No 1 Godwin Street
Bradford
BD1 2SU

16 March 2012

Dear Sirs

Provident Financial Management Services Limited

We report on the financial information of Provident Financial Management Services Limited (“**PFMSL**”) set out on pages F-5 to F-26 of the offering circular of Provident Financial plc (the “**Company**”) dated 16 March 2012 (the “**Offering Circular**”) (the “**PFMSL IFRS Financial Information Table**”). The PFMSL IFRS Financial Information Table has been prepared for inclusion in the Offering Circular on the basis of the accounting policies set out in the statement of accounting policies of the PFMSL IFRS Financial Information Table. This report is required by item 13.1 of Annex IV and item 3 of Annex VI to the PD Regulation and is given for the purpose of complying with these items and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the PFMSL IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the PFMSL IFRS Financial Information Table gives a true and fair view, for the purposes of the Offering Circular and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 16.1 of Annex IV to the PD Regulation, consenting to its inclusion in the Offering Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the PFMSL IFRS Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7804 1003, www.pwc.co.uk*



preparation of the PFMSL IFRS Financial Information Table and whether the accounting policies are appropriate to PFMSL's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the PFMSL IFRS Financial Information Table gives, for the purposes of the Offering Circular dated 16 March 2012, a true and fair view of the state of affairs of PFMSL as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Offering Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Offering Circular in compliance with item 1.2 of Annex IV to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December	Note	2011 £m	2010 £m
Revenue	1	155.5	161.3
Finance costs	2	(18.6)	(17.9)
Operating costs		(4.2)	(4.4)
Administrative costs		(63.2)	(67.0)
Total costs		(86.0)	(89.3)
Profit before taxation	3	69.5	72.0
Tax credit	4	4.0	5.2
Profit and total comprehensive income for the year attributable to equity shareholders		73.5	77.2

All of the above operations relate to continuing operations.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

BALANCE SHEET

	Note	31 December 2011 £m	31 December 2010 £m
ASSETS			
Non-current assets			
Intangible assets	8	13.5	19.2
Property, plant and equipment	9	8.7	10.8
Investment in subsidiaries	10	800.3	800.3
Deferred tax assets	14	1.5	0.5
		<u>824.0</u>	<u>830.8</u>
Current assets			
Financial assets:			
- cash and cash equivalents		-	-
- trade and other receivables	12	97.6	94.0
Current tax assets		2.6	3.6
		<u>100.2</u>	<u>97.6</u>
Total assets		<u>924.2</u>	<u>928.4</u>
LIABILITIES			
Current liabilities			
Financial liabilities:			
- trade and other payables	15	(212.2)	(211.4)
		<u>(212.2)</u>	<u>(211.4)</u>
Non-current liabilities			
Financial liabilities:			
- trade and other payables	15	(438.3)	(438.2)
Deferred tax liabilities	14	-	-
		<u>(438.3)</u>	<u>(438.2)</u>
Total liabilities		<u>(650.5)</u>	<u>(649.6)</u>
NET ASSETS		<u>273.7</u>	<u>278.8</u>
SHAREHOLDERS' EQUITY			
Share capital	16	257.8	257.8
Share based payment reserve		2.8	2.5
Retained earnings		13.1	18.5
TOTAL SHAREHOLDERS' EQUITY		<u>273.7</u>	<u>278.8</u>

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Called-up share capital £m	Share- based payment reserve £m	Retained earnings £m	Total £m
At 1 January 2010		257.8	2.2	20.3	280.3
Profit and total comprehensive income for the year		-	-	77.2	77.2
Transactions with owners:					
- share-based payment charge	17	-	1.3	-	1.3
- transfer of share-based payment reserve		-	(1.0)	1.0	-
- dividends	5	-	-	(80.0)	(80.0)
At 31 December 2010		257.8	2.5	18.5	278.8
At 1 January 2011		257.8	2.5	18.5	278.8
Profit and total comprehensive income for the year		-	-	73.5	73.5
Transactions with owners:					
- share-based payment charge	17	-	1.4	-	1.4
- transfer of share-based payment reserve		-	(1.1)	1.1	-
- dividends	5	-	-	(80.0)	(80.0)
At 31 December 2011		257.8	2.8	13.1	273.7

STATEMENT OF CASHFLOWS

	Note	2011 £m	2010 £m
for the year ended 31 December			
Cashflows from operating activities			
Cash generated from operations	21	101.5	104.8
Finance costs paid		(18.6)	(17.9)
Net cash generated from operating activities		82.9	86.9
Cashflows from investing activities			
Purchase of intangible assets	8	(1.1)	(5.1)
Purchase of property, plant and equipment	9	(2.4)	(2.6)
Proceeds from disposal of property, plant and equipment	9	0.6	0.6
Net cash used in investing activities		(2.9)	(7.1)
Cashflows from financing activities			
Dividends paid to company shareholder	5	(80.0)	(80.0)
Net cash used in financing activities		(80.0)	(80.0)
Net decrease in cash, cash equivalents and overdrafts		-	(0.2)
Cash, cash equivalents and overdrafts at beginning of year		-	0.2
Cash, cash equivalents and overdrafts at end of year		-	-

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU.

The principal activities of the company are to provide management services and related activities to the other companies that form part of the Consumer Credit Division of Provident Financial plc.

Basis of preparation

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments to fair value. In preparing the financial information, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the company's accounting policies.

The company's accounting policies are chosen by the directors to ensure that the financial information presents a true and fair view. In accordance with section 400 of the Companies Act 2006 consolidated accounts are not presented since the company is a wholly owned subsidiary undertaking of Provident Financial plc, a company incorporated in the United Kingdom.

Principal accounting policies

The company's principal accounting policies under IFRS, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

The following new standards, amendments to standards and interpretations are mandatory and were applied by the company for the first time in the financial year commencing 1 January 2011:

(a) New and amended standards adopted by the company:

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would have had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Principal accounting policies (continued)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and updated in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, that part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is in the process of assessing the updates to IFRS 9, both those which have been issued and those aspects relating to hedge accounting and impairment which will be issued in due course. The group will adopt IFRS 9 in its entirety no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. All subsidiaries within the group are wholly-owned and therefore the adoption of IFRS 10 is not expected to have a material impact on the company.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. All subsidiaries within the group are wholly-owned therefore the adoption of IFRS 12 is not expected to have a material impact on the company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. IFRS 13 will be adopted no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU, and is not expected to have a material impact on the company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue

Revenue comprises dividend income together with income from the provision of management services and related activities to other group companies which is recognised on an accruals basis.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Dividend income is recognised in the income statement within revenue.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Finance costs

Finance costs principally comprise the interest on intra-group loan arrangements, and are recognised on an effective interest rate basis.

Intangible assets

Intangible assets, which comprise computer software and computer software development costs, represent the costs incurred to acquire or develop the specific software and bring it into use.

Directly attributable costs associated with the development of software that will generate future economic benefits are capitalised as an intangible asset. Directly attributable costs include the cost of software development by employees and an appropriate portion of relevant directly attributable overheads.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be between five and ten years.

The carrying values and economic lives of intangible assets are reviewed by management at each balance sheet date.

Amortisation is charged to the income statement as part of administrative costs.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment.

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimated realisable value over their useful economic lives. The following are the principal bases used:

	%	Method
Equipment (including computer hardware)	10 to 33.3	Straight line
Motor vehicles	25	Reducing balance
Commercial vehicles	25	Straight line

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within administrative costs in the income statement.

Depreciation is charged to the income statement as part of administrative costs.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All current leases held are operating leases. Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances. For the statement of cashflows, bank overdrafts are shown as part of cash and cash equivalents.

Dividends

Dividend distributions to the company's shareholder are recognised in the financial information when approved by the company's board of directors.

Retirement benefits

Defined benefit pension schemes:

The company participates in the Provident Financial Staff Pension Scheme, a multi-employer scheme, sponsored by Provident Financial plc. As there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole, the company recognises their cash contributions on an accruals basis.

Defined contribution pension schemes:

Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

Share-based payments

Provident Financial plc grants options to the company's employees under group employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Performance Share Plan (PSP) and the Long Term Incentive Scheme (LTIS). All of the schemes are equity-settled.

The cost of providing options and awards to the company's employees is charged to the income statement of the company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on fair value. For PSP schemes, the performance conditions are based on earnings per share (EPS). Accordingly, the fair value of options and awards is determined using a binomial option pricing model which is a suitable model for valuing options with internal related targets such as EPS. A binomial model is also used for calculating the fair value of SAYE options which have no performance conditions attached. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected and actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

For the LTIS schemes prior to 2009, performance conditions were based on Total Shareholder Return (TSR). Accordingly, the fair value of awards was determined using a Monte Carlo option pricing model as this is the most appropriate model for valuing options with external related targets such as TSR. For the LTIS schemes from 2009 onwards, performance conditions are based on a combination of both EPS and TSR targets. Accordingly, the fair value of awards is determined using a combination of the binomial and Monte Carlo option pricing models. The value of the charge is adjusted at each balance sheet date to reflect lapses. Where the Monte Carlo option pricing model is used to determine fair value, no adjustment is made to reflect expected and actual levels of vesting as the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards.

A transfer is made from the share-based payment reserve to retained earnings on vesting or when options and awards lapse. In accordance with IFRS 2, the company has elected to apply IFRS 2 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

The tax credit/charge represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

FINANCIAL AND CAPITAL RISK MANAGEMENT

Provident Financial Management Services Limited (the company) is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the group).

The overall group internal control and risk management framework is the responsibility of the group Board with certain responsibilities in respect of internal control and risk management being delegated to various sub-committees who report directly to the Board. An overview of the group's risk management framework can be found in the annual report of Provident Financial plc.

The group operates with a centralised treasury function and therefore the funding requirements of the company are met wholly or partially via funding from Provident Financial plc or one of its subsidiaries. As such, it is inappropriate to consider the management of liquidity risk and interest rate risk on a stand-alone company basis.

(a) Liquidity risk

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

Liquidity risk is managed by the group's centralised treasury department through daily monitoring of expected cashflows in accordance with a board approved group funding and liquidity policy. This process is monitored regularly by the group 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. The group therefore maintains committed borrowing facilities and access to retail deposit funding to meet forecast borrowing requirements, including contractual maturities, at all times for at least the following 12 months. As at 31 December 2011, the group's committed borrowing facilities had a weighted average maturity of 3.5 years (2010: 3.5 years) and the headroom on these committed facilities amounted to £288.1m (2010: £184.7m).

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

A maturity analysis of the undiscounted contractual cashflows of the group's bank and other borrowings, including derivative financial instruments settled on a net and gross basis, is set out in the annual report of Provident Financial plc.

(b) Interest rate risk

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

The group's exposure to movements in interest rates is managed 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.

A 2% movement in the interest rate applied to borrowings during 2011 and 2010 would not have had a material impact on the group's profit before taxation or equity as the group's interest rate risk was substantially hedged. Further details of the interest rate risk management are detailed within the annual report of Provident Financial plc.

(c) Market risk

Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The group's policies do not permit it or the group to undertake position taking or trading books of this type and therefore it does not do so.

(d) Capital risk

The company manages capital risk by focussing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength, optimise the debt to equity structure of the company and support dividend payments to the parent. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION

1 Revenue

	2011	2010
	£m	£m
Provision of management services	70.5	71.3
Dividend income	85.0	90.0
Total revenue	155.5	161.3

2 Finance costs

	2011	2010
	£m	£m
Interest payable to other group undertakings	18.6	17.9
Interest payable to other group undertakings	18.6	17.9

3 Profit before taxation

	2011	2010
	£m	£m
Profit before taxation is stated after charging:		
Amortisation of other intangible assets:		
- computer software (note 8)	6.8	5.7
Depreciation of property, plant and equipment (note 9)	3.8	4.5
Loss on disposal of property, plant and equipment (note 9)	0.1	0.7
Operating lease rentals:		
- property	4.9	5.5
Employment costs (note 7(b))	27.9	26.3
	2011	2010
	£m	£m
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the financial statements	0.1	-
Total auditors' remuneration	0.1	-

4 Tax credit

	2011	2010
	£m	£m
Tax credit in the income statement		
Current tax		
- current year	2.6	3.6
- prior year	0.4	0.4
Deferred tax (note 14) - current year	1.4	1.4
- prior year	(0.3)	(0.2)
Impact of change in UK tax rate	(0.1)	-
Total tax credit	4.0	5.2

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

4 Tax credit (continued)

The standard rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011 and from 26% to 25% with effect from 1 April 2012.

As result of the change in UK corporation tax rates deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25% as these are the tax rates which will apply on reversal.

The rate of tax charged in the profit before taxation for the year is lower than (2010: lower than) the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%). This can be reconciled as follows:

	2011 £m	2010 £m
Profit before taxation	69.5	72.0
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(18.4)	(20.2)
Effects of:		
- expenses not deductible for tax purposes net of non-taxable income	22.4	25.2
- adjustment in respect of prior years	0.1	0.2
- impact of change in UK tax rate	(0.1)	-
Total tax credit	4.0	5.2

The non-taxable income relates to dividend income of £85.0m (2010: £90.0m) from subsidiary undertakings which results in a tax credit of £22.4m (2010: £25.2m).

5 Dividends

	2011 £m	2010 £m
2010 interim - 31.0p per share	-	80.0
2011 interim - 31.0p per share	80.0	-
Dividends paid	80.0	80.0

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

6 Directors' remuneration

The remuneration of the directors, who are the key management personnel of the company, is set out below:

	2011 £m	2010 £m
Short-term employee benefits	1.8	2.1
Termination benefits	-	0.2
Post-employment benefits	0.2	0.3
Share-based payment charge	0.6	0.6
Total	2.6	3.2

The directors' emoluments disclosed above exclude the emoluments of P S Crook, A C Fisher and C D Gillespie, which are paid and disclosed by the ultimate parent company, Provident Financial plc, and recharged to Provident Financial Management Services Limited as part of a management charge. This management charge, which in 2011 amounted to £6.1m (2010: £5.3m), also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of P S Crook, A C Fisher and C D Gillespie's emoluments. The emoluments of these directors are disclosed in the annual report of Provident Financial plc.

Retirement benefits accrue to six directors under a defined benefit scheme (2010: six) and two directors under a money purchase scheme (2010: two). Eight directors are entitled to shares under the Provident Financial plc share option/award arrangements (2010: eight).

Fees and other emoluments of the highest paid director are as follows:

	2011 £m	2010 £m
Short-term employee benefits	0.4	0.5
Termination benefits	-	0.2
Post-employment benefits	0.1	-
Share-based payment charge	0.2	0.1
Total	0.7	0.8

The above director accrued £nil of benefits under a defined benefit pension arrangement during the year (2010: £nil).

7 Employee Information

(a) The average monthly number of persons employed by the company (including directors) was as follows:

	2011 Number	2010 Number
Business Risk	89	89
Finance & IT	181	171
HR & Central Services	118	128
Value Management	53	56
Support Services	263	260
Directors & Administrative Support	10	10
Total	714	714
Analysed as:		
Full time	622	628
Part time	92	86
Total	714	714

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

7 Employee Information (continued)

(b) Employment costs – all employees (including directors)

	2011 £m	2010 £m
Aggregate gross wages and salaries paid to the company's employees	20.9	19.6
Employers' National Insurance contributions	2.6	2.2
Pension charge (note 13)	3.0	3.2
Share-based payment charge (note 17)	1.4	1.3
Total	27.9	26.3

The pension charge comprises contributions to the defined benefit and stakeholder pension plan and contributions to personal pension arrangements (see note 13).

8 Intangible assets

	<u>Computer software</u>	
	2011 £m	2010 £m
Cost		
At 1 January	48.2	42.2
Additions	1.1	4.2
Disposals	(0.9)	-
Transfer from group undertakings	-	1.8
At 31 December	<u>48.4</u>	<u>48.2</u>
Accumulated amortisation		
At 1 January	29.0	22.4
Charged to the income statement	6.8	5.7
Disposals	(0.9)	-
Transfer from group undertakings	-	0.9
At 31 December	<u>34.9</u>	<u>29.0</u>
Net book value at 31 December	13.5	19.2
Net book value at 1 January	19.2	19.8

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

9 Property, plant and equipment

	Equipment and vehicles	
	2011	2010
	£m	£m
Cost		
At 1 January	40.0	41.2
Additions	2.4	2.3
Disposals	(17.9)	(4.3)
Transfer from Group Undertakings	-	0.8
At 31 December	24.5	40.0
Accumulated depreciation		
At 1 January	29.2	27.2
Charged to the income statement	3.8	4.5
Disposals	(17.2)	(3.0)
Transfer from Group Undertakings	-	0.5
At 31 December	15.8	29.2
Net book value at 31 December	8.7	10.8
Net book value at 1 January	10.8	14.0

The loss on disposal of property, plant and equipment in 2011 amounted to £0.1m (2010: £0.7m) and represented proceeds received of £0.6m (2010: £0.6m) less the net book value of disposals of £0.7m (2010: £1.3m).

10 Investment in subsidiaries

	2011	2010
	£m	£m
Cost and net book amount		
Investments in subsidiary companies	800.3	800.3

The directors consider the value of investments to be supported by their underlying assets.

The following are the subsidiary undertakings which, in the opinion of the directors, principally affect the profit or assets of the company.

Company	Purpose	Country of incorporation or registration	Class of capital	% holding
Provident Personal Credit Limited	Financial services	England	Ordinary	100
Greenwood Personal Credit Limited	Financial services	England	Ordinary	100

The above companies operate principally in their country of incorporation or registration.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

11 Financial instruments

The following table sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

	2011			
	Loans and receivables £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Investments in subsidiaries	-	-	800.3	800.3
Trade and other receivables	97.6	-	-	97.6
Property, plant and equipment	-	-	8.7	8.7
Intangible assets	-	-	13.5	13.5
Deferred tax assets	-	-	1.5	1.5
Current tax assets	-	-	2.6	2.6
Total assets	97.6	-	826.6	924.2
Liabilities				
Trade and other payables	-	(650.5)	-	(650.5)
Total liabilities	-	(650.5)	-	(650.5)

	2010			
	Loans and receivables £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Investments in subsidiaries	-	-	800.3	800.3
Trade and other receivables	94.0	-	-	94.0
Property, plant and equipment	-	-	10.8	10.8
Intangible assets	-	-	19.2	19.2
Deferred tax assets	-	-	0.5	0.5
Current tax assets	-	-	3.6	3.6
Total assets	94.0	-	834.4	928.4
Liabilities				
Trade and other payables	-	(649.6)	-	(649.6)
Total liabilities	-	(649.6)	-	(649.6)

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

12 Trade and other receivables

	2011	2010
	£m	£m
Current assets		
Other receivables	0.4	0.1
Amounts owed by ultimate parent undertaking	72.5	84.6
Amounts owed by subsidiary undertakings	22.4	3.0
Amounts owed by fellow subsidiary undertaking	-	3.4
Prepayments and accrued income	2.3	2.9
Total	97.6	94.0

There are no amounts past due in respect of trade and other receivables due in less than one year (2010: £nil).

Amounts owed by the ultimate parent, subsidiary and fellow subsidiary undertakings are unsecured, repayable on demand and generally accrue interest at rates linked to LIBOR.

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above (2010: carrying value). There is no collateral held in respect of trade and other receivables (2010: £nil). The fair value of trade and other receivables equates to their book value (2010: fair value equated to book value).

13 Retirement benefits

The company's employees participate in both defined benefit and defined contribution pension schemes.

(a) Pension schemes – defined benefit

In order to provide its employees with a defined benefit pension, the company participates in the Provident Financial Staff Pension Scheme. This is a funded, defined benefit scheme, which provides retirement benefits based on final salary. This scheme has been substantially closed to new members since 1 January 2003. Following a full group review of pension scheme arrangements, from 1 April 2006 members were provided with a choice of paying higher member contributions to continue accruing benefits based on final salary or paying a lower member contribution and accruing benefits based on a percentage of salary which would be revalued each year.

The scheme is a multi-employer scheme, sponsored by Provident Financial plc and, although the company participates in the scheme, there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole. In accordance with IAS 19, 'Employee benefits', the company recognises the contributions payable in respect of its current employees in its individual financial information, similar to the treatment of a defined contribution scheme. In 2011 these contributions amounted to £2.1m (2010: £2.1m). The expected contributions to the defined benefit pension scheme in the year ending 31 December 2012 are approximately £2.1m.

In accordance with IAS19, the sponsoring company, Provident Financial plc, and the consolidated group, recognises the defined benefit cost and the retirement benefit asset in respect of the Provident Financial Staff Pension Scheme.

The retirement benefit asset reflects the difference between the present value of the group's obligation to current and past employees to provide a defined benefit pension and the fair value of assets held to meet that obligation. As at 31 December 2011, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded.

In participating in a defined benefit pension scheme, the group exposes itself to the risk that there may be insufficient assets to meet the liabilities as they fall due either as a result of the volatility in equity markets and corporate bond yields or as a result of improving mortality rates. The group has mitigated this risk by closing the scheme to new members in favour of cash balance and defined contribution schemes and putting in place an investment strategy which aims to maintain an appropriate balance of assets between equities and bonds. In participating in the defined benefit scheme, the company also exposes itself to the risk that future cash contributions may fluctuate dependent on the funding surplus/deficit of the scheme as well as fluctuations in the schemes expenses.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

13 Retirement benefits (continued)

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out as at 1 June 2009 by a qualified independent actuary. The valuation used for the purposes of IAS 19 'Employee benefits' has been based on this valuation updated by the actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet date.

The retirement benefit asset disclosures relating to the group as a whole, as disclosed in the financial statements of Provident Financial plc, are shown below.

The net retirement benefit asset recognised in the balance sheet of the group is as follows:

	2011		Group 2010	
	£m	%	£m	%
Equities	218.4	42	248.0	48
Corporate bonds	173.9	33	165.9	32
Fixed interest gilts	28.4	5	39.7	8
Index-linked gilts	103.2	20	60.2	12
Cash and money market funds	1.1	-	0.3	-
Total fair value of scheme assets	525.0	100	514.1	100
Present value of funded defined benefit obligations	(511.5)		(473.1)	
Net retirement benefit asset recognised in the balance sheet	13.5		41.0	

Movements in the fair value of scheme assets were as follows:

	Group	
	2011	2010
	£m	£m
Fair value of scheme assets at 1 January	514.1	464.6
Expected return on scheme assets	32.0	29.1
Actuarial movement on scheme assets	(18.4)	22.9
Contributions by the group	10.0	9.6
Contributions paid by scheme participants	-	0.1
Net benefits paid out	(12.7)	(12.2)
Fair value of scheme assets at 31 December	525.0	514.1

Movements in the present value of the defined benefit obligation were as follows:

	Group	
	2011	2010
	£m	£m
Defined benefit obligation at 1 January	(473.1)	(444.7)
Current service cost	(7.0)	(7.7)
Interest cost	(25.4)	(24.8)
Contributions paid by scheme participants	-	(0.1)
Actuarial movement on scheme liabilities	(18.7)	(8.0)
Net benefits paid out	12.7	12.2
Defined benefit obligation at 31 December	(511.5)	(473.1)

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

13 Retirement benefits (continued)

The principal actuarial assumptions used at the balance sheet date were as follows:

	Group	
	2011	2010
	%	%
Price inflation	3.00	3.50
Rate of increase in pensionable salaries	4.00	4.50
Rate of increase to pensions in payment	3.00	3.50
Inflationary increases to pensions in deferment	2.00	2.80
Discount rate	4.90	5.40
Long-term rate of return		
- equities	7.50	8.00
- bonds	4.90	5.40
- fixed interest gilts	2.50	4.00
- index-linked gilts	2.50	4.00
- cash and money market funds	2.50	4.00
- overall (weighted average)	5.40	6.40

(b) Pension schemes – defined contribution

The group operates a stakeholder pension plan into which the company contributes a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice (typically ranging between 3.0% and 8.0%). The pension charge in the income statement represents contributions payable by the company in respect of the plan and amounted to £1.0m for the year ended 31 December 2011 (2010: £1.0m). No contributions were payable to the fund at the year end (2010: £nil).

The company made no contributions to personal pension plans in the year (2010: £nil).

14 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. During the year, as a result of the change in UK corporation tax rates effective from 1 April 2011 and 1 April 2012, deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25%, as these are the tax rates which will apply on reversal. The movement in the deferred tax asset/(liability) during the year can be analysed as follows:

	2011	2010
Asset/(Liability)	£m	£m
At 1 January	0.5	(0.7)
Credit to the income statement (note 4)	1.1	1.2
Impact of change in UK tax rate:		
- charge to the income statement	(0.1)	-
At 31 December	1.5	0.5

The change in the UK tax rate relates to the impact of the change in UK corporation tax rate to 25% which will be effective from 1 April 2012 (see note 4).

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

14 Deferred tax (continued)

An analysis of the deferred tax asset for the company is set out below:

	2011			2010		
Asset/(liability)	Accelerated capital allowances £m	Other temporary differences £m	Total £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 1 January	(0.2)	0.7	0.5	(1.3)	0.6	(0.7)
Credit to the income statement	0.9	0.2	1.1	1.1	0.1	1.2
Impact of change in UK tax rate: - charge to the income statement	-	(0.1)	(0.1)	-	-	-
At 31 December	0.7	0.8	1.5	(0.2)	0.7	0.5

Deferred tax assets have been recognised in respect of all tax losses and other temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

15 Trade and other payables

	2011 £m	2010 £m
Current liabilities		
Trade payables	0.1	0.3
Amounts owed to subsidiary undertaking	200.0	200.0
Amounts owed to fellow subsidiary undertakings	8.5	8.7
Other payables including taxation and social security	0.7	0.8
Accruals	2.9	1.6
Total	212.2	211.4

The fair value of trade and other payables equates to their book value (2010: fair value equated to book value). The amounts owed to subsidiary and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and accrue interest at rates linked to LIBOR.

	2011 £m	2010 £m
Non-current liabilities		
Amounts owed to ultimate parent undertaking	438.3	438.2

The amounts owed to the ultimate parent undertaking are unsecured, due for repayment in more than one year and accrue interest at rates linked to LIBOR.

16 Share capital

	2011		2010	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 100p each - £m	272.0	257.8	272.0	257.8
- number (m)	272.0	257.8	272.0	257.8

There are no shares issued and not fully paid at the end of the year (2010: no shares).

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

17 Share-based payments

Provident Financial plc operates four share schemes: the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (ESOS/SESO) and the Performance Share Plan (PSP) where shares in the parent company are available to the employees of the company. During 2011, awards/options have been granted under the LTIS, PSP and SAYE schemes based on the awards/options granted to the company's employees (2010: awards/options granted under the LTIS and SAYE schemes only). The charge to the income statement during the year was £1.4m (2010: £1.3m). The assumptions to consider the appropriate fair values of options are outlined below:

	2011			2010	
	PSP	LTIS	SAYE	LTIS	SAYE
Grant date	04-Mar-11	04-Mar-11	31-Aug-11	12-Apr-10	31-Aug-10
Share price at grant date (£)	9.53	9.53	11.04	8.68	8.39
Exercise price (£)	-	-	8.68	-	6.62
Shares under option	16,664	206,683	99,672	143,589	136,066
Vesting period (years)	3	3	3, 5 and 7	3	3, 5 and 7
Expected volatility	32.9%	32.9%	29.8% to 32.6%	37.2%	30.2% to 34.0%
Option life (years)	3	3	Up to 7	3	Up to 7
Expected life (years)	3	3	Up to 7	3	Up to 7
Risk-free rate	1.86%	1.86%	0.98% to 2.19%	2.19%	1.15% to 2.45%
Expected dividends expressed as a dividend yield	n/a	n/a	7.30%	n/a	7.20%
Fair value per award/option (£)	9.53	6.76	1.79 to	5.48	1.65 to 1.71

The expected volatility is based on historical volatility over the last three, five or seven years as applicable. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share option movements during the year is shown below:

	LTIS		ESOS/SESO		SAYE		PSP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
2011		£		£		£		£
Outstanding at 1 January	469,627	-	30,062	6.08	386,819	6.46	75,252	-
Granted	206,683	-	-	-	99,672	8.68	16,664	-
Lapsed	(8,652)	-	-	-	(27,669)	6.72	-	-
Exercised	(117,748)	-	(19,242)	6.26	(121,254)	5.73	(34,138)	-
Outstanding at 31 December	549,910	-	10,820	5.77	337,568	7.36	57,778	-
Exercisable at 31 December	-	-	-	-	85,742	6.03	-	-

	LTIS		ESOS/SESO		SAYE		PSP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
2010		£		£		£		£
Outstanding at 1 January	438,158	-	30,502	6.08	565,443	6.30	99,742	-
Granted	143,589	-	-	-	136,066	6.62	-	-
Lapsed	(6,299)	-	-	-	(36,909)	6.68	-	-
Exercised	(105,821)	-	(440)	5.77	(37,881)	6.97	(24,490)	-
Transferred	-	-	-	-	(239,900)	-	-	-
Outstanding at 31 December	469,627	-	30,062	6.08	386,819	6.46	75,252	-
Exercisable at 31 December	-	-	-	-	9,806	6.80	-	-

No options/awards were granted to the company in respect of the ESOS/SESO schemes.

Share options outstanding under the LTIS scheme at 31 December 2011 had an exercise price of £nil (2010: £nil) and a weighted average remaining contractual life of 2.3 years (2010: 1.5 years). Share options outstanding under the ESOS/SESO schemes at 31 December 2011 had an exercise price of 577p (2010: 577p to 709p) and a weighted average remaining contractual life of nil years (2010: nil years). Share options outstanding under the SAYE schemes at 31 December 2011 had a range of exercise prices of 453p to 868p (2010: 453p to 716p) and a weighted average remaining contractual life of 3.1 years (2010: 2.5 years). Share options outstanding under the PSP scheme at 31 December 2011 all had an exercise price of £nil (2010: £nil) and a weighted average remaining contractual life of 1.2 years (2010: 0.7 years).

The transfer of options in 2010 occurred due to an intercompany transfer between Provident Financial Management Services Limited and Provident Personal Credit Limited. In line with IFRS 2: 'Share-based payment', the charge has remained in the company which benefited from the employee's service.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

18 Commitments

Commitments under operating leases are as follows:

	2011 £m	2010 £m
Due within one year	5.6	5.7
Due between one and five years	8.4	9.6
Due in more than five years	2.8	3.1
Total	16.8	18.4

The operating lease commitments are non-cancellable and principally relate to property leases.

Other company commitments are as follows:

	2011 £m	2010 £m
Capital expenditure commitments contracted with third parties but not provided for at 31 December	0.1	0.3

The capital expenditure commitments detailed above relate to property, plant and equipment.

19 Related party transactions

Details of the transactions between the company and other group undertakings, which comprise management recharges and interest charges on intra-group balances, along with any balances outstanding at 31 December are set out below:

	2011			2010		
	Management recharge £m	Interest charge £m	Outstanding balance £m	Management recharge £m	Interest charge £m	Outstanding balance £m
Ultimate parent undertaking	6.2	13.1	(365.8)	6.4	12.5	(353.6)
Subsidiary undertakings	(75.6)	5.5	(186.1)	(70.5)	5.4	(202.3)
Total	(69.4)	18.6	(551.9)	(64.1)	17.9	(555.9)

The outstanding balance represents the gross intercompany balance payable to the company.

During 2011, the company received dividends from subsidiary undertakings of £65.0m from Provident Personal Credit Limited (2010: £80.0m) and £20.0m from Greenwood Personal Credit Limited (2010: £10.0m).

20 Contingent liabilities

The company is a guarantor in respect of (i) borrowings made by the company's ultimate parent undertaking and (ii) guarantees given by the company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £1,201.4m (2010: £1,159.0m). At 31 December 2011, the borrowings amounted to £903.9m (2010: £958.9m). No loss is expected to arise.

PROVIDENT FINANCIAL MANAGEMENT SERVICES LIMITED
(Company Number 328933)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

21 Reconciliation of profit after taxation to cash generated from operations

	Note	2011 £m	2010 £m
Profit after taxation		73.5	77.2
Adjusted for:			
- tax credit	4	(4.0)	(5.2)
- finance costs	2	18.6	17.9
- share-based payment charge	17	1.4	1.3
- amortisation of intangible assets	8	6.8	5.7
- depreciation of property, plant and equipment	9	3.8	4.5
- loss on disposal of property, plant and equipment	9	0.1	0.7
Changes in operating assets and liabilities:			
- trade and other receivables	12	0.4	3.3
- trade and other payables	15	0.9	(0.6)
Cash generated from operations		101.5	104.8

22 Parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Provident Financial plc, which is the smallest and largest group to consolidate the company's financial statements. Copies of the consolidated financial statements of Provident Financial plc may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU.

23 Post balance sheet event

Subsequent to the year end, the group entered into a new £382.5m syndicated bank facility maturing in May 2015 and cancelled all existing bank facilities. The syndicate is comprised of the group's core relationship banks. The all-in cost of funds is very similar and the terms, conditions and covenant package are consistent with the previous facility. Headroom on the group's committed debt facilities at 31 December 2011 amounted to £288m which, together with the recent renewal of bank facilities and the retail deposits programme at Vanquis Bank, a group subsidiary, is sufficient to fund maturities and projected growth in the group until May 2015. As disclosed in note 20, the company continues to be a guarantor of the borrowings under this renewed facility.

PROVIDENT PERSONAL CREDIT LIMITED

THE HISTORICAL FINANCIAL INFORMATION OF PROVIDENT PERSONAL CREDIT
LIMITED FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2010 AND 31
DECEMBER 2011 TOGETHER WITH AN ACCOUNTANTS' REPORT PREPARED IN
CONNECTION THEREWITH



The Directors
Provident Personal Credit Limited
No 1 Godwin Street
Bradford
BD1 2SU

16 March 2012

Dear Sirs

Provident Personal Credit Limited

We report on the financial information of Provident Personal Credit Limited (“**PPC**”) set out on pages F-30 to F-57 of the offering circular of Provident Financial plc (the “**Company**”) dated 16 March 2012 (the “**Offering Circular**”) (the “**PPC IFRS Financial Information Table**”). The PPC IFRS Financial Information Table has been prepared for inclusion in the Offering Circular on the basis of the accounting policies set out in the statement of accounting policies of the PPC IFRS Financial Information Table. This report is required by item 13.1 of Annex IV and item 3 of Annex VI to the PD Regulation and is given for the purpose of complying with these items and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the PPC IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the PPC IFRS Financial Information Table gives a true and fair view, for the purposes of the Offering Circular and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 16.1 of Annex IV to the PD Regulation, consenting to its inclusion in the Offering Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the PPC IFRS Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the PPC IFRS Financial Information Table and whether the accounting policies are appropriate to PPC's circumstances, consistently applied and adequately disclosed.

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7804 1003, www.pwc.co.uk*



We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the PPC IFRS Financial Information Table gives, for the purposes of the Offering Circular dated 16 March 2012, a true and fair view of the state of affairs of PPC as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Offering Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Offering Circular in compliance with item 1.2 of Annex IV to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

INCOME STATEMENT

for the year ended 31 December	Note	2011 £m	2010 £m
Revenue	1	587.0	596.6
Finance income	2	5.5	5.5
Total revenue		592.5	602.1
Finance costs	3	(56.2)	(50.2)
Operating costs		(285.0)	(295.4)
Administrative costs		(156.3)	(150.4)
Total costs		(497.5)	(496.0)
Profit before taxation	4	95.0	106.1
Tax charge	5	(25.2)	(29.8)
Profit for the year attributable to equity shareholders		69.8	76.3

All of the above operations relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2011 £m	2010 £m
Profit for the year attributable to equity shareholders		69.8	76.3
Other comprehensive income:			
- cashflow hedges	13	0.3	(0.1)
- tax on other comprehensive income	5	(0.1)	-
Other comprehensive income for the year		0.2	(0.1)
Total comprehensive income for the year		70.0	76.2

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

BALANCE SHEET

		31 December 2011 £m	31 December 2010 £m
	Note		
ASSETS			
Non-current assets			
Intangible assets	9	-	-
Property, plant and equipment	10	3.6	4.0
Financial assets:			
- amounts receivable from customers	11	79.0	89.2
Deferred tax assets	16	1.1	6.8
		<u>83.7</u>	<u>100.0</u>
Current assets			
Financial assets:			
- amounts receivable from customers	11	669.7	657.7
- derivative financial instruments	13	0.2	-
- cash and cash equivalents	17	23.3	25.3
- trade and other receivables	14	208.9	208.2
		<u>902.1</u>	<u>891.2</u>
Total assets		<u>985.8</u>	<u>991.2</u>
LIABILITIES			
Current liabilities			
Financial liabilities:			
- bank and other borrowings	18	(0.4)	(1.7)
- derivative financial instruments	13	-	(0.1)
- trade and other payables	19	(619.1)	(616.2)
Current tax liabilities		(2.6)	(15.3)
		<u>(622.1)</u>	<u>(633.3)</u>
Non-current liabilities			
Financial liabilities:			
- bank and other borrowings	18	(200.0)	(200.0)
- trade and other payables	19	(0.3)	(0.3)
		<u>(200.3)</u>	<u>(200.3)</u>
Total liabilities		<u>(822.4)</u>	<u>(833.6)</u>
NET ASSETS		<u>163.4</u>	<u>157.6</u>
SHAREHOLDERS' EQUITY			
Share capital	20	71.5	71.5
Share premium account		1.0	1.0
Other reserves	22	2.8	2.7
Retained earnings		88.1	82.4
TOTAL EQUITY		<u>163.4</u>	<u>157.6</u>

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Called-up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 January 2010		71.5	1.0	2.5	85.6	160.6
Profit for the year		-	-	-	76.3	76.3
Other comprehensive income:						
- cashflow hedges	13	-	-	(0.1)	-	(0.1)
Other comprehensive income for the year		-	-	(0.1)	-	(0.1)
Total comprehensive income for the year		-	-	(0.1)	76.3	76.2
Transactions with owners:						
- share-based payment charge	21	-	-	0.8	-	0.8
- transfer of share-based payment reserve		-	-	(0.5)	0.5	-
- dividends	6	-	-	-	(80.0)	(80.0)
At 31 December 2010		71.5	1.0	2.7	82.4	157.6
At 1 January 2011		71.5	1.0	2.7	82.4	157.6
Profit for the year		-	-	-	69.8	69.8
Other comprehensive income:						
- cashflow hedges	13	-	-	0.3	-	0.3
- tax on other comprehensive income	5	-	-	(0.1)	-	(0.1)
Other comprehensive income for the year		-	-	0.2	-	0.2
Total comprehensive income for the year		-	-	0.2	69.8	70.0
Transactions with owners:						
- share-based payment charge	21	-	-	0.8	-	0.8
- transfer of share-based payment reserve		-	-	(0.9)	0.9	-
- dividends	6	-	-	-	(65.0)	(65.0)
At 31 December 2011		71.5	1.0	2.8	88.1	163.4

Other reserves are further analysed in note 22.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF CASHFLOWS

for the year ended 31 December	Note	2011 £m	2010 £m
Cashflows from operating activities			
Cash generated from operations	26	148.4	164.2
Finance costs paid		(56.3)	(51.5)
Finance income received		5.5	5.5
Tax paid		(32.2)	(27.4)
Net cash generated from operating activities		65.4	90.8
Cashflows from investing activities			
Purchase of property, plant and equipment	10	(1.7)	(2.4)
Proceeds from disposal of intangible assets, property, plant and equipment	10	0.6	1.8
Net cash used in investing activities		(1.1)	(0.6)
Cashflows from financing activities			
Dividends paid to company shareholder	6	(65.0)	(80.0)
Net cash used in financing activities		(65.0)	(80.0)
Net (decrease)/increase in cash, cash equivalents and overdrafts		(0.7)	10.2
Cash, cash equivalents and overdrafts at beginning of year		23.6	13.4
Cash, cash equivalents and overdrafts at end of year		22.9	23.6
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand	17	23.3	25.3
Overdrafts (held in bank and other borrowings)	18	(0.4)	(1.7)
Total cash, cash equivalents and overdrafts		22.9	23.6

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU.

The principal activities of the company are to provide unsecured home credit loans to customers in the UK and Republic of Ireland.

Basis of preparation

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments to fair value. In preparing the financial information, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the company's accounting policies.

The company's accounting policies are chosen by the directors to ensure that the financial information presents a true and fair view. All of the company's accounting policies are consistent with the requirements of International Financial Reporting Standards, interpretations issued by the International Financial Reporting Interpretations Committee and UK company law.

Principal accounting policies

The company's principal accounting policies under IFRS, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

The following new standards, amendments to standards and interpretations are mandatory and were applied by the company for the first time in the financial year commencing 1 January 2011:

(a) New and amended standards adopted by the company:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would have had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and updated in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, that part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is in the process of assessing the updates to IFRS 9, both those which have been issued and those aspects relating to hedge accounting and impairment which will be issued in due course. The company will adopt IFRS 9 in its entirety no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Principal accounting policies (continued)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. IFRS 13 will be adopted no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU, and is not expected to have a material impact on the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue

Revenue comprises interest income earned and represents the charge payable by the customer on the amount of credit advanced by the company. Revenue excludes value added tax.

Revenue recognition

Revenue on customer receivables is recognised using an effective interest rate. The effective interest rate is calculated using estimated cashflows, being contractual payments adjusted for the impact of customers repaying early but excluding the anticipated impact of customers paying late or not paying at all. Directly attributable incremental issue costs are also taken into account in calculating the effective interest rate. Interest income continues to be accrued on impaired receivables using the original effective interest rate applied to the loan's carrying value.

Finance income

Finance income comprises interest income earned from the parent undertaking on intercompany loans.

Finance costs

Finance costs principally comprise the interest on bank borrowings and on intra-group loan arrangements, and are recognised on an effective interest rate basis.

Intangible assets

Other intangible assets, which comprise computer software and computer software development costs, represent the costs incurred to acquire or develop the specific software and bring it into use.

Directly attributable costs associated with the development of software that will generate future economic benefits are capitalised as an intangible asset. Directly attributable costs include the cost of software development employees and an appropriate portion of relevant directly attributable overheads.

Computer software is amortised on a straight-line basis over its estimated useful economic life which is generally estimated to be between five and ten years.

The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date. Amortisation is charged to the income statement as part of administrative costs.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Items included in the financial information is measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The company operates primarily in the UK and Republic of Ireland. The company's financial information is presented in sterling, which is the company's functional and presentational currency.

Transactions that are not denominated in the company's functional currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the balance sheet date. Differences arising on translation are charged or credited to the income statement, except when deferred in equity as effective cashflow or net investment hedges. Foreign exchange gains and losses are charged to the income statement as part of administrative costs.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on transactions entered into to hedge foreign currency risk; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment hedge of the operation which are recognised initially in other comprehensive income and reclassified on disposal or part-disposal of the net investment.

Amounts receivable from customers

All customer receivables are initially recognised at the amount loaned to the customer plus directly attributable incremental issue costs. After initial recognition, customer receivables are subsequently measured at amortised cost. Amortised cost is the amount of the customer receivable at initial recognition less customer repayments, plus revenue earned calculated using the effective interest rate, less any deduction for impairment.

The company assesses whether there is objective evidence that customer receivables have been impaired at each balance sheet date. The principal criterion for determining whether there is objective evidence of impairment is delinquency in contractual payments.

Objective evidence of impairment is based on the payment performance of loans in the previous 12 weeks as this is considered to be the most appropriate indicator of credit quality in the short-term cash loans business. Loans are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12-week period since only at this point do the expected future cashflows from loans deteriorate significantly. Loans with one missed weekly payment over the previous 12-week period are not deemed to be impaired.

The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages and is measured as the difference between the carrying value of the loans and the present value of estimated future cashflows discounted at the original effective interest rate. Subsequent cashflows are regularly compared to estimated cashflows to ensure that the estimates are sufficiently accurate for impairment provisioning purposes.

Impairment charges are deducted directly from the carrying value of receivables.

Impairment charges and reversals are charged/(credited) to the income statement as part of operating costs.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment.

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimated realisable value over their useful economic lives. The following are the principal bases used:

	%	Method
Equipment (including computer hardware)	10 to 33.3	Straight line
Motor vehicles	25	Reducing balance
Commercial vehicles	25	Straight line

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within administrative costs in the income statement.

Depreciation is charged to the income statement as part of administrative costs.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All current leases held are operating leases. Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances. For the statement of cashflows, bank overdrafts are shown as part of cash and cash equivalents.

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the effective interest rate.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Dividends

Dividend distributions to the company's shareholder are recognised in the financial information when approved by the company's board of directors.

Retirement benefits

Defined benefit pension schemes:

The company participates in the Provident Financial Staff Pension Scheme, a multi-employer scheme, sponsored by Provident Financial plc. As there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole, the company recognises their cash contributions on an accruals basis.

Defined contribution pension schemes:

Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

Share-based payments

Provident Financial plc grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) to the company's employees and makes awards under the Performance Share Plan (PSP) and the Long Term Incentive Scheme (LTIS). All of the schemes are equity-settled.

The cost of providing options and awards to the company's employees is charged to the income statement of the company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on fair value. For PSP schemes, the performance conditions are based on earnings per share (EPS). Accordingly, the fair value of options and awards is determined using a binomial option pricing model which is a suitable model for valuing options with internal related targets such as EPS. A binomial model is also used for calculating the fair value of SAYE options which have no performance conditions attached. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected and actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

For the LTIS schemes prior to 2009, performance conditions were based on Total Shareholder Return (TSR). Accordingly, the fair value of awards was determined using a Monte Carlo option pricing model as this is the most appropriate model for valuing options with external related targets such as TSR. For the LTIS schemes from 2009 onwards, performance conditions are based on a combination of both EPS and TSR targets. Accordingly, the fair value of awards is determined using a combination of the binomial and Monte Carlo option pricing models. The value of the charge is adjusted at each balance sheet date to reflect lapses. Where the Monte Carlo option pricing model is used to determine fair value, no adjustment is made to reflect expected and actual levels of vesting as the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards.

A transfer is made from the share-based payment reserve to retained earnings on vesting or when options and awards lapse. In accordance with IFRS 2, the company have elected to apply IFRS 2 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax charge represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Key assumptions and estimates

In applying the accounting policies set out above, the company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Amounts receivable from customers

The company reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable predictor of future payment performance. The company makes judgments to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cashflows. Receivables are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12 weeks, since only at this point do the expected future cashflows from loans deteriorate significantly.

The level of impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cashflows from each arrears stage, and are regularly tested using subsequent cash collections to ensure they retain sufficient accuracy. The impairment models are regularly reviewed to take account of the current economic environment, product mix and recent customer payment performance. However, on the basis that the payment performance of customers could be different from the assumptions used in estimating future cashflows, a material adjustment to the carrying value of amounts receivable from customers may be required.

To the extent that the net present value of estimated future cashflows differs by +/- 1%, it is estimated that the amounts receivable from customers would be approximately £7.5m (2010: £7.5m) higher/lower.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

FINANCIAL AND CAPITAL RISK MANAGEMENT

Provident Personal Credit Limited (the company) is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the group).

The overall group internal control and risk management framework is the responsibility of the group Board with certain responsibilities in respect of internal control and risk management being delegated to various sub-committees who report directly to the Board. An overview of the group's risk management framework can be found in the annual report of Provident Financial plc.

The group operates with a centralised treasury function and therefore the funding requirements of the company are met wholly or partially via funding from Provident Financial plc or one of its subsidiaries. As such, it is inappropriate to consider the management of liquidity risk, interest rate risk and foreign exchange risk on a company basis.

(a) Credit risk

Credit risk is the risk that the company will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due.

Amounts receivable from customers

The company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2011 is the carrying value of amounts receivable from customers of £748.7m (2010: £746.9m).

Credit risk within the Consumer Credit Division (CCD) is managed by the CCD credit committee which meets at least every two months and is responsible for approving product criteria and pricing.

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.

The loans offered by the company are short-term, typically a contractual period of around a year, with an average value of around £500. The loans are underwritten in the home by an agent with emphasis placed on any previous lending experience with the customer and the agent's assessment of the credit risk based on a completed application form and the home visit. Once a loan has been made, the agent visits the customer weekly to collect the weekly payment. The agent is well placed to identify signs of strain on a customer's income and can moderate lending accordingly. Equally, the regular contact and professional relationship that the agent has with the customer allows them to manage customers' repayments effectively even when the household budget is tight. This can be in the form of taking part-payments, allowing missed payments or occasionally restructuring the debt in order to maximise cash collections.

Agents are almost entirely paid commission for what they collect and not for what they lend, so their primary focus is on ensuring loans are affordable at the point of issue and then on collecting cash. Affordability is reassessed by the agent each time an existing customer is re-served, or not as the case may be. This normally takes place within 12 months of the previous loan because of the short-term nature of the product.

Arrears management 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 agree a resolution.

Bank counterparties

The company's maximum exposure to credit risk on bank counterparties as at 31 December 2011 was £0.2m (2010: £nil).

Counterparty credit risk arises as a result of cash deposits placed with 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 rate risk. Counterparty credit risk is managed by the group's treasury committee and is governed by a board approved counterparty policy 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 credit rating. This is linked to the group's regulatory capital base in line with the group's regulatory reporting requirements on large exposures to the Financial Services Authority (FSA).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

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

Liquidity risk is managed by the group's centralised treasury department through daily monitoring of expected cashflows in accordance with a board approved group funding and liquidity policy. This process is monitored regularly by the group 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. The group therefore maintains committed borrowing facilities and access to retail deposit funding to meet forecast borrowing requirements, including contractual maturities, at all times for at least the following 12 months. As at 31 December 2011, the group's committed borrowing facilities had a weighted average maturity of 3.5 years (2010: 3.5 years) and the headroom on these committed facilities amounted to £288.1m (2010: £184.7m).

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

A maturity analysis of the undiscounted contractual cashflows of the group's bank and other borrowings, including derivative financial instruments settled on a net and gross basis, is set out in the annual report of Provident Financial plc.

(c) Interest rate risk

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

The group's exposure to movements in interest rates is managed 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.

A 2% movement in the interest rate applied to borrowings during 2011 and 2010 would not have had a material impact on the group's profit before taxation or equity as the group's interest rate risk was substantially hedged. Further details of the interest rate risk management are detailed within the annual report of Provident Financial plc.

(d) Foreign exchange rate risk

Foreign exchange rate risk is the risk of a change in foreign currency exchange rates leading to a reduction in profits or equity.

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

The group's exposures to foreign exchange rate risk arise solely from (i) the issuance of US dollar private placement loan notes, which are fully hedged into sterling through the use of cross-currency swaps, and (ii) the company's operations in the Republic of Ireland, which are hedged by matching euro-denominated net assets with euro-denominated borrowings as closely as practicable.

As at 31 December 2011, a 2% movement in the sterling to euro exchange rate would have led to a £1.1m (2010: £1.2m) movement in customer receivables with an opposite movement of £1.1m (2010: £1.0m) in external borrowings. Due to the natural hedging of matching euro-denominated assets with euro-denominated liabilities, there would have been no impact on reported profits or equity (2010: £0.2m).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(e) Market risk

Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The company's and group's policies do not permit it or the group to undertake position taking or trading books of this type and therefore neither it nor the group does so.

(f) Capital risk

The company manages capital risk by focussing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength, optimise the debt to equity structure of the company and support dividend payments to the parent. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION

1 Revenue

	2011 £m	2010 £m
Interest income	587.0	596.6

2 Finance income

	2011 £m	2010 £m
Interest receivable from parent undertaking	5.5	5.5

3 Finance costs

	2011 £m	2010 £m
Interest payable on bank borrowings	5.4	5.4
Interest payable to other group undertakings	50.8	44.8
Total finance costs	56.2	50.2

The preference dividends paid in the year in respect of the preference shares issued in 2002 (coupon rate 5.165%) and 2004 (coupon rate 5.84%) were 0.05p (2010: 0.05p) and 0.06p (2010: 0.06p) per share respectively. The total annual preference dividend cost was £16,000 (2010: £16,000).

4 Profit before taxation

	2011 £m	2010 £m
Profit before taxation is stated after charging:		
Amortisation of other intangible assets:		
- computer software (note 9)	-	0.4
Depreciation of property, plant and equipment (note 10)	1.4	1.4
Loss on disposal of property, plant and equipment (note 10)	0.1	0.1
Operating lease rentals:		
- property	0.3	0.3
Employment costs (note 8(b))	78.0	71.7
Impairment of amounts receivable from customers (note 11)	174.3	187.9
	2011 £m	2010 £m
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the financial statements	-	0.1
Total auditors' remuneration	-	0.1

Auditors' remuneration payable in respect of the audit of the company's financial statements totalled £38,000 (2010: £50,000).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

5 Tax charge

	2011 £m	2010 £m
Tax charge in the income statement		
Current tax		
- UK	(18.9)	(29.1)
- current year	0.1	0.1
- prior year	(1.2)	(1.1)
- Overseas	0.4	0.1
- current year	(5.1)	0.5
- prior year	(0.3)	-
Deferred tax (note 16)	(0.2)	(0.3)
Impact of change in UK tax rate	(25.2)	(29.8)
Total tax charge	(25.2)	(29.8)

The standard rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012.

As a result of the change in UK corporation tax rates deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25% as these are the tax rates which will apply on reversal.

A tax charge of £0.2m in 2011 (2010: £0.3m) represents the income statement adjustment to deferred tax as a result of this change. No additional deferred tax credit/charge has been required directly to equity to reflect the impact of the change in UK corporation tax rates on items previously reflected directly in equity (2010: none).

The total tax charge on other comprehensive income taken directly to equity was £0.1m (2010: £nil). This was in respect of current tax on cashflow hedges.

The rate of tax charge on the profit before taxation for the year is in line with (2010: more than) the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%). This can be reconciled as follows:

	2011 £m	2010 £m
Profit before taxation	95.0	106.1
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(25.2)	(29.7)
Effects of:		
- adjustment in respect of prior years	0.2	0.2
- impact of change in UK tax rate	(0.2)	(0.3)
Total tax charge	(25.2)	(29.8)

6 Dividends

	2011 £m	2010 £m
2010 interim - 28.0p per share	-	80.0
2011 interim - 22.3p per share	65.0	-
Dividends paid	65.0	80.0

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

7 Directors' remuneration

The remuneration of the directors, who are deemed to be the key management of the company, is set out below:

	2011 £m	2010 £m
Short-term employee benefits	1.8	2.1
Termination benefits	-	0.2
Post-employment benefits	0.2	0.3
Share-based payment charge	0.6	0.6
Total	2.6	3.2

The directors' emoluments disclosed above exclude the emoluments of C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge. The emoluments of this director are disclosed in the annual report of Provident Financial plc.

Retirement benefits accrue to four directors under a defined benefit scheme (2010: four) and two directors under a money purchase scheme (2010: two). Six directors are entitled to shares under the Provident Financial plc share option/award arrangements (2010: six).

Fees and other emoluments of the highest paid director are as follows:

	2011 £m	2010 £m
Short-term employee benefits	0.4	0.5
Termination benefits	-	0.2
Post-employment benefits	0.1	-
Share-based payment charge	0.2	0.1
Total	0.7	0.8

The above director accrued £nil of benefits under a defined benefit pension arrangement during the year (2010: £nil).

8 Employee information

(a) The average monthly number of persons employed by the company (including directors) was as follows:

	2011 Number	2010 Number
Administrative	692	700
Operations	1,502	1,518
Total	2,194	2,218
Analysed as:		
Full time	1,811	1,839
Part time	383	379
Total	2,194	2,218

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

8 Employee information (continued)

(b) Employment costs – all employees (including directors)

	2011	2010
	£m	£m
Aggregate gross wages and salaries paid to the company's employees	62.6	57.7
Employers' National Insurance contributions	6.5	5.6
Pension charge (note 15)	8.1	7.6
Share-based payment charge (note 21)	0.8	0.8
Total	78.0	71.7

The pension charge comprises contributions to the defined benefit and stakeholder pension plan and contributions to personal pension arrangements as set out in note 15.

9 Intangible assets

	<u>Computer software</u>	
	2011	2010
	£m	£m
Cost		
At 1 January	-	1.8
Transfer to group undertakings	-	(1.8)
At 31 December	-	-
Accumulated amortisation		
At 1 January	-	0.5
Charged to the income statement	-	0.4
Transfer to group undertakings	-	(0.9)
At 31 December	-	-
Net book value at 31 December	-	-
Net book value at 1 January	-	1.3

10 Property, plant and equipment

	<u>Equipment and vehicles</u>	
	2011	2010
	£m	£m
Cost		
At 1 January	15.7	16.2
Additions	1.7	2.4
Disposals	(11.2)	(2.0)
Transfer to Group Undertakings	-	(0.9)
At 31 December	6.2	15.7
Accumulated depreciation		
At 1 January	11.7	12.2
Charged to the income statement	1.4	1.4
Disposals	(10.5)	(1.3)
Transfer to Group Undertakings	-	(0.6)
At 31 December	2.6	11.7
Net book value at 31 December	3.6	4.0
Net book value at 1 January	4.0	4.0

The loss on disposal of property, plant and equipment in 2011 amounted to £0.1m (2010: £0.1m) and represented proceeds received of £0.6m (2010: £0.6m) less the net book value of disposals of £0.7m (2010: £0.7m).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

11 Amounts receivable from customers

	2011			2010		
	Due within one year	Due in more than one year	Total	Due within one year	Due in more than one year	Total
	£m	£m	£m	£m	£m	£m
Amounts receivable from customers	669.7	79.0	748.7	657.7	89.2	746.9

Amounts receivable from customers are held at amortised cost and are equal to the expected future cashflows discounted at the effective interest rate. The average effective interest rate for the year ended 31 December 2011 was 101% (2010: 103%).

The average period to maturity of the amounts receivable from customers is 5.9 months (2010: 6.1 months).

The fair value of amounts receivable from customers is approximately £1.0 billion (2010: £1.0 billion). Fair value has been derived by discounting expected future cashflows (net of collection costs) at the group's weighted average cost of capital at the balance sheet date.

The credit quality of amounts receivable from customers is as follows:

	2011 £m	2010 £m
Credit quality of amounts receivable from customers		
Neither past due nor impaired	267.3	268.9
Past due but not impaired	113.0	113.5
Impaired	368.4	364.5
Total	748.7	746.9

Past due but not impaired balances relate to loans which are contractually overdue. However, contractually overdue loans are not deemed to be impaired unless the customer has missed two or more cumulative weekly payments in the previous 12-week period since only at this point do the expected future cashflows from loans deteriorate significantly.

The following table sets out the ageing analysis of past due but not impaired balances based on contractual arrears since the inception of the loan:

	2011 £m	2010 £m
Ageing analysis of past due but not impaired balances		
One week overdue	73.7	67.8
Two weeks overdue	18.3	22.3
Three weeks or more overdue	21.0	23.4
Past due but not impaired	113.0	113.5

Impairment is deducted directly from amounts receivable from customers without the use of an allowance account.

An impairment charge of £174.3m (2010: £187.9m) in respect of amounts receivable from customers is reflected within the operating costs for the year.

The currency profile of amounts receivable from customers is as follows:

	2011 £m	2010 £m
Currency profile of amounts receivable from customers		
Sterling	690.7	692.6
Euro	58.0	54.3
Total	748.7	746.9

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

12 Financial instruments

The following table sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

					2011
	Loans and receivables £m	Amortised cost £m	Hedging derivatives £m	Non-financial assets/ liabilities £m	Total £m
Assets					
Cash and cash equivalents	23.3	-	-	-	23.3
Amounts receivable from customers	748.7	-	-	-	748.7
Derivative financial instruments	-	-	0.2	-	0.2
Trade and other receivables	208.9	-	-	-	208.9
Property, plant and equipment	-	-	-	3.6	3.6
Deferred tax assets	-	-	-	1.1	1.1
Total assets	980.9	-	0.2	4.7	985.8
Liabilities					
Bank and other borrowings	-	(200.4)	-	-	(200.4)
Trade and other payables	-	(619.1)	-	-	(619.1)
Current tax liabilities	-	-	-	(2.6)	(2.6)
Preference shares	-	-	-	(0.3)	(0.3)
Total liabilities	-	(819.5)	-	(2.9)	(822.4)

					2010
	Loans and receivables £m	Amortised cost £m	Hedging derivatives £m	Non-financial assets/ liabilities £m	Total £m
Assets					
Cash and cash equivalents	25.3	-	-	-	25.3
Amounts receivable from customers	746.9	-	-	-	746.9
Trade and other receivables	208.2	-	-	-	208.2
Property, plant and equipment	-	-	-	4.0	4.0
Deferred tax assets	-	-	-	6.8	6.8
Total assets	980.4	-	-	10.8	991.2
Liabilities					
Bank and other borrowings	-	(201.7)	-	-	(201.7)
Derivative financial instruments	-	-	(0.1)	-	(0.1)
Trade and other payables	-	(616.2)	-	-	(616.2)
Current tax liabilities	-	-	-	(15.3)	(15.3)
Preference shares	-	-	-	(0.3)	(0.3)
Total liabilities	-	(817.9)	(0.1)	(15.6)	(833.6)

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

13 Derivative financial instruments

The company uses foreign exchange contracts in order to manage the foreign exchange rate risk arising from the company's operations in the Republic of Ireland. The company does not enter into speculative transactions or positions. An asset of £0.2m is held in the company balance sheet as at 31 December 2011 in respect of foreign exchange contracts (2010: liability of £0.1m).

The company's foreign exchange contracts comprise forward foreign exchange contracts to buy sterling for a total notional amount of £6.7m (2010: £9.8m). These contracts have a range of maturity dates from 14 February 2012 to 13 November 2012 (2010: 11 January 2011 to 12 August 2011). These contracts were designated and were effective under IAS 39 as cashflow hedges in the year and, accordingly, the movement in fair value of £0.3m has been credited to the hedging reserve within equity (2010: charge of £0.1m).

Foreign exchange differences under the net investment hedge are recognised in other comprehensive income. This amounted to £nil in 2011 (2010: £nil).

The fair value of derivative financial instruments has been calculated by discounting contractual future cashflows using relevant market interest rate yield curves and foreign exchange rates prevailing at the balance sheet date. Under IFRS 7, 'Financial instruments: Disclosures' these are therefore classed as Level 2 derivatives.

14 Trade and other receivables

	2011	2010
	£m	£m
Current assets		
Other receivables	3.2	3.9
Amounts owed by parent undertaking	200.0	200.0
Amounts owed by fellow subsidiary undertakings	5.0	2.7
Prepayments and accrued income	0.7	1.6
Total	208.9	208.2

Amounts owed by parent and fellow subsidiary undertakings are unsecured, repayable on demand or within one year and generally accrue interest at rates linked to LIBOR.

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above (2010: carrying value set out above). There is no collateral held in respect of trade and other receivables (2010: £nil). The fair value of trade and other receivables equates to their book value (2010: fair value equated to book value).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

15 Retirement benefits

The company's employees participate in both defined benefit and defined contribution pension schemes.

(a) Pension schemes – defined benefit

In order to provide its employees with a defined benefit pension, the company participates in the Provident Financial Staff Pension Scheme. This is a funded, defined benefit scheme, which provides retirement benefits based on final salary. This scheme has been substantially closed to new members since 1 January 2003. Following a full group review of pension scheme arrangements, from 1 April 2006 members were provided with a choice of paying higher member contributions to continue accruing benefits based on final salary or paying a lower member contribution and accruing benefits based on a percentage of salary which would be revalued each year.

The scheme is a multi-employer scheme, sponsored by Provident Financial plc and, although the company participates in the scheme, there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole. In accordance with IAS 19, 'Employee benefits', the company recognises the contributions payable in respect of its current employees in its individual financial information, similar to the treatment of a defined contribution scheme. In 2011 these contributions amounted to £7.0m (2010: £6.5m). The expected contributions to the defined benefit pension scheme in the year ending 31 December 2012 are approximately £7.0m.

In accordance with IAS19, the sponsoring company, Provident Financial plc, and the consolidated group, recognises the defined benefit cost and the retirement benefit asset in respect of the Provident Financial Staff Pension Scheme.

The retirement benefit asset reflects the difference between the present value of the group's obligation to current and past employees to provide a defined benefit pension and the fair value of assets held to meet that obligation. As at 31 December 2011, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded.

In participating in a defined benefit pension scheme, the group exposes itself to the risk that there may be insufficient assets to meet the liabilities as they fall due either as a result of the volatility in equity markets and corporate bond yields or as a result of improving mortality rates. The group has mitigated this risk by closing the scheme to new members in favour of cash balance and defined contribution schemes and putting in place an investment strategy which aims to maintain an appropriate balance of assets between equities and bonds. In participating in the defined benefit scheme, the company also exposes itself to the risk that future cash contributions may fluctuate dependent on the funding surplus/deficit of the scheme as well as fluctuations in the schemes expenses.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out as at 1 June 2009 by a qualified independent actuary. The valuation used for the purposes of IAS 19 'Employee benefits' has been based on this valuation updated by the actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet date.

The retirement benefit asset disclosures relating to the group as a whole, as disclosed in the financial statements of Provident Financial plc, are shown below.

The net retirement benefit asset recognised in the balance sheet of the group is as follows:

	2011		Group 2010	
	£m	%	£m	%
Equities	218.4	42	248.0	48
Corporate bonds	173.9	33	165.9	32
Fixed interest gilts	28.4	5	39.7	8
Index-linked gilts	103.2	20	60.2	12
Cash and money market funds	1.1	-	0.3	-
Total fair value of scheme assets	525.0	100	514.1	100
Present value of funded defined benefit obligations	(511.5)		(473.1)	
Net retirement benefit asset recognised in the balance sheet	13.5		41.0	

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

15 Retirement benefits (continued)

Movements in the fair value of scheme assets were as follows:

	Group	
	2011	2010
	£m	£m
Fair value of scheme assets at 1 January	514.1	464.6
Expected return on scheme assets	32.0	29.1
Actuarial movement on scheme assets	(18.4)	22.9
Contributions by the group	10.0	9.6
Contributions paid by scheme participants	-	0.1
Net benefits paid out	(12.7)	(12.2)
Fair value of scheme assets at 31 December	525.0	514.1

Movements in the present value of the defined benefit obligation were as follows:

	Group	
	2011	2010
	£m	£m
Defined benefit obligation at 1 January	(473.1)	(444.7)
Current service cost	(7.0)	(7.7)
Interest cost	(25.4)	(24.8)
Contributions paid by scheme participants	-	(0.1)
Actuarial movement on scheme liabilities	(18.7)	(8.0)
Net benefits paid out	12.7	12.2
Defined benefit obligation at 31 December	(511.5)	(473.1)

The principal actuarial assumptions used at the balance sheet date were as follows:

	Group	
	2011	2010
	%	%
Price inflation	3.00	3.50
Rate of increase in pensionable salaries	4.00	4.50
Rate of increase to pensions in payment	3.00	3.50
Inflationary increases to pensions in deferment	2.00	2.80
Discount rate	4.90	5.40
Long-term rate of return - equities	7.50	8.00
- bonds	4.90	5.40
- fixed interest gilts	2.50	4.00
- index-linked gilts	2.50	4.00
- cash and money market funds	2.50	4.00
- overall (weighted average)	5.40	6.40

(b) Pension schemes – defined contribution

The group operates a stakeholder pension plan into which the company contributes a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice (typically ranging between 3.0% and 8.0%). The pension charge in the income statement represents contributions payable by the company in respect of the plan and amounted to £1.1m for the year ended 31 December 2011 (2010: £1.1m). No contributions were payable to the fund at the year end (2010: £nil).

The company made no contributions to personal pension plans in the year (2010: £nil).

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

16 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. During the year, as a result of the change in UK corporation tax rates which will be effective from 1 April 2011 and 1 April 2012, deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25%, as these are the tax rates which will apply on reversal. The movement in the deferred tax asset during the year can be analysed as follows:

	2011	2010
Asset	£m	£m
At 1 January	6.8	6.6
(Charge)/credit to the income statement (note 5)	(5.4)	0.5
Charge on other comprehensive income	(0.1)	-
Impact of change in UK tax rate:		
- charge to the income statement	(0.2)	(0.3)
At 31 December	1.1	6.8

The change in the UK tax rate relates to the impact of the change in UK corporation tax rate to 25% which will be effective from 1 April 2012 (see note 5).

An analysis of the deferred tax asset/(liability) for the company is set out below:

	2011			2010		
	Accelerated capital allowances	Other temporary differences	Total	Accelerated capital allowances	Other temporary differences	Total
Asset/(liability)	£m	£m	£m	£m	£m	£m
At 1 January	0.5	6.3	6.8	0.4	6.2	6.6
(Charge)/credit to the income statement	(0.1)	(5.3)	(5.4)	0.1	0.4	0.5
(Charge)/credit on other comprehensive income	-	(0.1)	(0.1)	-	-	-
Impact of change in UK tax rate:						
- charge to the income statement	-	(0.2)	(0.2)	-	(0.3)	(0.3)
At 31 December	0.4	0.7	1.1	0.5	6.3	6.8

Deferred tax assets have been recognised in respect of all tax losses and other temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

17 Cash and cash equivalents

	2011	2010
	£m	£m
Cash at bank and in hand	23.3	25.3

The currency profile of cash and cash equivalents is as follows:

	2011	2010
Currency	£m	£m
Sterling	23.3	25.2
Euro	-	0.1
Total	23.3	25.3

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

18 Bank and other borrowings

(a) Borrowing facilities and borrowings

Borrowing facilities principally comprise borrowings from banks and group undertakings, together with overdrafts which are repayable on demand.

As at 31 December 2011, borrowings under these facilities amounted to £200.4m (2010: £201.7m), stated net of unamortised arrangement fees of £nil (2010: £nil).

(b) Maturity profile of bank and other borrowings

The maturity of borrowings, together with the maturity of facilities, is as follows:

	Borrowings	
	2011	2010
	£m	£m
Repayable:		
On demand	0.4	1.7
Included in current liabilities	0.4	1.7
Between one and two years	200.0	88.4
Between two and five years	-	111.6
Included in non-current liabilities	200.0	200.0
Total	200.4	201.7

The company, together with Provident Financial plc, are borrowers under the syndicated facilities of the group.

The syndicated facilities of the group as at 31 December 2011 comprised £197m maturing in March 2012 and £380m maturing in May 2013. Headroom on these committed facilities was £248m as at 31 December. The weighted average period to maturity of these committed facilities was 0.96 years (2010: 1.96 years). Given that the group manages liquidity risk through the centralised treasury function it is more appropriate to review the borrowings maturity profile and undrawn facilities of the group as disclosed in the annual report of Provident Financial plc.

19 Trade and other payables

	2011	2010
	£m	£m
Current liabilities		
Trade payables	1.1	0.7
Amounts owed to ultimate parent undertaking	596.7	609.3
Amounts owed to parent undertaking	8.5	-
Amounts owed to fellow subsidiary undertakings	-	0.1
Other payables including taxation and social security	3.3	4.0
Accruals	9.5	2.1
Total	619.1	616.2

The fair value of trade and other payables equates to their book value (2010: fair value equated to book value). The amounts owed to ultimate parent, parent and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and accrue interest at rates linked to LIBOR.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

19 Trade and other payables (continued)

	2011	2010
	£m	£m
Non-current liabilities		
Preference shares	0.3	0.3
Total	0.3	0.3

		2011		2010	
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
Preference shares of 1p each	- £m	0.3	0.3	0.3	0.3
	- number (m)	30.2	30.2	30.2	30.2

The 17,676,000 preference shares issued in 2002 had a right to a special dividend of £0.9909 in 2002, an annual coupon of 5.165% and a return on capital on a winding up of £0.01 per share.

The 12,523,000 preference shares issued in 2004 had a right to a special dividend of £0.9910 in 2004, an annual coupon of 5.84% and a return on capital on a winding up on £0.01 per share.

20 Called-up share capital

		2011		2010	
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 25p each	- £m	99.8	71.5	99.8	71.5
	- number (m)	399.3	286.2	399.3	286.2

There are no shares issued and not fully paid at the end of the year (2010: no shares).

21 Share-based payments

Provident Financial plc operates four share schemes: the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (ESOS/SESO) and the Performance Share Plan (PSP) where shares in the parent company are available to the employees of the company. During 2011, awards/options have been granted under the LTIS and SAYE schemes only (2010: awards/options granted under the LTIS and SAYE schemes only). The charge to the income statement during the year was £0.8m (2010: £0.8m) based on the awards/options granted to the company's employees. The assumptions to consider the appropriate fair values of options are outlined below:

	2011		2010	
	LTIS	SAYE	LTIS	SAYE
Grant date	04-Mar-11	31-Aug-11	12-Apr-10	31-Aug-10
Share price at grant date (£)	9.53	11.04	8.68	8.39
Exercise price (£)	-	8.68	-	6.62
Shares under option	6,852	150,433	61,642	219,319
Vesting period (years)	3	3, 5 and 7	3	3, 5 and 7
Expected volatility	32.9%	29.8% to 32.6%	37.2%	30.2% to 34.0%
Option life (years)	3	Up to 7	3	Up to 7
Expected life (years)	3	Up to 7	3	Up to 7
Risk-free rate	1.86%	0.98% to 2.19%	2.19%	1.15% to 2.45%
Expected dividends expressed as a dividend yield	n/a	7.3%	n/a	7.2%
Fair value per award/option (£)	6.76	1.79 to 2.04	5.48	1.65 to 1.71

The expected volatility is based on historical volatility over the last three, five or seven years as applicable. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

21 Share-based payments (continued)

A reconciliation of share option movements during the year is shown below:

	LTIS		SAYE	
		Weighted average exercise price		Weighted average exercise price
	Number	£	Number	£
2011				
Outstanding at 1 January	198,350	-	887,003	6.47
Granted	6,852	-	150,433	8.68
Lapsed	-	-	(65,718)	6.72
Exercised	(5,760)	-	(150,643)	6.09
Outstanding at 31 December	199,442	-	821,075	6.94
Exercisable at 31 December	-	-	200,019	5.90

	LTIS		SAYE	
		Weighted average exercise price		Weighted average exercise price
	Number	£	Number	£
2010				
Outstanding at 1 January	187,458	-	669,481	6.46
Granted	61,642	-	219,319	6.62
Lapsed	(556)	-	(94,586)	6.43
Exercised	(50,194)	-	(147,111)	6.03
Transferred	-	-	239,900	-
Outstanding at 31 December	198,350	-	887,003	6.47
Exercisable at 31 December	-	-	36,696	6.51

Share awards outstanding under the LTIS scheme at 31 December 2011 had an exercise price of £nil (2010: £nil) and a weighted average remaining contractual life of 2.3 years (2010: 1.2 years). No SESO share options were outstanding at 31 December 2011 (2010: none). Share options outstanding under the SAYE schemes at 31 December 2011 had a range of exercise prices of 453p to 868p (2010: 453p to 716p) and a weighted average remaining contractual life of 2.9 years (2010: 2.4 years).

The transfer of options in 2010 occurred due to an intercompany transfer between Provident Personal Credit Limited and Provident Financial Management Services Limited. In line with IFRS 2: 'Share-based payment', the charge has remained in the company which benefitted from the employee's service.

No options/awards were granted to employees of the company in respect of the ESOS/SESO or PSP schemes (2010: none).

22 Other reserves

	Share-based payment reserve	Hedging reserve	Total other reserves
	£m	£m	£m
At 1 January 2010	2.5	-	2.5
Other comprehensive income:			
- cashflow hedges	-	(0.1)	(0.1)
- tax on other comprehensive income	-	-	-
Other comprehensive income for the year	-	(0.1)	(0.1)
Transactions with owners:			
- share-based payment charge	0.8	-	0.8
- transfer of share-based payment reserve	(0.5)	-	(0.5)
At 31 December 2010	2.8	(0.1)	2.7
At 1 January 2011	2.8	(0.1)	2.7
Other comprehensive income:			
- cashflow hedges	-	0.3	0.3
- tax on other comprehensive income	-	(0.1)	(0.1)
Other comprehensive income for the year	-	0.2	0.2
Transactions with owners:			
- share-based payment charge	0.8	-	0.8
- transfer of share-based payment reserve	(0.9)	-	(0.9)
At 31 December 2011	2.7	0.1	2.8

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

23 Commitments

Commitments under operating leases are as follows:

	2011	2010
	£m	£m
Due within one year	0.3	0.3
Due between one and five years	0.4	0.5
Due in more than five years	0.3	0.4
Total	1.0	1.2

The operating lease commitments are non-cancellable and principally relate to property leases.

Other company commitments are as follows:

	2011	2010
	£m	£m
Capital expenditure commitments contracted with third parties but not provided for at 31 December	0.2	0.2

The capital expenditure commitments contracted with third parties but not provided for relate to property, plant and equipment.

24 Related party transactions

Details of the transactions between the company and other group undertakings, which comprise management recharges and interest charges or credits on intra-group balances, along with any balances outstanding at 31 December are set out below:

	2011			2010		
Company	Management recharge £m	Interest charge/(credit) £m	Outstanding balance £m	Management recharge £m	Interest charge/(credit) £m	Outstanding balance £m
Ultimate parent undertaking	-	50.7	(596.7)	-	44.8	(609.3)
Immediate parent undertaking	61.6	(5.5)	191.5	58.3	(5.5)	200.0
Other subsidiaries of the immediate parent undertaking	(5.2)	-	5.0	(4.9)	-	2.6
Total	56.4	45.2	(400.2)	53.4	39.3	(406.7)

The outstanding balance represents the gross intercompany balance receivable by/(payable to) the company.

25 Contingent liabilities

The company is a guarantor in respect of (i) borrowings made by the company's ultimate parent undertaking and (ii) guarantees given by the company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £1,000.3m (2010: £959.0m). At 31 December 2011, the borrowings amounted to £702.8m (2010: £758.9m). No loss is expected to arise.

PROVIDENT PERSONAL CREDIT LIMITED
(Company Number 146091)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

26 Reconciliation of profit after taxation to cash generated from operations

	Note	2011 £m	2010 £m
Profit after taxation		69.8	76.3
Adjusted for:			
- Tax charge	5	25.2	29.8
- Finance costs	3	50.7	44.7
- Share-based payment charge	21	0.8	0.8
- Amortisation of intangible assets	9	-	0.4
- Depreciation of property, plant and equipment	10	1.4	1.4
- Loss on disposal of property, plant and equipment	10	0.1	0.1
Changes in operating assets and liabilities:			
- Amounts receivable from customers	11	(1.8)	21.6
- Trade and other receivables	14	(0.7)	3.0
- Trade and other payables	19	2.9	(13.9)
Cash generated from operations		148.4	164.2

27 Parent undertaking and controlling party

The immediate parent undertaking is Provident Financial Management Services Limited.

The ultimate parent undertaking and controlling party is Provident Financial plc, a company incorporated in the United Kingdom, which is the smallest and largest group to consolidate the company's financial statements. Copies of the consolidated financial statements of Provident Financial plc may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU.

28 Post balance sheet event

The £200m of external borrowings held by the company are drawn under the group's syndicated bank facility.

Subsequent to the year end, the group entered into a new £382.5m syndicated bank facility maturing in May 2015 and cancelled all existing bank facilities. The syndicate is comprised of the group's core relationship banks. The all-in cost of funds is very similar and the terms, conditions and covenant package are consistent with the previous facility. Headroom on the group's committed debt facilities at 31 December 2011 amounted to £288m which, together with the recent renewal of bank facilities and the retail deposits programme at Vanquis Bank, a group subsidiary, is sufficient to fund maturities and projected growth in the group until May 2015. As disclosed in note 25, the company continues to be a borrower and a guarantor of the borrowings under this renewed facility.

GREENWOOD PERSONAL CREDIT LIMITED

THE HISTORICAL FINANCIAL INFORMATION OF GREENWOOD PERSONAL CREDIT
LIMITED FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2010 AND 31
DECEMBER 2011 TOGETHER WITH AN ACCOUNTANTS' REPORT PREPARED IN
CONNECTION THEREWITH



The Directors
Greenwood Personal Credit Limited
No 1 Godwin Street
Bradford
BD1 2SU

16 March 2012

Dear Sirs

Greenwood Personal Credit Limited

We report on the financial information of Greenwood Personal Credit Limited (“**GPC**”) set out on pages F-61 to F-81 of the offering circular of Provident Financial plc (the “**Company**”) dated 16 March 2012 (the “**Offering Circular**”) (the “**GPC IFRS Financial Information Table**”). The GPC IFRS Financial Information Table has been prepared for inclusion in the Offering Circular on the basis of the accounting policies set out in the statement of accounting policies of the GPC IFRS Financial Information Table. This report is required by item 13.1 of Annex IV and item 3 of Annex VI to the PD Regulation and is given for the purpose of complying with these items and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the GPC IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the GPC IFRS Financial Information Table gives a true and fair view, for the purposes of the Offering Circular and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 16.1 of Annex IV to the PD Regulation, consenting to its inclusion in the Offering Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the GPC IFRS Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7804 1003, www.pwc.co.uk*



the GPC IFRS Financial Information Table and whether the accounting policies are appropriate to GPC's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the GPC IFRS Financial Information Table gives, for the purposes of the Offering Circular dated 16 March 2012, a true and fair view of the state of affairs of GPC as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Offering Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Offering Circular in compliance with item 1.2 of Annex IV to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December	Note	2011 £m	2010 £m
Revenue	1	109.2	107.4
Finance costs	2	(7.9)	(6.5)
Operating costs		(67.1)	(62.6)
Administrative costs		(26.4)	(25.4)
Total costs		(101.4)	(94.5)
Profit before taxation	3	7.8	12.9
Tax charge	4	(2.0)	(3.6)
Profit and total comprehensive income for the year attributable to equity shareholders		5.8	9.3

All of the above operations relate to continuing operations.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

BALANCE SHEET

	Note	31 December 2011 £m	31 December 2010 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.2	0.2
Financial assets:			
- amounts receivable from customers	9	9.0	8.2
Deferred tax assets	13	0.1	-
		9.3	8.4
Current assets			
Financial assets:			
- amounts receivable from customers	9	121.6	119.2
- cash and cash equivalents	14	3.9	4.2
- trade and other receivables	11	1.6	1.3
		127.1	124.7
Total assets		136.4	133.1
LIABILITIES			
Current liabilities			
Financial liabilities:			
- bank and other borrowings	15	(0.2)	(0.3)
- trade and other payables	16	(117.7)	(98.1)
Current tax liabilities		(3.4)	(4.1)
		(121.3)	(102.5)
Non-current liabilities			
Deferred tax liabilities	13	-	(1.3)
Total liabilities		(121.3)	(103.8)
NET ASSETS		15.1	29.3
SHAREHOLDERS' EQUITY			
Share capital	17	-	-
Share-based payment reserve		0.1	0.1
Retained earnings		15.0	29.2
TOTAL EQUITY		15.1	29.3

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Called-up share capital £m	Share premium account £m	Share-based payment reserve £m	Retained earnings £m	Total £m
At 1 January 2010		-	-	0.1	29.9	30.0
Profit and total comprehensive income for the year		-	-	-	9.3	9.3
Transactions with owners:						
- dividends	5	-	-	-	(10.0)	(10.0)
At 31 December 2010		-	-	0.1	29.2	29.3
At 1 January 2011		-	-	0.1	29.2	29.3
Profit and total comprehensive income for the year		-	-	-	5.8	5.8
Transactions with owners:						
- dividends	5	-	-	-	(20.0)	(20.0)
At 31 December 2011		-	-	0.1	15.0	15.1

STATEMENT OF CASHFLOWS

	Note	2011 £m	2010 £m
for the year ended 31 December			
Cashflows from operating activities			
Cash generated from operations	22	27.7	17.7
Finance costs paid		(7.9)	(6.5)
Net cash generated from operating activities		19.8	11.2
Cashflows from investing activities			
Purchase of property, plant and equipment	8	(0.1)	(0.1)
Proceeds from disposal of property, plant and equipment	8	0.1	0.2
Net cash generated from investing activities		-	0.1
Cashflows from financing activities			
Dividends paid to company shareholder	5	(20.0)	(10.0)
Net cash used in financing activities		(20.0)	(10.0)
Net (decrease)/increase in cash, cash equivalents and overdrafts		(0.2)	1.4
Cash, cash equivalents and overdrafts at beginning of year		4.0	2.6
Cash, cash equivalents and overdrafts at end of year		3.7	4.0
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand	14	3.9	4.2
Overdrafts (held in bank and other borrowings)	15	(0.2)	(0.3)
Total cash, cash equivalents and overdrafts		3.7	3.9

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU.

The principal activities of the company are to provide unsecured home credit loans to customers in the UK.

Basis of preparation

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments to fair value. In preparing the financial information, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of the company's accounting policies.

The company's accounting policies are chosen by the directors to ensure that the financial information presents a true and fair view. All of the company's accounting policies are consistent with the requirements of International Financial Reporting Standards, interpretations issued by the International Financial Reporting Interpretations Committee and UK company law.

Principal accounting policies

The company's principal accounting policies under IFRS, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

The following new standards, amendments to standards and interpretations are mandatory and were applied by the company for the first time in the financial year commencing 1 January 2011:

(a) New and amended standards adopted by the company:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would have had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and updated in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, that part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is in the process of assessing the updates to IFRS 9, both those which have been issued and those aspects relating to hedge accounting and impairment which will be issued in due course. The company will adopt IFRS 9 in its entirety no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Principal accounting policies (continued)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. IFRS 13 will be adopted no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU, and is not expected to have a material impact on the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue

Revenue comprises interest income earned and represents the charge payable by the customer on the amount of credit advanced by the company. Revenue excludes value added tax.

Revenue recognition

Revenue on customer receivables is recognised using an effective interest rate. The effective interest rate is calculated using estimated cashflows, being contractual payments adjusted for the impact of customers repaying early but excluding the anticipated impact of customers paying late or not paying at all. Directly attributable incremental issue costs are also taken into account in calculating the effective interest rate. Interest income continues to be accrued on impaired receivables using the original effective interest rate applied to the loan's carrying value.

Finance costs

Finance costs principally comprise the interest on bank borrowings and on intra-group loan arrangements, and are recognised on an effective interest rate basis.

Amounts receivable from customers

All customer receivables are initially recognised at the amount loaned to the customer plus directly attributable incremental issue costs. After initial recognition, customer receivables are subsequently measured at amortised cost. Amortised cost is the amount of the customer receivable at initial recognition less customer repayments, plus revenue earned calculated using the effective interest rate, less any deduction for impairment.

The company assesses whether there is objective evidence that customer receivables have been impaired at each balance sheet date. The principal criterion for determining whether there is objective evidence of impairment is delinquency in contractual payments.

Objective evidence of impairment is based on the payment performance of loans in the previous 12 weeks as this is considered to be the most appropriate indicator of credit quality in the short-term cash loans business. Loans are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12-week period since only at this point do the expected future cashflows from loans deteriorate significantly. Loans with one missed weekly payment over the previous 12-week period are not deemed to be impaired.

The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages and is measured as the difference between the carrying value of the loans and the present value of estimated future cashflows discounted at the original effective interest rate. Subsequent cashflows are regularly compared to estimated cashflows to ensure that the estimates are sufficiently accurate for impairment provisioning purposes.

Impairment charges are deducted directly from the carrying value of receivables.

Impairment charges and reversals are charged/(credited) to the income statement as part of operating costs.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment.

Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimated realisable value over their useful economic lives. The following are the principal bases used:

	%	Method
Equipment (including computer hardware)	10 to 33.3	Straight line
Motor vehicles	25	Reducing balance
Commercial vehicles	25	Straight line

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use or its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying amount of the asset and are recognised within administrative costs in the income statement.

Depreciation is charged to the income statement as part of administrative costs.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All current leases held are operating leases. Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances. For the statement of cashflows, bank overdrafts are shown as part of cash and cash equivalents.

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the effective interest rate.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Dividends

Dividend distributions to the company's shareholder are recognised in the financial information when approved by the company's board of directors.

Retirement benefits

Defined benefit pension schemes:

The company participates in the Provident Financial Staff Pension Scheme, a multi-employer scheme, sponsored by Provident Financial plc. As there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole, the company recognises their cash contributions on an accruals basis.

Defined contribution pension schemes:

Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

Share-based payments

Provident Financial plc grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) to the company's employees and makes awards under the Performance Share Plan (PSP) and the Long Term Incentive Scheme (LTIS). All of the schemes are equity-settled.

The cost of providing options and awards to the company's employees is charged to the income statement of the company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on fair value. For PSP schemes, the performance conditions are based on earnings per share (EPS). Accordingly, the fair value of options and awards is determined using a binomial option pricing model which is a suitable model for valuing options with internal related targets such as EPS. A binomial model is also used for calculating the fair value of SAYE options which have no performance conditions attached. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected and actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

For the LTIS schemes prior to 2009, performance conditions were based on Total Shareholder Return (TSR). Accordingly, the fair value of awards was determined using a Monte Carlo option pricing model as this is the most appropriate model for valuing options with external related targets such as TSR. For the LTIS schemes from 2009 onwards, performance conditions are based on a combination of both EPS and TSR targets. Accordingly, the fair value of awards is determined using a combination of the binomial and Monte Carlo option pricing models. The value of the charge is adjusted at each balance sheet date to reflect lapses. Where the Monte Carlo option pricing model is used to determine fair value, no adjustment is made to reflect expected and actual levels of vesting as the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards.

A transfer is made from the share-based payment reserve to retained earnings on vesting or when options and awards lapse. In accordance with IFRS 2, the company have elected to apply IFRS 2 to grants, options and other equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax charge represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Key assumptions and estimates

In applying the accounting policies set out above, the company makes significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Amounts receivable from customers

The company reviews its portfolio of loans and receivables for impairment at each balance sheet date. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this is considered to be the most reliable predictor of future payment performance. The company makes judgments to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cashflows. Receivables are deemed to be impaired when the cumulative amount of two or more contractual weekly payments have been missed in the previous 12 weeks, since only at this point do the expected future cashflows from loans deteriorate significantly.

The level of impairment is calculated using models which use historical payment performance to generate the estimated amount and timing of future cashflows from each arrears stage, and are regularly tested using subsequent cash collections to ensure they retain sufficient accuracy. The impairment models are regularly reviewed to take account of the current economic environment, product mix and recent customer payment performance. However, on the basis that the payment performance of customers could be different from the assumptions used in estimating future cashflows, a material adjustment to the carrying value of amounts receivable from customers may be required.

To the extent that the net present value of estimated future cashflows differs by +/- 1%, it is estimated that the amounts receivable from customers would be approximately £1.3m (2010: £1.3m) higher/lower.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

FINANCIAL AND CAPITAL RISK MANAGEMENT

Greenwood Personal Credit Limited (the company) is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the group).

The overall group internal control and risk management framework is the responsibility of the group Board with certain responsibilities in respect of internal control and risk management being delegated to various sub-committees who report directly to the Board. An overview of the group's risk management framework can be found in the annual report of Provident Financial plc.

The group operates with a centralised treasury function and therefore the funding requirements of the company are met wholly or partially via funding from Provident Financial plc or one of its subsidiaries. As such, it is inappropriate to consider the management of liquidity risk and interest rate risk on a stand-alone company basis.

(a) Credit risk

Credit risk is the risk that the company will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due.

Amounts receivable from customers

The company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2011 is the carrying value of amounts receivable from customers of £130.6m (2010: £127.4m).

Credit risk within the Consumer Credit Division (CCD) is managed by the CCD credit committee which meets at least every two months and is responsible for approving product criteria and pricing.

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.

The loans offered by the company are short-term, typically a contractual period of around a year, with an average value of around £500. The loans are underwritten in the home by an agent with emphasis placed on any previous lending experience with the customer and the agent's assessment of the credit risk based on a completed application form and the home visit. Once a loan has been made, the agent visits the customer weekly to collect the weekly payment. The agent is well placed to identify signs of strain on a customer's income and can moderate lending accordingly. Equally, the regular contact and professional relationship that the agent has with the customer allows them to manage customers' repayments effectively even when the household budget is tight. This can be in the form of taking part-payments, allowing missed payments or occasionally restructuring the debt in order to maximise cash collections.

Agents are almost entirely paid commission for what they collect and not for what they lend, so their primary focus is on ensuring loans are affordable at the point of issue and then on collecting cash. Affordability is reassessed by the agent each time an existing customer is re-served, or not as the case may be. This normally takes place within 12 months of the previous loan because of the short-term nature of the product.

Arrears management 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 agree a resolution.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

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

Liquidity risk is managed by the group's centralised treasury department through daily monitoring of expected cashflows in accordance with a board approved group funding and liquidity policy. This process is monitored regularly by the group 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. The group therefore maintains committed borrowing facilities and access to retail deposit funding to meet forecast borrowing requirements, including contractual maturities, at all times for at least the following 12 months. As at 31 December 2011, the group's committed borrowing facilities had a weighted average maturity of 3.5 years (2010: 3.5 years) and the headroom on these committed facilities amounted to £288.1m (2010: £184.7m).

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

A maturity analysis of the undiscounted contractual cashflows of the group's bank and other borrowings, including derivative financial instruments settled on a net and gross basis, is set out in the annual report of Provident Financial plc.

(c) Interest rate risk

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

The group's exposure to movements in interest rates is managed 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.

A 2% movement in the interest rate applied to borrowings during 2011 and 2010 would not have had a material impact on the group's profit before taxation or equity as the group's interest rate risk was substantially hedged. Further details of the interest rate risk management are detailed within the annual report of Provident Financial plc.

(d) Market risk

Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities. The company's and group's policies do not permit it or the group to undertake position taking or trading books of this type and therefore neither it nor the group does so.

(e) Capital risk

The company manages capital risk by focussing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength, optimise the debt to equity structure of the company and support dividend payments to the parent. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION

1 Revenue

	2011 £m	2010 £m
Interest income	109.2	107.4

2 Finance costs

	2011 £m	2010 £m
Interest payable to other group undertakings	7.9	6.5

3 Profit before taxation

	2011 £m	2010 £m
Profit before taxation is stated after charging:		
Employment costs (note 7(b))	5.9	6.2
Impairment of amounts receivable from customers (note 9)	49.5	44.8

Auditors' remuneration payable in respect of the audit of the company's financial statements totalled £36,000 (2010: £33,000).

4 Tax charge

	2011 £m	2010 £m
Tax charge in the income statement		
Current tax - current year	(3.4)	(4.1)
Deferred tax (note 13) - current year	1.4	0.5
Total tax charge	(2.0)	(3.6)

The standard rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012.

As a result of the change in UK corporation tax rates, deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25% as these are the tax rates which will apply on reversal.

The rate of tax charge on the profit before taxation for the year is equal to (2010: equal to) the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%). This can be reconciled as follows:

	2011 £m	2010 £m
Profit before taxation	7.8	12.9
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(2.0)	(3.6)
Total tax charge	(2.0)	(3.6)

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

5 Dividends

	2011 £m	2010 £m
2010 interim - £294.77 per share	-	10.0
2011 interim - £589.55 per share	20.0	-
Dividends paid	20.0	10.0

6 Directors' remuneration

The remuneration of the directors, who are deemed to be the key management of the company, is set out below:

	2011 £m	2010 £m
Short-term employee benefits	1.8	2.1
Termination benefits	-	0.2
Post-employment benefits	0.2	0.3
Share-based payment charge	0.6	0.6
Total	2.6	3.2

The directors' emoluments disclosed above exclude the emoluments of C D Gillespie, which are paid by the ultimate parent company, Provident Financial plc, and recharged to the parent company, Provident Financial Management Services Limited, as part of a management charge. The emoluments of this director are disclosed in the annual report of Provident Financial plc.

Retirement benefits accrue to four directors under a defined benefit scheme (2010: four) and two directors under a money purchase scheme (2010: two). Six directors are entitled to shares under the Provident Financial plc share option/award arrangements (2010: six).

Fees and other emoluments of the highest paid director are as follows:

	2011 £m	2010 £m
Short-term employee benefits	0.4	0.5
Termination benefits	-	0.2
Post-employment benefits	0.1	-
Share-based payment charge	0.2	0.1
Total	0.7	0.8

The above director accrued £nil of benefits under a defined benefit pension arrangement during the year (2010: £nil).

7 Employee information

(a) The average monthly number of persons employed by the company (including directors) was as follows:

	2011 Number	2010 Number
Administrative	-	2
Operations	120	156
Total	120	158
Analysed as:		
Full time	120	157
Part time	-	1
Total	120	158

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

7 Employee information (continued)

(b) Employment costs – all employees (including directors)

	2011 £m	2010 £m
Aggregate gross wages and salaries paid to the company's employees	4.6	5.0
Employers' National Insurance contributions	0.5	0.5
Pension charge (note 12)	0.8	0.7
Total	5.9	6.2

The pension charge comprises contributions to the defined benefit and stakeholder pension plan and contributions to personal pension arrangements as set out in note 12.

8 Property, plant and equipment

	<u>Equipment and vehicles</u>	
	2011 £m	2010 £m
Cost		
At 1 January	2.8	3.0
Additions	0.1	0.1
Disposals	(2.6)	(0.3)
At 31 December	0.3	2.8
Accumulated depreciation		
At 1 January	2.6	2.7
Disposals	(2.5)	(0.1)
At 31 December	0.1	2.6
Net book value at 31 December	0.2	0.2
Net book value at 1 January	0.2	0.3

There was no profit or loss achieved on the disposal of property, plant and equipment in 2011 (2010: £nil) representing proceeds received of £0.1m (2010: £0.2m) less the net book value of disposals of £0.1m (2010: £0.2m).

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

9 Amounts receivable from customers

	2011			2010		
	Due within one year £m	Due in more than one year £m	Total £m	Due within one year £m	Due in more than one year £m	Total £m
Amounts receivable from customers	121.6	9.0	130.6	119.2	8.2	127.4

Amounts receivable from customers are held at amortised cost and are equal to the expected future cashflows discounted at the effective interest rate. The average effective interest rate for the year ended 31 December 2011 was 117% (2010: 111%).

The average period to maturity of the amounts receivable from customers is 5.4 months (2010: 5.3 months).

The fair value of amounts receivable from customers is approximately £0.2 billion (2010: £0.2 billion). Fair value has been derived by discounting expected future cashflows (net of collection costs) at the group's weighted average cost of capital at the balance sheet date.

The credit quality of amounts receivable from customers is as follows:

	2011 £m	2010 £m
Credit quality of amounts receivable from customers		
Neither past due nor impaired	41.7	44.1
Past due but not impaired	25.5	26.1
Impaired	63.4	57.2
Total	130.6	127.4

Past due but not impaired balances relate to loans which are contractually overdue. However, contractually overdue loans are not deemed to be impaired unless the customer has missed two or more cumulative weekly payments in the previous 12-week period since only at this point do the expected future cashflows from loans deteriorate significantly.

The following table sets out the ageing analysis of past due but not impaired balances based on contractual arrears since the inception of the loan:

	2011 £m	2010 £m
Ageing analysis of past due but not impaired balances		
One week overdue	16.1	14.7
Two weeks overdue	4.2	5.5
Three weeks or more overdue	5.2	5.9
Past due but not impaired	25.5	26.1

Impairment is deducted directly from amounts receivable from customers without the use of an allowance account.

An impairment charge of £49.5m (2010: £44.8m) in respect of amounts receivable from customers is reflected within the operating costs for the year.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

10 Financial instruments

The following table sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

				2011
	Loans and receivables £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	3.9	-	-	3.9
Amounts receivable from customers	130.6	-	-	130.6
Trade and other receivables	1.6	-	-	1.6
Property, plant and equipment	-	-	0.2	0.2
Deferred tax assets	-	-	0.1	0.1
Total assets	136.1	-	0.3	136.4
Liabilities				
Bank and other borrowings	-	(0.2)	-	(0.2)
Trade and other payables	-	(117.7)	-	(117.7)
Current tax liabilities	-	-	(3.4)	(3.4)
Total liabilities	-	(117.9)	(3.4)	(121.3)

				2010
	Loans and receivables £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	4.2	-	-	4.2
Amounts receivable from customers	127.4	-	-	127.4
Trade and other receivables	1.3	-	-	1.3
Property, plant and equipment	-	-	0.2	0.2
Total assets	132.9	-	0.2	133.1
Liabilities				
Bank and other borrowings	-	(0.3)	-	(0.3)
Trade and other payables	-	(98.1)	-	(98.1)
Current tax liabilities	-	-	(4.1)	(4.1)
Deferred tax liabilities	-	-	(1.3)	(1.3)
Total liabilities	-	(98.4)	(5.4)	(103.8)

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

11 Trade and other receivables

	2011	2010
	£m	£m
Current assets		
Other receivables	1.3	1.0
Amounts owed by ultimate parent undertaking	0.3	0.3
Total	1.6	1.3

Amounts owed by the ultimate parent undertaking are unsecured, repayable on demand or within one year and generally accrue interest at rates linked to LIBOR.

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above (2010: carrying value set out above). There is no collateral held in respect of trade and other receivables (2010: £nil). The fair value of trade and other receivables equates to their book value (2010: fair value equated to book value).

12 Retirement benefits

The company's employees participate in both defined benefit and defined contribution pension schemes.

(a) Pension schemes – defined benefit

In order to provide its employees with a defined benefit pension, the company participates in the Provident Financial Staff Pension Scheme (PFSPS). This is a funded, defined benefit scheme, which provides retirement benefits based on final salary. This scheme has been substantially closed to new members since 1 January 2003. Following a full group review of pension scheme arrangements, from 1 April 2006 members were provided with a choice of paying higher member contributions to continue accruing benefits based on final salary or paying a lower member contribution and accruing benefits based on a percentage of salary which would be revalued each year.

The scheme is a multi-employer scheme, sponsored by Provident Financial plc and, although the company participates in the scheme, there is no contractual agreement for charging the company a portion of the defined benefit costs of the plan as a whole. In accordance with IAS 19, 'Employee benefits', the company recognises the contributions payable in respect of its current employees in its individual financial information, similar to the treatment of a defined contribution scheme. In 2011 these contributions amounted to £0.6m (2010: £0.6m). The expected contributions to the defined benefit pension scheme in the year ending 31 December 2012 are approximately £0.6m.

In accordance with IAS19, the sponsoring company, Provident Financial plc, and the consolidated group, recognises the defined benefit cost and the retirement benefit asset in respect of the PFSPS.

The retirement benefit asset reflects the difference between the present value of the group's obligation to current and past employees to provide a defined benefit pension and the fair value of assets held to meet that obligation. As at 31 December 2011, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded.

In participating in a defined benefit pension scheme, the group exposes itself to the risk that there may be insufficient assets to meet the liabilities as they fall due either as a result of the volatility in equity markets and corporate bond yields or as a result of improving mortality rates. The group has mitigated this risk by closing the scheme to new members in favour of cash balance and defined contribution schemes and putting in place an investment strategy which aims to maintain an appropriate balance of assets between equities and bonds. In participating in the defined benefit scheme, the company also exposes itself to the risk that future cash contributions may fluctuate dependent on the funding surplus/deficit of the scheme as well as fluctuations in the schemes expenses.

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out as at 1 June 2009 by a qualified independent actuary. The valuation used for the purposes of IAS 19 'Employee benefits' has been based on this valuation updated by the actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet date.

The retirement benefit asset disclosures relating to the group as a whole, as disclosed in the financial statements of Provident Financial plc, are shown below.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

12 Retirement benefits (continued)

The net retirement benefit asset recognised in the balance sheet of the group is as follows:

	2011		Group 2010	
	£m	%	£m	%
Equities	218.4	42	248.0	48
Corporate bonds	173.9	33	165.9	32
Fixed interest gilts	28.4	5	39.7	8
Index-linked gilts	103.2	20	60.2	12
Cash and money market funds	1.1	-	0.3	-
Total fair value of scheme assets	525.0	100	514.1	100
Present value of funded defined benefit obligations	(511.5)		(473.1)	
Net retirement benefit asset recognised in the balance sheet	13.5		41.0	

Movements in the fair value of scheme assets were as follows:

	Group	
	2011	2010
	£m	£m
Fair value of scheme assets at 1 January	514.1	464.6
Expected return on scheme assets	32.0	29.1
Actuarial movement on scheme assets	(18.4)	22.9
Contributions by the group	10.0	9.6
Contributions paid by scheme participants	-	0.1
Net benefits paid out	(12.7)	(12.2)
Fair value of scheme assets at 31 December	525.0	514.1

Movements in the present value of the defined benefit obligation were as follows:

	Group	
	2011	2010
	£m	£m
Defined benefit obligation at 1 January	(473.1)	(444.7)
Current service cost	(7.0)	(7.7)
Interest cost	(25.4)	(24.8)
Contributions paid by scheme participants	-	(0.1)
Actuarial movement on scheme liabilities	(18.7)	(8.0)
Net benefits paid out	12.7	12.2
Defined benefit obligation at 31 December	(511.5)	(473.1)

The principal actuarial assumptions used at the balance sheet date were as follows:

	Group	
	2011	2010
	%	%
Price inflation	3.00	3.50
Rate of increase in pensionable salaries	4.00	4.50
Rate of increase to pensions in payment	3.00	3.50
Inflationary increases to pensions in deferment	2.00	2.80
Discount rate	4.90	5.40
Long-term rate of return - equities	7.50	8.00
- bonds	4.90	5.40
- fixed interest gilts	2.50	4.00
- index-linked gilts	2.50	4.00
- cash and money market funds	2.50	4.00
- overall (weighted average)	5.40	6.40

(b) Pension schemes – defined contribution

The group operates a stakeholder pension plan into which the company contributes a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice (typically ranging between 3.0% and 8.0%). The pension charge in the income statement represents contributions payable by the company in respect of the plan and amounted to £0.1m for the year ended 31 December 2011 (2010: £0.1m). No contributions were payable to the fund at the year end (2010: £nil).

The company made no contributions to personal pension plans in the year (2010: £nil).

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

13 Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method. During the year, as a result of the change in UK corporation tax rates which will be effective from 1 April 2011 and 1 April 2012, deferred tax balances have been re-measured. Deferred tax relating to temporary differences which are expected to reverse prior to 1 April 2012 is measured at a tax rate of 26% and deferred tax relating to temporary differences expected to reverse after 1 April 2012 is measured at a tax rate of 25%, as these are the tax rates which will apply on reversal. The movement in the deferred tax asset/(liability) during the year can be analysed as follows:

	2011 £m	2010 £m
Asset/(Liability)		
At 1 January	(1.3)	(1.8)
Credit to the income statement (note 4)	1.4	0.5
At 31 December	0.1	(1.3)

Deferred tax assets have been recognised in respect of all tax losses and other temporary timing differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

The deferred tax asset/(liability) for the company is made up entirely of other temporary differences.

14 Cash and cash equivalents

	2011 £m	2010 £m
Cash at bank and in hand	3.9	4.2

15 Bank and other borrowings

Borrowing facilities principally comprise overdrafts which are repayable on demand.

As at 31 December 2011, borrowings amounted to £0.2m (2010: £0.3m), stated net of unamortised arrangement fees of £nil (2010: £nil).

16 Trade and other payables

	2011 £m	2010 £m
Current liabilities		
Trade payables	0.5	0.8
Amounts owed to ultimate parent undertaking	98.5	89.3
Amounts owed to parent undertaking	13.7	3.0
Amounts owed to fellow subsidiary undertaking	3.6	3.2
Other payables including taxation and social security	0.2	0.7
Accruals	1.2	1.1
Total	117.7	98.1

The fair value of trade and other payables equates to their book value (2010: fair value equated to book value). The amounts owed to ultimate parent, parent and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and accrue interest at rates linked to LIBOR.

17 Called-up share capital

		2011		2010	
		Authorised	Issued and fully paid	Authorised	Issued and fully paid
Ordinary shares of 50p each	- £m	0.0	0.0	0.0	0.0
	- number (m)	0.1	0.1	0.1	0.0

There are no shares issued and not fully paid at the end of the year (2010: no shares).

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

18 Share-based payments

Provident Financial plc operates four share schemes: the Long Term Incentive Scheme (LTIS), employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)), senior executive share option schemes (ESOS/SESO) and the Performance Share Plan (PSP) where shares in the parent company are available to the employees of the company. During 2011, options have been granted under the SAYE scheme only (2010: options granted under the SAYE scheme only). The charge to the income statement during the year was £nil (2010: £nil) based on the awards/options granted to the company's employees. The assumptions to consider the appropriate fair values of options are outlined below:

	2011 SAYE	2010 SAYE
Grant date	31-Aug-11	31-Aug-10
Share price at grant date (£)	11.04	8.39
Exercise price (£)	8.68	6.62
Shares under option	8,734	14,144
Vesting period (years)	3, 5 and 7	3, 5 and 7
Expected volatility	29.8% to 32.6%	30.2% to 34.0%
Option life (years)	Up to 7	Up to 7
Expected life (years)	Up to 7	Up to 7
Risk-free rate	0.98% to 2.19%	1.15% to 2.45%
Expected dividends expressed as a dividend yield	7.3%	7.2%
Fair value per award/option (£)	1.79 to 2.04	1.65 to 1.71

The expected volatility is based on historical volatility over the last three, five or seven years as applicable. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds.

A reconciliation of share option movements during the year is shown below:

	Number	SAYE Weighted average exercise price £
2011		
Outstanding at 1 January	51,906	6.39
Granted	8,734	8.68
Lapsed	(6,799)	6.65
Exercised	(12,246)	6.04
Outstanding at 31 December	41,595	6.95
Exercisable at 31 December	13,089	6.01

	Number	SAYE Weighted average exercise price £
2010		
Outstanding at 1 January	58,609	6.20
Granted	14,144	6.62
Lapsed	(8,668)	6.30
Exercised	(12,179)	5.72
Outstanding at 31 December	51,906	6.39
Exercisable at 31 December	1,232	7.16

No share options were outstanding under the ESOS/SESO schemes at 31 December 2011 or 31 December 2010. Share options outstanding under the SAYE schemes at 31 December 2011 had a range of exercise prices of 491p to 868p (2010: 453p to 716p) and a weighted average remaining contractual life of 2.8 years (2010: 2.4 years).

No options/awards were granted to employees of the company in respect of the ESOS/SESO, PSP or LTIS schemes (2010: none).

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

19 Commitments

The company had no commitments with third parties at 31 December 2011 (2010: £nil).

20 Related party transactions

Details of the transactions between the company and other group undertakings, which comprise management recharges and interest charges on intra-group balances, along with any balances outstanding at 31 December are set out below:

Company	2011			2010		
	Management recharge	Interest charge	Outstanding balance	Management recharge	Interest charge	Outstanding balance
	£m	£m	£m	£m	£m	£m
Ultimate parent undertaking	-	7.9	(98.2)	-	6.0	(89.0)
Immediate parent undertaking	14.0	-	(13.7)	12.3	-	(3.0)
Other group undertakings	5.2	-	(3.6)	4.9	-	(3.2)
Total	19.2	7.9	(115.5)	17.2	6.0	(95.2)

The outstanding balance represents the gross intercompany balance receivable by/(payable to) the company.

21 Contingent liabilities

The company is a guarantor in respect of (i) borrowings made by the company's ultimate parent undertaking and (ii) guarantees given by the company's ultimate parent undertaking in respect of borrowings of certain of its subsidiaries to a maximum of £1,201.4m (2010: £1,159.0m). At 31 December 2011, the borrowings amounted to £903.9m (2010: £958.9m). No loss is expected to arise.

22 Reconciliation of profit after taxation to cash generated from operations

	Note	2011 £m	2010 £m
Profit after taxation		5.8	9.3
Adjusted for:			
- Tax charge	4	2.0	3.6
- Finance costs	2	7.9	6.5
Changes in operating assets and liabilities:			
- Amounts receivable from customers	9	(3.2)	(12.1)
- Trade and other receivables	11	(0.3)	-
- Trade and other payables	16	15.5	10.4
Cash generated from operations		27.7	17.7

23 Parent undertaking and controlling party

The immediate parent undertaking is Provident Financial Management Services Limited.

The ultimate parent undertaking and controlling party is Provident Financial plc, a company incorporated in the United Kingdom, which is the smallest and largest group to consolidate the company's financial statements. Copies of the consolidated financial statements of Provident Financial plc may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU.

GREENWOOD PERSONAL CREDIT LIMITED
(Company Number 125150)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

24 Post balance sheet event

Subsequent to the year end, the group entered into a new £382.5m syndicated bank facility maturing in May 2015 and cancelled all existing bank facilities. The syndicate is comprised of the group's core relationship banks. The all-in cost of funds is very similar and the terms, conditions and covenant package are consistent with the previous facility. Headroom on the group's committed debt facilities at 31 December 2011 amounted to £288m which, together with the recent renewal of bank facilities and the retail deposits programme at Vanquis Bank, is sufficient to fund maturities and projected growth in the group until May 2015. As disclosed in note 21, the company continues to be a guarantor of the borrowings under this renewed facility.

PROVIDENT INVESTMENTS PLC

THE HISTORICAL FINANCIAL INFORMATION OF PROVIDENT INVESTMENTS PLC FOR
THE FINANCIAL PERIODS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2011
TOGETHER WITH AN ACCOUNTANTS' REPORT PREPARED IN CONNECTION
THEREWITH



The Directors
Provident Investments plc
No 1 Godwin Street
Bradford
BD1 2SU

16 March 2012

Dear Sirs

Provident Investments plc

We report on the financial information of Provident Investments plc (“**PIP**”) set out on pages F-85 to F-105 of the offering circular of Provident Financial plc (the “**Company**”) dated 16 March 2012 (the “**Offering Circular**”) (the “**PIP IFRS Financial Information Table**”). The PIP IFRS Financial Information Table has been prepared for inclusion in the Offering Circular on the basis of the accounting policies set out in statement of accounting policies of the PIP IFRS Financial Information Table. This report is required by item 13.1 of Annex IV and item 3 of Annex VI to the PD Regulation and is given for the purpose of complying with these items and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the PIP IFRS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the PIP IFRS Financial Information Table gives a true and fair view, for the purposes of the Offering Circular and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 16.1 of Annex IV to the PD Regulation, consenting to its inclusion in the Offering Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the PIP IFRS Financial Information Table. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7804 1003, www.pwc.co.uk*



the PIP IFRS Financial Information Table and whether the accounting policies are appropriate to PIP's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the PIP IFRS Financial Information Table gives, for the purposes of the Offering Circular dated 16 March 2012, a true and fair view of the state of affairs of PIP as at the dates stated and of its profits and losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Offering Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Offering Circular in compliance with item 1.2 of Annex IV to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

INCOME STATEMENT

for the year ended 31 December	Note	2011 £'000	2010 £'000
Revenue	1	11,035	12,928
Operating costs	2	(10,950)	(12,829)
Administrative expenses		(5)	(5)
Profit before taxation		80	94
Tax charge	4	(22)	(6,025)
Profit/(loss) for the year attributable to equity shareholders		58	(5,931)

All of the above operations relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December	Note	2011 £'000	2010 £'000
Profit/(loss) for the year attributable to equity shareholders		58	(5,931)
Other comprehensive income:			
- cashflow hedges	6	(659)	147
- tax on other comprehensive income	4	174	(41)
- impact of change of UK tax rate	4	19	14
Other comprehensive income for the year		(466)	120
Total comprehensive income for the year		(408)	(5,811)

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

BALANCE SHEET

as at 31 December	Note	31 December 2011 £'000	31 December 2010 £'000
ASSETS			
Non-current assets			
Financial assets:			
- derivative financial instruments	6	11,903	12,400
- trade and other receivables	7	171,830	174,224
		<u>183,733</u>	<u>186,624</u>
Current assets			
Financial assets:			
- derivative financial instruments	6	-	3,493
- cash and cash equivalents	9	15	143
- trade and other receivables	7	2,821	38,785
		<u>2,836</u>	<u>42,421</u>
Total assets		<u>186,569</u>	<u>229,045</u>
LIABILITIES			
Current liabilities			
Financial liabilities:			
- bank and other borrowings	10	-	(22,000)
- derivative financial instruments	6	-	-
- trade and other payables	11	(2,506)	(20,056)
Current tax liabilities		(18)	(17)
		<u>(2,524)</u>	<u>(42,073)</u>
Non-current liabilities			
Financial liabilities:			
- bank and other borrowings	10	(98,098)	(100,426)
- derivative financial instruments	6	-	-
- trade and other payables	11	(84,915)	(84,916)
Deferred tax liabilities	8	(174)	(364)
		<u>(183,187)</u>	<u>(185,706)</u>
Total liabilities		<u>(185,711)</u>	<u>(227,779)</u>
NET ASSETS		<u>858</u>	<u>1,266</u>
SHAREHOLDERS' EQUITY			
Called-up share capital	12	50	50
Hedging reserve		539	1,005
Retained earnings		269	211
TOTAL EQUITY		<u>858</u>	<u>1,266</u>

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Called-up share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2010		50	885	6,142	7,077
Loss for the year		-	-	(5,931)	(5,931)
Other comprehensive income:					
- cashflow hedges	6	-	147	-	147
- tax on other comprehensive income	4	-	(41)	-	(41)
- impact of change in UK tax rate	4	-	14	-	14
Other comprehensive income for the year		-	120	-	120
Total comprehensive income for the year		-	120	(5,931)	(5,811)
At 31 December 2010		50	1,005	211	1,266
At 1 January 2011		50	1,005	211	1,266
Profit for the year		-	-	58	58
Other comprehensive income:					
- cashflow hedges	6	-	(659)	-	(659)
- tax on other comprehensive income	4	-	174	-	174
- impact of change in UK tax rate	4	-	19	-	19
Other comprehensive income for the year		-	(466)	-	(466)
Total comprehensive income for the year		-	(466)	58	(408)
At 31 December 2011		50	539	269	858

STATEMENT OF CASHFLOWS

	Note	2011 £'000	2010 £'000
for the year ended 31 December			
Profit/(loss) after taxation		58	(5,931)
Adjusted for:			
- revenue		10,557	12,662
- operating costs		(11,432)	(13,380)
- tax charge		6	-
Changes in operating assets and liabilities:			
- derivative financial instruments		(32)	(34)
- trade and other receivables		27,801	49,655
- bank and other borrowings		(20,965)	(28,452)
- trade and other payables		(6,121)	(14,474)
Net cash (used in)/generated from operating activities		(128)	46
Net (decrease)/increase in cash, cash equivalents and overdrafts		(128)	46
Cash, cash equivalents and overdrafts at beginning of year		143	97
Cash, cash equivalents and overdrafts at end of year		15	143
Cash, cash equivalents and overdrafts at end of year comprise:			
Cash at bank and in hand	9	15	143
Total cash, cash equivalents and overdrafts		15	143

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU.

The principal activity of the company is to provide finance and loans to Provident Financial plc and its subsidiary companies.

Basis of preparation

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments to fair value. In preparing the financial information, the directors are required to use certain critical accounting estimates and are required to exercise judgment in the application of the company's accounting policies.

The company's accounting policies are chosen by the directors to ensure that the financial information presents a true and fair view. All of the company's accounting policies are consistent with the requirements of International Financial Reporting Standards, interpretations issued by the International Financial Reporting Interpretations Committee and UK company law.

Principal accounting policies

The company's principal accounting policies under IFRS, which have been consistently applied to all the years presented unless otherwise stated, are set out below.

(a) New and amended standards adopted by the company:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that have had a material impact on the company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and updated in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, that part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is in the process of assessing the updates to IFRS 9, both those which have been issued and those aspects relating to hedge accounting and impairment which will be issued in due course. The company will adopt IFRS 9 in its entirety no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Principal accounting policies (continued)

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. IFRS 13 will be adopted no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU, and is not expected to have a material impact on the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue

Revenue comprises amounts receivable on derivative instruments and interest income earned from the parent company on intercompany loans.

Operating costs

Operating costs principally comprise the interest on bank and other borrowings and is recognised on an effective interest rate basis. Operating costs also include amounts payable and the fair value movement on those derivative financial instruments held for hedging purposes which do not qualify for hedge accounting under IAS 39.

Foreign currency translation

Items included in the financial information are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The company operates in the UK and the financial information is presented in sterling, which is the company's functional and presentational currency.

Transactions that are not denominated in the company's functional currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the exchange rates ruling at the balance sheet date. Differences arising on translation are charged or credited to the income statement, except when deferred in equity as effective cashflow hedges. Foreign exchange gains and losses are charged to the income statement as part of administrative costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the effective interest rate.

Where borrowings are the subject of a fair value hedge, changes in the fair value of the borrowings that are attributable to the hedged risk are recognised in the income statement and a corresponding adjustment made to the carrying value of borrowings.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

The company uses derivative financial instruments, principally cross-currency swaps with an interest rate fixing element, to manage the interest rate and foreign exchange rate risk arising from the company's underlying business operations. No transactions of a speculative nature are undertaken.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

All derivative financial instruments are assessed against the hedge accounting criteria set out in IAS 39, 'Financial instruments: Recognition and measurement'. Derivatives that meet the hedge accounting requirements of IAS 39 are accordingly designated as either: hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cashflow hedges).

The relationship between hedging instruments and hedged items is documented at the inception of a transaction, as well as the risk management objectives and strategy for undertaking various hedging transactions. The assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cashflows of hedged items is documented, both at the hedge inception and on an ongoing basis.

Derivatives are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date at their fair value. Where derivatives do not qualify for hedge accounting, movements in their fair value are recognised immediately within the income statement. Where hedge accounting criteria have been met, the resultant gain or loss on the derivative instrument is recognised as follows:

Fair value hedges:

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement as part of operating costs, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cashflow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges are recognised in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement as part of operating costs. Amounts accumulated in equity are recognised in the income statement when the income or expense on the hedged item is recognised in the income statement.

Hedge accounting for both fair value and cashflow hedges is discontinued when:

- it is evident from testing that a derivative is not, or has ceased to be, highly effective as a hedge; or
- the derivative expires, or is sold, terminated or exercised; or
- the underlying hedged item matures or is sold or repaid.

When a cashflow hedging instrument expires or is sold, or when a cashflow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is transferred to the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was previously reported in equity is immediately transferred to the income statement.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 6. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in shareholders' equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Called-up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

The tax charge represents the sum of current and deferred tax. Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is also provided on temporary differences except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Key assumptions and estimates

In applying the accounting policies set out above, the company make significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Tax

The tax treatment of certain items cannot be determined precisely until tax audits or enquiries have been completed by the tax authorities. In some instances, this can be some years after the item has first been reflected in the financial information. The company recognises liabilities for anticipated tax audit and enquiry issues based on an assessment of the probability of such liabilities falling due. If the outcome of such audits is that the final liability is different from the amount originally estimated, such differences will be recognised in the period in which the tax audit or enquiry is determined. Any differences may necessitate a material adjustment to the level of tax balances held in the balance sheet.

If the probability assessment of uncertain tax liabilities was adjusted by +/- 5%, it is estimated that there would not be a material impact on the company's tax liabilities.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

FINANCIAL AND CAPITAL RISK MANAGEMENT

Provident Investments plc (the company) is a wholly-owned subsidiary of Provident Financial plc which, together with its subsidiaries, forms the Provident Financial group (the group).

The overall group internal control and risk management framework is the responsibility of the group Board with certain responsibilities in respect of internal control and risk management being delegated to various sub-committees who report directly to the Board. An overview of the group's risk management framework can be found in the annual report of Provident Financial plc.

The group operates with a centralised treasury function and therefore the funding requirements of the company are met wholly or partially via funding from Provident Financial plc or one of its subsidiaries. As such, it is inappropriate to consider the management of liquidity risk and interest rate risk on a stand-alone company basis.

The company's activities expose it to a variety of financial risks, which can be categorised as credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. These risks are monitored and managed through a centralised treasury function on a group basis. The objective of the group's risk management framework is to identify and assess the risks facing the group and to minimise the potential adverse effects of these risks on the group's financial performance.

Financial and capital risk management is overseen by the group treasury committee and further detail on the group's risk management framework is described in the group annual report.

(a) Credit risk

Credit risk is the risk that the company will suffer loss in the event of a default by a customer or a bank counterparty. A default occurs when the customer or bank fails to honour repayments as they fall due.

The company's maximum exposure to credit risk on bank counterparties as at 31 December 2011 was £17.3m (2010: £18.5m).

Counterparty credit risk arises as a result of cash deposits placed with 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 rate risk.

Counterparty credit risk is managed by the group's treasury committee and is governed by a board approved counterparty policy 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 credit rating. This is linked to the group's regulatory capital base in line with the group's regulatory reporting requirements on large exposures to the Financial Services Authority (FSA).

(b) Liquidity risk

Liquidity risk is the risk that the company will have insufficient liquid resources available to meet its financial obligations as they fall due.

Liquidity risk is managed by the group's centralised treasury department through daily monitoring of expected cashflows in accordance with a board approved group funding and liquidity policy. This process is monitored regularly by the group treasury committee. The group treasury committee ensures that all group companies have sufficient liquid resources to meet obligations as they fall due.

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. The group therefore maintains committed borrowing facilities to fund growth and contractual maturities for at least the following 12 months, after assuming that Vanquis Bank will fund 80% of its receivables book through retail deposits. As at 31 December 2011, the group's committed borrowing facilities had a weighted average maturity of 3.5 years (2010: 3.5 years) and the headroom on these committed facilities amounted to £288.1m (2010: £184.7m).

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

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

A maturity analysis of the undiscounted contractual cashflows of the company's bank and other borrowings, including derivative financial instruments, is shown below.

	2011			
Financial liabilities	< 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Private placement loan notes	4,270	51,266	37,043	92,579
Trade and other payables	2,506	48,640	36,275	87,421
Total	6,776	99,906	73,318	180,000

Financial assets	< 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Derivative financial instruments – settled gross	1,611	1,961	8,843	12,415
Trade and other receivables	2,821	97,280	74,550	174,651
Total	4,432	99,241	83,393	187,066

	2010			
Financial liabilities	< 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Private placement loan notes	5,931	1,779	112,373	120,083
Trade and other payables	20,056	-	84,916	104,972
Total	25,987	1,779	197,289	225,055

Financial assets	< 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Derivative financial instruments – settled gross	5,538	1,349	9,238	16,125
Trade and other receivables	38,785	-	174,224	213,009
Total	44,323	1,349	183,462	229,134

(c) Interest rate risk

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

The group's exposure to movements in interest rates is managed 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 cross-currency swaps with an interest fixing element.

A 2% movement in the interest rate applied to borrowings during 2011 and 2010 would not have had a material impact on the company's profit before taxation or equity as the company's interest rate risk was substantially hedged.

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(d) Foreign exchange rate risk

Foreign exchange rate risk is the risk of a change in foreign currency exchange rates leading to a reduction in profits or equity.

The group's exposure to movements in foreign exchange rates is monitored monthly by the treasury committee and is governed by a board-approved foreign exchange rate risk management policy which forms part of the group's treasury policies.

The company's exposures to foreign exchange rate risk arise solely from the issuance of US dollar private placement loan notes, which are fully hedged into sterling through the use of cross-currency swaps.

As at 31 December 2011, a 2% movement in the sterling to US dollar exchange rate would have led to a £1.0m (2010: £2.6m) movement in external borrowings with an opposite movement of £1.0m (2010: £2.6m) in the hedging reserve within equity. Due to the hedging arrangements in place, there would have been no impact on reported profits.

(e) Market risk

Market risk is the risk of loss due to adverse market movements caused by active trading positions taken in interest rates, foreign exchange markets, bonds and equities.

The company's and group's policies do not permit it or the group to undertake position taking or trading books of this type and therefore it and the group do not do so.

(f) Capital risk

The company manages capital risk by focussing on capital efficiency and effective risk management. This aims to maintain sufficient, but not excessive, financial strength, optimise the debt to equity structure of the company and support any dividend payments to the parent. This takes into account the requirements of a variety of different stakeholders including shareholders, policyholders, regulators and rating agencies.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION

1 Revenue

	2011 £'000	2010 £'000
Interest income from parent undertaking	4,611	5,281
Amounts receivable on cross currency swaps	6,392	7,613
Net fair value gain on cross currency swaps	32	34
Total revenue	11,035	12,928

2 Operating costs

	2011 £'000	2010 £'000
Interest payable on private placement loan notes	6,388	7,604
Amounts payable on cross currency swaps	4,562	5,225
Total operating costs	10,950	12,829

3 Profit before taxation

	2011 £'000	2010 £'000
Auditors' remuneration:		
Fees payable to the company's auditor for the audit of the financial statements	3	3

The company has no employees. The emoluments of the directors are paid by the ultimate parent company, Provident Financial plc, which makes no recharge to the company (2010: no recharge). The directors of the company are also directors of a number of subsidiary companies and it is not possible to make an accurate apportionment of their services in relation to the company.

Retirement benefits accrue to one director (2010: one director) under a defined benefit scheme and two directors (2010: two directors) under a money purchase scheme.

Three directors (2010: three directors) exercised share options over shares of the company's ultimate parent company, Provident Financial plc, in the year.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

4 Tax charge

	2011 £'000	2010 £'000
Tax charge in the income statement		
Current tax:		
- current year	(19)	(17)
- prior year	-	(5,999)
Deferred tax (note 8)	(2)	(9)
Impact of change in UK tax rate on deferred tax balances (note 8)	(1)	-
Total tax charge	(22)	(6,025)

As a result of the change in UK corporation tax rate which is effective from 1 April 2012, deferred tax balances have been re-measured. The temporary differences on which deferred tax balances have been calculated are expected to reverse after 1 April 2012 (2010: 1 April 2011). Accordingly, the balances have been calculated using a rate of 25% (2010: 27%). A deferred tax charge of £19,000 in 2011 (2010: £14,000) has been taken directly to other comprehensive income, reflecting the impact of the change in UK corporation tax rates on items reflected directly in other comprehensive income. The company is expected to benefit in future years from the progressive rate reductions.

	2011 £'000	2010 £'000
Tax charge/(credit) on items taken directly to other comprehensive income		
Current tax charge/(credit) on cashflow hedges	174	(41)
Impact of change in UK tax rate	19	14
Total tax charge/(credit) on items taken to other comprehensive income	193	(27)

The rate of tax charge on the profit before taxation for the year is higher than (2010: higher than) the average standard rate of corporation tax in the UK of 26.5% (2010: 28%). This can be reconciled as follows:

	2011 £'000	2010 £'000
Profit before taxation	80	94
Profit before taxation multiplied by the average standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(21)	(26)
Effects of:		
- adjustment in respect of prior years	-	(5,999)
- impact of change in UK tax rate on deferred tax balances	(1)	-
Total tax charge	(22)	(6,025)

In 2010 an adjustment was made in respect of the prior year's tax charge resulting in a charge of £5,999,000. This relates to the reversal of a tax credit recognised in 2003 following the conclusion of negotiations with HMRC.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

5 Financial instruments

The following table sets out the carrying value of the company's financial assets and liabilities in accordance with the categories of financial instruments set out in IAS 39. Assets and liabilities outside the scope of IAS 39 are shown within non-financial assets/liabilities:

						2011
	Loans and receivables £'000	Amortised cost £'000	Hedging derivatives £'000	Non- financial assets/ liabilities £'000	Total £'000	
Assets						
Cash and cash equivalents	15	-	-	-	15	
Derivative financial instruments	-	-	11,903	-	11,903	
Trade and other receivables	174,651	-	-	-	174,651	
Total assets	174,666	-	11,903	-	186,569	
Liabilities						
Bank and other borrowings	-	(98,098)	-	-	(98,098)	
Trade and other payables	-	(87,421)	-	-	(87,421)	
Current tax liabilities	-	-	-	(18)	(18)	
Deferred tax liabilities	-	-	-	(174)	(174)	
Total liabilities	-	(185,519)	-	(192)	(185,711)	

						2010
	Loans and receivables £'000	Amortised cost £'000	Hedging derivatives £'000	Non- financial assets/ liabilities £'000	Total £'000	
Assets						
Cash and cash equivalents	143	-	-	-	143	
Derivative financial instruments	-	-	15,893	-	15,893	
Trade and other receivables	213,009	-	-	-	213,009	
Total assets	213,152	-	15,893	-	229,045	
Liabilities						
Bank and other borrowings	-	(122,426)	-	-	(122,426)	
Trade and other payables	-	(104,972)	-	-	(104,972)	
Current tax liabilities	-	-	-	(17)	(17)	
Deferred tax liabilities	-	-	-	(364)	(364)	
Total liabilities	-	(227,398)	-	(381)	(227,779)	

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

6 Derivative financial instruments

The company uses derivative financial instruments to hedge the interest rate risk and foreign exchange rate risk on its borrowings. The company does not enter into speculative transactions or positions.

The contractual amounts and the fair values of derivative financial instruments are set out below:

	2011			2010		
	Contractual amount £'000	Assets £'000	Liabilities £'000	Contractual amount £'000	Assets £'000	Liabilities £'000
Cross-currency swaps	84,915	11,903	-	101,158	15,893	-
Total	84,915	11,903	-	101,158	15,893	-
Analysed as:						
- due within one year		-	-		3,493	-
- due in more than one year		11,903	-		12,400	-
Total		11,903	-		15,893	-

The fair value of derivative financial instruments has been calculated by discounting contractual future cashflows using relevant market interest rate yield curves and foreign exchange rates prevailing at the balance sheet date.

(a) Hedging reserve movements

The movement in the hedging reserve within equity as a result of the changes in the fair value of derivative financial instruments can be summarised as follows:

	2011 £'000	2010 £'000
Hedging reserve movements		
2003 cross-currency swaps	(326)	343
2004 cross-currency swaps	(333)	(196)
Net (charge)/credit to the hedging reserve	(659)	147

Under IFRS 7, 'Financial instruments: Disclosures', all derivative financial instruments are classed as Level 2, as they are not traded in an active market and the fair value is therefore determined through discounting future cashflows, using appropriate observable rates.

(b) Income statement credit

The net credit to the income statement in the year in respect of the movement in the fair value of derivative financial instruments is as follows:

	2011 £'000	2010 £'000
Net fair value gain on 2004 cross-currency swaps	32	34
Net credit to the income statement	32	34

(c) Cross-currency swaps

The company uses cross-currency swaps in order to manage the interest rate and foreign exchange rate risk arising on the company's US private placement loan notes issued in 2003 and 2004.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

6 Derivative financial instruments (continued)

2003 private placement loan notes

The company has put in place cross-currency swaps to swap the principal and fixed rate interest of the 2003 US dollar private placement loan notes into fixed rate sterling liabilities. The maturity dates of the cross-currency swaps match the underlying loan notes. These swaps were designated as cashflow hedges and were effective under IAS 39 in the year ended 31 December 2011.

The cross-currency swaps used to hedge the 2003 US dollar private placement loan notes have an interest rate of 6.8% (2010: 6.8%) and a weighted average period to maturity of 1.3 years (2010: 2.3 years). The movement in the fair value of the swaps can be analysed as follows:

	2011 £'000	2010 £'000
2003 private placement loan notes		
Asset /(liability) at 1 January	416	(2,523)
Exchange rate movements	175	2,596
(Charged)/credited to the hedging reserve	(326)	343
Asset at 31 December	265	416

The exchange rate movements reflect the translation of the 2003 US dollar private placement loan notes at the year-end exchange rate compared with the contracted rate. A corresponding entry is made to borrowings.

The amount (charged)/credited to the hedging reserve reflects the difference between the movement in the fair value of the cross-currency swaps and the exchange rate movements described above.

2004 private placement loan notes

The company has put in place cross-currency swaps to swap the principal and fixed rate interest of the US dollar private placement loan notes issued in 2004 into floating rate sterling interest liabilities. The maturity dates of the cross-currency swaps match the underlying loan notes.

The swaps comprise both cashflow hedges and fair value hedges. The cashflow hedge portion of the swaps were designated as cashflow hedges and continue to be effective under IAS 39 in the year ended 31 December 2011.

The fair value hedge portion of the swaps were designated and were effective under IAS 39 as fair value hedges during the year. As a result, fair value movements in the swaps were charged to the income statement with a corresponding entry made to the underlying loan notes within borrowings for the effective portion of the swaps, leaving a net credit within the income statement reflecting the net fair value gain on the fair value hedge in the year.

The swaps have a range of interest rates from LIBOR + 1.61% to LIBOR + 1.63% (2010: LIBOR + 1.58% to LIBOR + 1.63%) and a weighted average period to maturity of 2.6 years (2010: 2.7 years).

The movement in the fair value of the swaps can be analysed as follows:

	2011 £'000	2010 £'000
2004 private placement loan notes		
Asset at 1 January	15,477	12,512
Exchange rate movements	(3,538)	3,128
Net fair value gain credited to the income statement	32	33
Charged to the hedging reserve	(333)	(196)
Asset at 31 December	11,638	15,477

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

6 Derivative financial instruments (continued)

The difference between the translation of the 2004 US dollar private placement loan notes at the year-end exchange rate compared with the contracted exchange rate amounts to £10,927,000 (2010: £14,466,000). The exchange rate credit of £3,538,000 (2010: charge of £3,128,000) reflects the movement in the year of this difference in translation. Corresponding entries are made within borrowings.

The net fair value gain credited to the income statement reflects the difference between the charge on the fair value of the fair value hedge portion of the cross-currency swaps of £3,506,000 (2010: credit of £3,161,000) and the fair value hedge portion of the exchange rate movements of £3,538,000 described above (2010: £3,128,000). Corresponding entries are made to the derivative asset and hedging reserve, and borrowings respectively.

7 Trade and other receivables

	2011 £'000	2010 £'000
Non-current assets		
Amounts owed by parent undertaking	86,915	86,915
Amounts owed by swap counterparties	84,915	87,309
Total	171,830	174,224

There are £nil amounts past due and there is no impairment provision held against amounts owed by group undertakings due for repayment in more than one year (2010: £nil). The amounts owed by parent undertaking is unsecured, due for repayment in more than one year and accrues interest at rates linked to LIBOR.

	2011 £'000	2010 £'000
Current assets		
Amounts owed by parent undertaking	1,169	18,121
Amounts owed by swap counterparties	-	18,571
Prepayments and accrued income	1,652	2,093
Total	2,821	38,785

There are no amounts past due in respect of trade and other receivables due in less than one year (2010: £nil).

Amounts owed by the parent undertaking are unsecured, repayable on demand or within one year and generally accrue interest at rates linked to LIBOR.

Amounts owed by swap counterparties comprise the contracted notional amount receivable under the cross-currency swaps which are gross settled. Corresponding entries are made within trade and other payables.

The maximum exposure to credit risk of trade and other receivables in 2011 and 2010 is the carrying value of each class of receivable set out above. There is no collateral held in respect of trade and other receivables (2010: £nil).

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

8 Deferred tax

Deferred tax is calculated in full on temporary differences in respect of derivative financial instruments under the balance sheet liability method. As a result of the change in UK corporation tax rate which is effective from 1 April 2012, deferred tax balances have been re-measured. The temporary differences, on which deferred tax balances have been calculated are expected to reverse after 1 April 2012 (2010: 1 April 2011). Accordingly, the balances have been calculated using a tax rate of 25% (2010: 27%). The movement in the deferred tax liabilities during the year can be analysed as follows:

	2011 £'000	2010 £'000
Liability		
At 1 January	(364)	(328)
Charge to the income statement	(2)	(9)
Credit/(charge) on other comprehensive income prior to the change in UK tax rate (note 4)	174	(41)
Impact of change in UK tax rate:		
- charge to the income statement	(1)	-
- credit to other comprehensive income	19	14
At 31 December	(174)	(364)

The change in the UK tax rate relates to the impact of the change in UK corporation tax rate from 26% (2010: 28%) to 25% (2010: 27%) which will be effective from 1 April 2012 (2010: 1 April 2011) (see note 4).

9 Cash and cash equivalents

	2011 £'000	2010 £'000
Cash at bank and in hand	15	143

The currency profile of cash and cash equivalents is as follows:

	2011 £'000	2010 £'000
Currency		
Sterling	1	1
US dollar	14	142
Total	15	143

Cash and cash equivalents are non-interest bearing (2010: non-interest bearing).

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

10 Bank and other borrowings

(a) Borrowing facilities and borrowings

Borrowing facilities principally comprise loan notes privately placed with US institutions (see note 10(d)).

As at 31 December 2011, borrowings under these facilities amounted to £98,098,000 (2010: £122,426,000).

(b) Maturity profile of bank and other borrowings

The maturity of borrowings, together with the maturity of committed borrowing facilities, are as follows:

	2011		2010	
	Borrowing facilities available £'000	Borrowings £'000	Borrowing facilities available £'000	Borrowings £'000
Repayable:				
On demand	-	-	-	-
In less than one year	-	-	22,000	22,000
Included in current liabilities	-	-	22,000	22,000
Between one and two years	48,896	48,896	-	-
Between two and five years	49,202	49,202	100,426	100,426
In more than five years	-	-	-	-
Included in non-current liabilities	98,098	98,098	100,426	100,426
Total	98,098	98,098	122,426	122,426

As at 31 December 2011, the weighted average period to maturity of committed facilities was 1.9 years (2010: 2.5 years).

(c) Interest rate and currency profile of bank and other borrowings

Before taking account of the various interest rate swaps and cross-currency swap arrangements entered into by the company, the interest rate and foreign exchange rate exposure on borrowings is as follows:

	2011			2010		
	Fixed £'000	Floating £'000	Total £'000	Fixed £'000	Floating £'000	Total £'000
Sterling	2,000	-	2,000	2,000	-	2,000
US dollar	96,098	-	96,098	120,426	-	120,426
Total	98,098	-	98,098	122,426	-	122,426

As detailed in note 6, the company has entered into various cross-currency swap arrangements to hedge the foreign exchange rate exposures on borrowings. After taking account of aforementioned cross-currency swaps, the company has no foreign exchange rate exposure to borrowings denominated in US dollars (2010: £nil).

Cross-currency swaps have been put in place to swap the proceeds and liabilities for principal and interest under the US dollar denominated loan notes into sterling.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

10 Bank and other borrowings (continued)

(d) Private placement loan notes

On 24 April 2003, the company issued loan notes as follows:

- (i) US\$44m of 5.81% loan notes matured and repaid on 24 April 2010; and
- (ii) US\$76m of 6.34% loan notes repayable on 24 April 2013.

On 12 August 2004, the company issued loan notes as follows:

- (i) US\$30m of 6.02% loan notes matured and repaid on 12 August 2011;
- (ii) US\$67m of 6.45% loan notes repayable on 12 August 2014; and
- (iii) £2m of 7.01% loan notes repayable on 12 August 2014.

(e) Undrawn committed borrowing facilities

There were no undrawn committed borrowing facilities at 31 December 2011 (2010: no undrawn committed facilities).

(f) Weighted average interest rates and periods to maturity

Before taking account of the various cross-currency swap arrangements entered into by the company, the weighted average interest rate and the weighted average period to maturity of the company's fixed rate borrowings is as follows:

	Weighted average interest rate %	2011 Weighted average period to maturity years	Weighted average interest rate %	2010 Weighted average period to maturity years
Sterling	7.01	2.62	7.01	3.62
US dollar	6.39	1.87	6.24	2.51

There is £nil foreign exchange risk denominated in US dollars after taking account of cross-currency swaps (2010: £nil).

(g) Fair values

The fair values of the company's bank and other borrowings are compared to their book values as follows:

	2011		2010	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
US dollar private placement loan notes	96,098	94,930	120,426	132,224
Sterling private placement loan notes	2,000	1,942	2,000	1,572
Total	98,098	96,872	122,426	133,796

The fair value of the sterling private placement loan notes and the US dollar private placement loan notes has been calculated by discounting the expected future cashflows at the relevant market interest rate yield curves prevailing at the balance sheet date.

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

11 Trade and other payables

	2011 £'000	2010 £'000
Current liabilities		
Amounts owed to swap counterparties	-	16,243
Amounts owed to parent undertaking	9	-
Amounts owed to fellow subsidiary undertakings	42	877
Accrued interest payable	2,452	2,934
Other payables	3	2
Total	2,506	20,056

	2011 £'000	2010 £'000
Non-current liabilities		
Amounts owed to swap counterparties	84,915	84,916

The amounts owed to the parent and fellow subsidiary undertakings are unsecured, due for repayment in less than one year and accrue interest at rates linked to LIBOR.

Amounts owed to swap counterparties relate to the contracted notional amount payable under the cross-currency swaps which are gross settled. Corresponding entries are made within trade and other receivables.

12 Called-up share capital

	2011 £'000	2010 £'000
Issued and fully paid		
Ordinary shares of £1 each - £'000	50	50
- number ('000)	50	50

There are no shares issued and not fully paid at the end of the year (2010: no shares).

13 Related party transactions

Details of the transactions between the company and its parent and fellow subsidiary undertakings, which comprise interest charges or credits on intra-group balances, along with any balances outstanding at 31 December are set out below:

	2011 £'000	2010 £'000
Interest income from parent undertaking	49	56
Outstanding receivable from parent undertaking	88,084	105,036
Outstanding amounts payable from parent undertaking	9	-
Outstanding amounts payable from fellow subsidiary undertakings	42	877
Total	88,184	105,969

PROVIDENT INVESTMENTS plc
(Company Number 04541509)

NOTES TO THE FINANCIAL INFORMATION (CONTINUED)

14 Contingent liabilities

The company is a guarantor of borrowing facilities of the ultimate parent undertaking to a maximum of £1,103,300,000 (2010: £1,055,900,000). At 31 December 2011, the fixed and floating rate borrowings in respect of these guarantees amounted to £805,800,000 (2010: £855,800,000). No loss is expected to arise.

15 Parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Provident Financial plc, which is the smallest and largest group to consolidate the company's financial statements. Copies of that company's consolidated financial statements may be obtained from the Company Secretary, Provident Financial plc, No.1 Godwin Street, Bradford, BD1 2SU.

THE ISSUER

Provident Financial plc
No. 1 Godwin Street
Bradford
West Yorkshire BD1 2SU

THE GUARANTORS

Provident Personal Credit Limited
No. 1 Godwin Street
Bradford
West Yorkshire BD1 2SU

Greenwood Personal Credit Limited
No. 1 Godwin Street
Bradford
West Yorkshire BD1 2SU

Provident Financial Management Services Limited
No 1. Godwin Street
Bradford
West Yorkshire BD1 2SU

Provident Investments plc
No. 1 Godwin Street
Bradford
West Yorkshire BD1 2SU

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

LEGAL ADVISERS

To the Issuer and the Guarantors as to English law

To the Dealers and the Trustee as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD

Linklaters LLP
One Silk Street
London EC2Y 8HQ

AUDITORS

To the Issuer and the Guarantors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Benson House
33 Wellington Street
Leeds
West Yorkshire LS1 4 JP

ARRANGER

Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

DEALERS

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR