



International Personal Finance

International Personal Finance plc

(incorporated with limited liability in England and Wales with registered number 06018973)

unconditionally and irrevocably guaranteed by:

IPF Holdings Limited

(incorporated with limited liability in England and Wales with registered number 01525242)

International Personal Finance Investments Limited

(incorporated with limited liability in England and Wales with registered number 00961088)

IPF International Limited

(incorporated with limited liability in England and Wales with registered number 00753518)

EUR 1,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Prospectus (the "Programme"), International Personal Finance plc (the "Issuer" or "IPF"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes") which will be unconditionally and irrevocably guaranteed on a joint and several basis by each of IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (each a "Guarantor" and together the "Guarantors"). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR1,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") (the "UK Listing Authority") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus 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 such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant final terms document (the "Final Terms") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

An investment in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Each Series (as defined in "Overview of the Programme – Method of Issue") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note" and, together with a Temporary Global Note, the "Global Notes"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined in "Overview of the Programme") to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Global notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated BB+ by Fitch Ratings Ltd. Fitch Ratings Ltd is established in the EU and has applied for registration under Regulation (EC) No. 1060/2009 (the "CRA Regulation"), although notification of the registration decision has not yet been provided. Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme and the applicable rating will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger for the Programme
CITIGROUP

Dealers
CITIGROUP, HSBC, NUMIS SECURITIES AND UNICREDIT BANK

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

The Issuer and its subsidiaries (including the Guarantors) taken as a whole are referred to in this Prospectus as the "Group".

The Issuer and the Guarantors accept responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus 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 (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 Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, any Guarantor 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, the Guarantors 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 expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of 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 or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no change in the financial position of the Issuer or the Guarantors since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the

Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantors, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that 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 U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantors or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person 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 any person acting on behalf of any 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 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “sterling” and “£” are to the currency of the United Kingdom and references to “€” and “euro” are to the single currency of those member states of the

European Union participating in the third stage of European economic and monetary union from time to time.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it:

- (i) the Issuer's audited consolidated financial statements for the financial year ended 31 December 2009 together with the audit report thereon and notes thereto as contained in the Issuer's Annual Report and Financial Statements 2009;
- (ii) the Issuer's audited consolidated financial statements for the financial year ended 31 December 2010 together with the audit report thereon and notes thereto as contained in the Issuer's Annual Report and Financial Statements 2010;
- (iii) the Issuer's interim management statement released on 19 April 2011;
- (iv) the Issuer's update on trading statement released on 11 May 2011;
- (v) the Issuer's half-year results released on 20 July 2011; and
- (vi) the Terms and Conditions set out on pages 40 to 78 of the Prospectus dated 19 April 2010 relating to the Programme.

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Only information in the part of document (vi) specified above is incorporated into and forms part of this document. Information in other parts of that document is either covered elsewhere in this document or is not relevant for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, any Guarantor, or the rights attaching to the Notes.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer and the Guarantors have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, any Guarantor and the rights attaching to the Notes, the Issuer shall, prior to any subsequent offering of Notes, prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

TABLE OF CONTENTS

	Page
RISK FACTORS	8
OVERVIEW OF THE PROGRAMME	34
TERMS AND CONDITIONS OF THE NOTES	40
BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP	79
BUSINESS DESCRIPTION OF THE GUARANTORS	108
REGULATORY INFORMATION	110
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	113
USE OF PROCEEDS	119
TAXATION	120
SUBSCRIPTION AND SALE	122
FORM OF FINAL TERMS	125
GENERAL INFORMATION	142

RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the 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.

Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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 Issuer and the Guarantors may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's and the Guarantors' ability to fulfil their obligations under or in connection with Notes issued under the Programme

1. **Risks relating to the markets in which the Group operates**
 - 1.1 **The Group's business, results of operations and financial condition may be materially affected by changes in general economic, political and financial market conditions, such as a global or local recession, inflation and fluctuations in interest and currency exchange rates. Further, the countries in which the Group currently operates are emerging economies and so are likely to be subject to greater volatility in economic, political and financial market conditions. Changes in the economic and political climate both globally and locally as well as changes in market conditions generally could have a material adverse effect on the Group's business, results of operations and financial condition.**
 - (A) ***The Group's businesses, earnings and financial condition have been affected by the current global economic downturn, and could be affected by any future crisis in global financial markets and/or deterioration in the global economic outlook.***

The performance of the Group is influenced by the economic conditions of the countries in which it operates around the world. The precise nature of all the risks and uncertainties the Group faces, and will face, as a result of the global financial crisis and global economic outlook cannot be predicted and many of these risks are outside the Group's control.

A deterioration in economic conditions globally and in the markets in which the Group operates, including, but not limited to, business and consumer confidence, unemployment, household disposable income, the state of the housing market, foreign exchange markets, counter-party risk, inflation, the

availability and cost of credit, the liquidity of global financial markets or market interest rates, may reduce the level of demand for the products and services of the Group, adversely affect the earnings the Group can achieve on its products and lead to reduced volumes of credit issued, reduced revenue and increased levels of impairment charge. Although the Group has access to sufficient funding to meet its short to medium term requirements, in the longer term, following maturity of the Group's existing sources of financing, this may affect the Group's ability to obtain sufficient liquid, local currency funds to meet the requirements of the business, to issue sufficient volumes of credit at appropriate levels of impairment and to maintain adequate cover on its financial covenants. A global recession may also result in the Group being unable to execute its growth strategy. The aforementioned factors may materially and adversely impact the Group's operating results, financial condition and prospects.

(B) *The Group is exposed to a number of liquidity and market risks including inflation, credit quality and fluctuations in exchange and interest rates.*

Funding and Liquidity risk: Liquidity risk is the risk that the Group does not have sufficient financial liquid resources to meet its obligations when they fall due or can only do so at excessive cost. The ability of the Group to access debt funding sources on acceptable economic terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Liquidity risk is particularly relevant following the recent significant reduction in the general availability of bank and capital markets funding.

The Group relies, in part, upon the effective management of its banking and other borrowing relationships and upon securing facilities across a number of lenders. At 30 June 2011 the Group's borrowings were £287.1 million, compared with total facilities of £488.1 million, giving headroom at that date of £200.7 million. At 30 June 2011 the Group had committed funding facilities comprising £243.0 million of bond funding maturing in 2015, £7.6 million of bond funding maturing in 2014, £203.5 million of committed bank facilities maturing in 2013, £13.5 million of committed bank facilities maturing in 2014 and £20.5 million of short term facilities. The £488.1 million committed facilities are sufficient to fund the Group's planned growth in new and existing markets through to November 2013¹. Although this is sufficient to support the business through to that date, there may be a risk that all or some of these facilities are not refinanced in the future.

The capital markets in the countries in which the Group currently operates are less developed and subject to greater volatility than developed markets. There is also a risk that a market in which the Group operates may become illiquid or less liquid in cash, thereby limiting the Group's access to cash in that market.

¹ These amounts were calculated using FX rate as at 30 June 2011.

This could hinder the Group's ability to raise, renew and service its borrowings in that market and affect its ability to extend credit to customers (and, potentially, the Group as a whole if that market forms a substantial part of the Group's business). At the extreme, this could lead to a breach of banking covenants causing all outstanding facilities to fall due for repayment or the going concern status of the business being called into question.

Even with sufficient debt facilities at a Group level, local currency debt funding may not be available in each country or may only be available at a prohibitively high cost and it may not be possible to swap funding available to the Group in other currencies into local currency. The alternative of funding local currency receivables by borrowing in another currency may represent an unacceptable risk to the income statement or balance sheet of the Group.

Failure to secure liquid funding and ensure covenant compliance, notwithstanding the considerable resources which the Group devotes to managing liquidity risk, could adversely impact the Group's business, results of operations and financial condition.

Credit quality risk: The Group is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which may be driven by, for example, socio-economic or customer-specific factors linked to economic performance. For instance, in 2009, the Group experienced a significant rise in impairment levels due to the global economic downturn. The impact of higher impairment levels on the profitability of the Group is likely to be exacerbated by a consequent reduction in the reservable customer population (those current customers with the potential to take a new loan) causing a rapid fall in the Group's revenue at a time of increased impairments.

Declining credit quality and increased impairment levels impact profitability, the number of reservable customers, and employee and agent engagement and could ultimately have a material adverse effect on the Group's business, results of operations and financial condition.

Exchange rate fluctuations: The Group is subject to risks associated with exchange rate fluctuations. Although the Group is based in the United Kingdom and files its consolidated financial reports and accounts in sterling and pays dividends to shareholders in sterling, all of its existing operations are based overseas and most of its profits and losses are denominated in foreign currency. The Group's policy is to hedge a significant proportion of the sterling value of foreign currency denominated profits and losses within a financial year. However, in the longer term, the sterling value of foreign currency denominated profits and losses cannot be effectively hedged and so exchange rate fluctuations may adversely affect the Group's income statement account, its reserves or future cash flows.

Additionally, the existing operations of the Group have net assets which are denominated in foreign currencies. The Group's policy is to use local currency borrowings to the maximum possible level to fund local currency assets to provide a natural hedge (either through direct borrowings or via currency

transactions for funding raised in non-operational currencies). Any residual exposure remains unhedged.

Prior to the issuance of €225 million five year bonds in August 2010, the Group managed any currency mismatch between borrowings and customer receivables by borrowing from its committed multi-currency bank facilities in the currency in which the customer receivables were denominated. The €225 million bond issuance resulted in a currency mismatch between the currencies in which the customer receivables of the Group are partly funded. The Group swaps the euro bond proceeds into the Group's operational currencies to provide intra group funding to the Group subsidiaries. Exchange rate fluctuations may have the effect of reducing or removing the overall headroom on the Group's debt facilities (by reducing the difference between its euro bond proceeds and its multi-currency funding requirement). The majority of the Group's current bank facilities are denominated in foreign currencies, such that committed local currency funding is in place to partly fund local currency assets. A number of these facilities, including the Group's syndicated facility, can be drawn in alternative currencies (such as sterling or euro) on a committed or uncommitted basis.

There can be no assurance that the Group will be successful in negating the potential impact of risks associated with volatility in foreign currency exchange rates. Such rates or changes could have a material adverse effect on the ability of the Group to fund its growth strategy, the value of the Group's future cash flows required to pay dividends and on its results of operations and financial condition.

Interest rate fluctuations: To the extent that interest costs are not fixed or hedged on borrowings required to fund fixed rate loans to customers for the duration of the repayment period, there is a risk that increases in interest rates will reduce the profit margin on that credit advanced to customers.

In order to limit its net exposure to interest rate risk, the Group enters into hedging transactions. These transactions are solely for the purposes of efficient interest rate and currency risk management and not for speculative purposes. If the Group engages in hedging transactions, it will be exposed to risk of default by derivative counterparties.

There can be no assurance that the Group will be able to successfully manage the potential negative impact of risks associated with rapid interest rate changes. Such changes could have a material adverse effect on the Group's business, results of operations and financial position.

Cost inflation: The revenue which can be earned by the Group from the vast majority of its customer loans is fixed at the outset of that loan. However, most of the costs attributable to that revenue are subject to inflation. Employee costs and branch and head office running costs will increase through a combination of earnings and price inflation and can erode profitability. Significant cost inflation coupled with failure by the Group to protect itself against such inflation could materially and adversely affect the results of the Group.

(C) *The Group is exposed to the risk of political or economic instability in the markets in which it operates.*

The Group has operations in Poland, the Czech Republic, Hungary, Slovakia, Romania (all of which are members of the European Union) and Mexico (which is a party to the North American Free Trade Agreement). These are emerging markets undergoing rapid economic, political and social development.

The Group's operations are and will continue to be exposed to risks common to regions undergoing rapid political, economic and social change, including economic recession, currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, tax regime changes, local market disruption and labour unrest. The prevailing political, economic and social conditions in a territory may significantly affect the general demand for loans, other credit services in that territory, the creditworthiness of the Group's customers and the regulatory and taxation regime in which the Group operates. Restrictions on the ability of the Group to freely move capital and dividends from subsidiaries to the holding company in the United Kingdom may inhibit or prevent the Group from meeting its obligations to repay loans or meet other obligations.

(D) *The Group's operations tend to be based in markets which include comparatively new legal and regulatory systems.*

The legal systems of most central and eastern European countries in which the Group operates and Mexico have undergone substantial change in recent years. In many cases, the interpretation of the new legal and regulatory systems is still being developed, which may result in existing laws and regulations being applied inconsistently and this leads to a greater risk of an unexpected adverse impact.

In some circumstances, it may not be possible to obtain timely legal remedies provided for under these laws and regulations. In the less developed markets in which the Group operates or may enter in the future, judicial and dispute resolution systems may be less developed. In case of a dispute, there may be difficulties in making and enforcing claims against customers or other contractual counterparties. If claims are made against the Group, there may be difficulties in defending such allegations. If the Group becomes party to legal proceedings in a market with an insufficiently developed judicial system, it may be difficult for the Group to make a reasonable qualification or quantification of any judicial or litigious proceedings, commenced or otherwise.

There can be no assurance that the Group will be able to mitigate successfully country risk in central and eastern Europe and in Mexico nor that political, economic and social developments in such territories will not have a material and adverse effect on the business, results of operations and financial condition of the Group nor inhibit the Group's ability to implement its strategies.

1.2 The Group's business is subject to extensive regulation and associated regulatory and litigation risks (including the effects of changes in the laws, regulations, policies or their respective interpretations in the markets in which it operates) which could have a material adverse effect on the Group's business, results of operations and financial condition.

(A) *The Group may be affected by changes in financial services regulation, or other law, regulation, rules, guidance, codes of conduct, government policies and/or their respective interpretations applicable to the Group or affecting the industry and markets in which the Group operates.*

The Group's operations are subject to legislation, regulations, rules, guidance, codes of conduct and government policies in the jurisdictions in which it conducts business and in relation to the products it markets and sells (for further information in relation to the regulation to which the Group is subject, see the Regulatory Information section of this document). Regulatory authorities have broad jurisdiction over many aspects of the Group's business, marketing and selling practices, advertising and terms of business.

Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes.

As with other financial services institutions, modifications to existing legislation, regulation, rules, guidance, codes of conduct, government policies and/or their respective interpretations and/or new legislative and/or regulatory initiatives affecting the industry and markets in which the Group operates, may materially and adversely affect, amongst other things, the Group's product range and activities, the sales and pricing of its products, the Group's profitability, solvency and capital requirements and may give rise to increased costs of compliance. The total charges for the Group's loans are higher than for loans provided by mainstream banks, reflecting the higher lending risk, the absence of default fees for missed payments on the majority of loan agreements and the high level of personal service provided by the agent. This can attract criticism and bring calls for statutory caps on charges made. The Group has responded to the introduction of caps on interest rate or APR by the use of its flexible product, the principal feature of which is that agent service is provided as a separate, optional service. Customers who choose agent service pay a service fee but generally do not pay default fees or additional interest charges for missed payments whilst those who decide not to take agent service make repayments via the bank or post office but are liable to default fees for missed payments. Both the optional agent service fee and default fees generally fall outside of interest rate or APR caps in the markets in which the Group operates. If these charges were to be included within the scope of interest rate or APR caps, the Group's profitability may be adversely affected and, if set at a sufficiently low level, the Group's business model may no longer be profitable.

Potential legal and regulatory changes in relation to the Group's business could include the introduction of further, or changes to existing, interest rate or APR

(and other types of lending) restrictions, changes to usury or good moral laws, withdrawal of a key licence or removal of an entry from the relevant register, changes to the laws or regulations on, or prohibition of, doorstep lending, more restrictive product regulation, more stringent consumer credit legislation, responsible lending legislation, employment and health and safety legislation, implementation of new or more stringent licensing or registration procedures (for example, the introduction of financial intermediary licensing or the introduction or tightening of licensing requirements for non-banking financial institutions), broader grounds for challenges to the Group's commercial practices or product terms and conditions by customers or interest groups and any other legal or regulatory changes designed to restrict the growth of credit in any given country in which the Group operates.

On 12 September 2011, in a speech to the Hungarian parliament, Prime Minister Orban suggested that his government may propose legislation to limit the APR on consumer loans to not more than 30%. As at the date of this Prospectus, it is not possible to estimate the impact, if any, of the enactment of this proposal on the Group's business.

In 2010, legislation was passed in Mexico which created a regulatory framework giving additional powers to the Central Bank to set caps on rates, commissions and fees and the Central Bank has exercised its powers to limit commissions and charges applicable to bank accounts. The regulations do not impact directly on the Group's business on the basis that it applies to financial institutions only and the Group's Mexican business operates as a non-regulated commercial entity. There will however, inevitably be pressure to comply with rates established by the Central Bank if limits are applied to consumer loans.

In early 2010 a draft amendment to the Czech Consumer Credit Act was proposed which sought to empower the Government to impose a cap on the annual percentage rate applied to consumer credits. The proposal was rejected by the Parliament, and there are no similar proposals currently under consideration.

Amendments to the Slovak Consumer Credit Act and Civil Code came into force in June 2010. The amendments to the Civil Code include a provision that the consumer credit provider's remuneration may not be substantially higher than remuneration for consumer credit loans provided by lenders in "similar circumstances". Whilst the approved amendment to the Civil Code specifies how "similar circumstances" are to be assessed, it is nevertheless uncertain how the Slovak courts will interpret this provision and accordingly there is a risk that the Group's Slovak business could be adversely affected.

The Group's operations in central and eastern European jurisdictions are exposed to a risk that courts could invoke civil law provisions in order to render void contracts that contain provisions that are entered into in bad faith or that are contrary to rules of social coexistence. Most countries also contain criminal law provisions that enable penalties to be imposed on those persons responsible for transactions that are deemed usurious.

Member states were obliged to amend or replace their existing consumer credit legislation in order to implement the provisions of the new consumer credit directive, Directive 2008/48/EC (the “**CCD**”), by June 2010. With the exception of Poland, the European markets in which the Group operates have all now implemented the CCD, albeit late in some cases. Polish legislation has been passed and will come into force in December 2011.

In some cases, the local implementing legislation differs slightly from the CCD and there is a possibility that local interpretation of the rules may vary. To date, the only significant impact of the CCD on the Group has been the increased amount of rebate payable in the event of early settlement, although this was budgeted for in advance by the Group.

The system changes required to support the Group’s markets which have implemented the CCD have been delivered by the Group in line with the requirements and timetable of the CCD. The Group foresees no issues in delivering the required systems changes for the Group’s Polish business when implementing the requirements of the CCD, which will come into force in December 2011.

There are a number of additional initiatives within the EU Commission that have the potential for regulatory developments that could have an impact on the Group:

- The Commission completed a consultation on responsible lending and borrowing in 2009, to which the Group submitted its response. The main focus of the Commission is on mortgage credit for the time being, possibly with some work in the credit intermediaries area, and a draft Directive was published in March 2011. While this is not expected to impact the Group’s European business in the form of additional regulatory requirements, its progress is being monitored;
- In June 2009, the Commission announced a tender for a study on the effects of interest rate restrictions, which was carried out during 2010. The study was published in January 2011. The Group has submitted a response to the consultation in March 2011 along with an independent report on the study which the Group commissioned. The Commission’s feedback on the consultation is awaited; and
- The Insurance Mediation Directive was subject to a consultation which closed in January 2011. Unless there are significant changes to the current regime, this is not expected to impact significantly on the distribution of insurance currently included as part of the Polish product.

The Group’s Romanian subsidiary, Provident Financial Romania Institutie Financiera Nebancara S.A. (“**Provident Romania**”) was registered in the General Register of Non-banking Financial Institutions (“**NBFIs**”) kept by the National Bank of Romania for carrying out consumer credit activities on 3 August 2007. If an NBFi meets certain criteria it must be registered in the Special Register held by the National Bank of Romania. To date, Provident

Romania has not met these criteria and is not anticipated to do so for the foreseeable future. However, the Group may qualify for inclusion into the Special Register in the future if entry criteria are changed. If an NBFIs is registered in the Special Register it is obliged to observe stricter requirements contained in the Romanian NBFIs Act (brought into force on 24 April 2009) and the NBFIs Regulation (which relates to the application of the NBFIs Act), not least around documentation requirements and a maximum loan-to-income ratio based on the consumer's taxable income. This may limit the size or volume of loans that the Group can make to its Romanian customers, thereby reducing profitability.

The Group may have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance, however, that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition.

(B) *The Group may be subject to changes in tax laws or regulations, or their respective interpretations.*

Although the Group is headed by a UK holding company, the Group does not have substantial operations in the UK. This exposes the Group to the UK's international tax regime, including its controlled foreign companies regime, and makes the UK tax position more difficult to manage. The treatment of such international groups under UK tax law has been, and continues to be, subject to significant change. Changes in accounting rules could also significantly impact the Group's tax liabilities. Such changes in the tax environment and accounting rules could materially and adversely affect the Group's financial position and ability to achieve its business objectives.

Tax legislation and interpretation in the jurisdictions in which the Group operates has been subject to significant change. With respect to subsidiaries based in central and eastern Europe this is due partly to EU accession. Coupled with this, a home credit business has a number of unusual features which make it unclear as to how overseas tax authorities will tax certain aspects of the operations. For example, the rules which determine the extent to which tax relief for impairment is obtained are often very complex and in certain jurisdictions in which the Group operates have been subject to significant change. A restriction in the availability of tax deductions for impairment could significantly increase the Group's tax liabilities and reduce post-tax returns.

Adverse changes in, or conflicting interpretations of, tax legislation and practice in the different jurisdictions in which the Group operates, may lead to an increase in the Group's taxation liabilities and effective tax rate. As with other financial services institutions operating within the EU, the Group is subject to the risk of additional taxation arising from new taxes levied on the financial

sector, including an EU Financial Activities Tax or Financial Transaction Tax, if implemented.

In the overseas markets in which the Group operates, certainty of tax treatment may only be obtained once the operation has been subject to tax audit and these take place irregularly, typically once every four to six years. The Group therefore typically carries a higher level of tax uncertainty than a similar group operating exclusively within the United Kingdom, where the tax authority carries out a review on an annual basis.

In December 2009, the Hungarian tax authority commenced a full scope tax audit of the Group's Hungarian business in respect of the years 2006 and 2007. The Tax Authority has issued a First Resolution, followed by a Second Resolution issued in October 2010, finding the company liable to HUF 1.3 billion in respect of an alleged technical error in 2006. The company lost its appeal against the Resolution in the Budapest Municipal Court at the end of June 2011, and if appropriate will apply for a supervisory measure before the Supreme Court. The full amount has been provided for in the Group's 2010 accounts.

In October 2010 a tax audit was commenced in respect of one of the Group's Mexican subsidiaries for the year 2006. The audit is ongoing and it is too early to assess the expected outcome. All years from 2006 onwards are currently open for audit in Mexico. The Group's Polish subsidiary was subject to a tax audit with respect to years 2003 and 2004. All years from 2005 onwards are open for future audit. The Group's Czech subsidiary was subject to a tax audit with respect to years 1999 to 2001. However, based on current legal precedent in the Czech Republic, the years 2007 and earlier are no longer open to audit, thus only years 2008 onwards remain open for future audit. The Group's subsidiary in Slovakia has never been subject to tax audit, although years 2005 onwards are open for future audit. The Group's Romanian subsidiary has also never been subject to a tax audit, and all years since the company's establishment in 2006 remain open for future audit.

Changes to taxation law, which includes rules governing indirect taxes, personal taxes and capital taxes may also affect the attractiveness of certain products offered by the Group. This could result in a significant reduction in sales of those products which, in turn, could have a material adverse effect on the Group's business, results of operations and financial condition.

As with other financial services institutions operating within the EU, changes to the VAT treatment of financial services may materially and adversely affect, among other things, the Group's sales and pricing of its products and the Group's profitability. The EC Commission is actively considering revisions to the current Directive governing the VAT treatment of insurance and financial services, and has issued a working paper and adopted a proposal for a Directive aimed at modernising and simplifying the complex VAT rules for financial and insurance services, although currently there is no firm timeline for implementation. Changes to the description of VAT exempt financial services may have a material adverse impact on the Group's VAT position in terms of the

VAT status of supplies to customers and of services received from suppliers including agents.

(C) *The Group is, and in the future may be, subject to regulatory and legal actions or intervention in the ordinary course of its business.*

Information on the regulatory framework within which the Group currently operates can be found in the Regulatory Information section of this document.

The Group is subject to risks of regulatory investigations and proceedings and/or litigation in connection with its business.

On 18 August 2009, Provident Polska Spółka Akcyjna ("**Provident Polska S.A.**") (the Group's Polish subsidiary) received a writ from the President of the Office for Competition and Consumer Protection in Poland ("**UOKiK**") alleging that a provision contained in its template loan agreements which stipulates that early settlement rebates shall be given in respect of interest only and not in respect of insurance and home credit fees constitutes a breach of the Code of Civil Procedure in Poland. A number of other lenders' practices have also been challenged. The statement of claim was strongly rebutted by Provident Polska S.A in its response dated 1 September 2009, submitted to the Regional Court in Warsaw - Court for Competition and Consumer Protection. The court of first instance issued a verdict in UOKiK's favour in April 2011 which the Group is appealing. The matter is still going through the court process. An unfavourable final ruling could damage the reputation of the Group and could adversely affect the Group's operating results.

Regulatory and legal actions may be difficult to assess or quantify and may seek recovery of large or indeterminate amounts, which may remain unknown for substantial periods of time. In addition, such actions could result in adverse publicity for, or negative perceptions regarding, the Group or could affect its relations with current and potential customers, as well as divert management's attentions from the day-to-day management of the Group's business.

(D) *The Group could be subject to competition regulatory action or to a restriction on, or regulation of, its business activities if it is found to be dominant in a particular market or if a market in which it operates is not operating competitively.*

If any company within the Group was perceived to have a position of dominance, that company could be subject to challenge pursuant to competition laws which prohibit the abuse by a company of its dominant position. The application of those laws might constrain the relevant company's trade practices and, for example, might limit prices charged or limit the bundling of products. If any company within the Group was found to have abused any dominant position, it could be subject to regulatory action (which may, in the case of those companies breaching Article 102 of the Treaty on the Functioning of the European Union, include fines of up to 10 per cent. of the Group's worldwide turnover for the preceding business year) and to third party damages actions.

If local fair trading and/or competition authorities were to consider that any market in which a Group company operates is not functioning competitively, that market could be subject to investigation. The relevant authority might launch an investigation, for example, on the basis of a complaint it had received or because of its own concerns about the relevant market. It is possible that any such investigation could identify competitive weaknesses in the relevant market. If this were the case, the relevant authority would be able to require the industry participants to alter their practices, including by imposing controls on the company's pricing or other structural changes to products.

1.3 Changes in the small sum credit markets in any of the Group's markets and, in particular, an increase in competition in any of the Group's markets, may materially and adversely affect the business, results of operations and financial condition of the Group.

There is the risk of an increasing level of competition from existing or new competitors in the small sum credit markets in which the Group operates (in the home credit sector, small sum credit card sector and in other credit product sectors). The Group's business model, which has high direct and overhead costs, may become unsustainable in the face of competition from other lenders who operate business models with lower direct and overhead costs.

Competition from remote lenders for those customers at the higher socio-economic end of the home credit sector could intensify as the prime market matures and mainstream financial institutions seek to move down the credit ladder. Aspiring competitors may be prepared to offer remote-collection products in the small sum credit sector at lower prices than the Group is able to offer.

An increase in competition may reduce market share leading to increased costs of customer acquisition and retention, reduced credit issued, greater pressure upon the Group to recruit and retain high calibre staff, lower revenue and lower profitability.

2. Risks relating to the Group's business

2.1 The Group may incur losses or liabilities from the business failure of a counterparty and/or defective transactions or contracts which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may incur losses if a counterparty, such as a key supplier or operational partner, ceases to operate. There is a risk of business failure of a counterparty, such as an IT services outsourcer, which may cause significant disruption to the business or impact upon the Group's ability to operate.

Loss may arise or liabilities may be incurred from defective transactions or contracts, either where contractual obligations are not enforceable or are judged unlawful or do not allocate rights and obligations as intended, or are enforceable against the Group in an adverse way. This may arise in a number of ways.

The Group may incur losses if it cannot recover all or part of the debt from its customers because its contracts with those customers are held to be partly or wholly unenforceable. For example, local or national courts may find a customer contract to be in breach of anti-usury or “good morals” laws and regulation and therefore unlawful thereby also increasing the risk that the number of claims by customers seeking to avoid their loan repayment will increase. Failure by the Group to sustain effective debt recovery methods or a loss in confidence of the Group to recover debt under its contracts with customers, by recourse to the courts or otherwise, could severely impede the Group’s business in the affected jurisdiction. In addition, there are ongoing developments at an EU level with regard to collective redress as a means of addressing mass consumer claims. Various proposals are being considered and although it is too early to assess the potential impact of the EU initiatives on the Group’s business, there are specific legislative proposals already underway in Hungary which, if passed, would introduce class actions for civil claims and may pose a risk of the relevant subsidiary being party to a collective dispute in the event that it commences litigation or if litigation is commenced against it. Similar provisions came into force in Poland in July 2010.

In most territories, the home credit agent is treated as being self-employed rather than being an employee or agent of the relevant entity of the Group. In certain countries, however, business entities must perform their usual business activities through employees. There is a risk that the interpretation of employee or agent could be challenged; a challenge, if successful, may result in increased costs of operation for the Group and at the extreme, may require the Group to reassess its home credit business model and/or discontinue its operations in the affected locality.

A challenge (on the basis that there is an employment relationship) to the self-employed status of the home credit agents could also, if successful, render the relevant entity within the Group liable to, amongst other things, fines for breach of the relevant legislation and additional taxation or social security payments on behalf of all persons whose status is reclassified from self-employed to employee.

Businesses within the Group could face penalties (financial or otherwise) if found to be in breach of legislation (at domestic or EU level) prescribing working conditions for employees (including, in particular, the number of working hours). Any such adverse decision could require the affected business to make changes to its employee and/or agent remuneration and structure.

2.2 Challenges to the tax treatment of arrangements amongst the companies in the Group could materially and adversely affect the Group’s financial and operating results.

In establishing new home credit operations overseas, the Group in the UK has provided the overseas operations with the know how and intellectual property required to set up and run a successful home credit operation. The Group has also provided and continues to provide significant services and assistance to the overseas businesses both in the initial phases of the overseas operation and on a continuing basis, and also provides debt options guaranteeing the collectible value over Polish receivables in consideration for debt option fees. The Group also provides loan funding to certain of the Group’s overseas businesses and a guarantee of third party debt. The provision of the know how, services, loans and guarantees is priced, for transfer pricing purposes,

on what is considered to be an arm's length basis. Whilst the pricing has been discussed in advance with HM Revenue & Customs, and the pricing methodology in respect of intragroup loans and the provision of guarantees of third party debt has been agreed with HM Revenue & Customs under an Advanced Pricing Agreement for the accounting periods through to 2015, the Group is nevertheless exposed to the risk of a challenge by tax authorities in respect of intra-group payments. To the extent that such a challenge were to result in an adjustment to the taxable profits of one entity without a corresponding adjustment in the counterparty entity, this would have an adverse impact on the Group's tax charge. It could also give rise to an exposure to interest on late paid tax which would represent an additional cost to the Group.

2.3 The business strategy of the Group, both in respect of existing markets and new markets, is subject to a number of risks which could have a material adverse effect on the Group's business, results of operations and financial condition.

(A) *The growth of the Group and its business performance depends in part upon the ability of the Group to penetrate successfully its existing markets, as well as stimulating and maintaining profitability in those markets.*

To achieve and sustain growth, the Group will need to respond successfully to economic cycles and changing preferences of its customer base in each of the markets in which it operates, offer products in those markets which are tailored to meet the needs of that market and successfully market those products. Successful performance of the Group's business model and customer growth as well as stimulation and maintenance of profitability in the Group's markets may be jeopardised by (i) a global or local economic downturn which is likely to exacerbate business volatility and operating risk in some or all of the markets in which the Group operates, (ii) failing to respond successfully to competition, (iii) failing effectively to manage the process of addressing the target markets and acquiring customers, and (iv) failing to adapt the product ranges to changes in target markets and customer requirements.

(B) *The Group may be prevented from entry or misjudge entry into a new geographic market.*

The Group may be prevented from entry into a new geographic market or may make an error in judgement of entry into a new geographic market, notwithstanding any research or pilot it undertakes beforehand. The Group may be precluded from entry into a new geographic market due to insufficient debt funding being available to fund geographic expansion, or due to a lack of management and/or agent resource. The Group may not be able to successfully support its growth strategy in a newly entered geographic market if it cannot recruit agents and well-qualified managers in that market. The Group may not be able to take advantage of market opportunities due to under-performance elsewhere in the Group's business. The Group may misjudge customer demand or requirements or it may not be able to respond to local conditions or competitive pressure so that its operations in new geographic markets do not perform as expected.

If the Group consequently withdraws from a market (as it did in April 2009 following a pilot in Russia), the Group will incur costs of withdrawal and may have lost out on the opportunity of having instead entered another more appropriate market. The losses will be of greater magnitude if the Group makes such an error in relation to a number of markets and this could materially and adversely affect the Group's business, results of operations and financial condition.

Moreover, if future profits do not materialise on entry into a new market or the Group withdraws from the new market, effective tax relief for start up losses will not be available and may lead to an adverse impact on the Group's tax charge.

(C) *The Group may misjudge the implementation of a new product group or customer acquisition channel or of a new pricing or credit assessment method or analytical tools and data.*

The Group may seek to introduce new product groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. However, the Group may make an error of judgement in the conception, planning and/or implementation of these strategies and methods, which may materially and adversely affect its results of operations and financial condition.

2.4 Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people, employee relations, systems, the failure to manage change or key resources, the loss of key people, the inadequacy of business continuity planning, political or economic risks, or from other external events, such as fraud and the failure to realise cost savings initiatives. Operational risks are inherent in all of the Group's business units and if any of these operational risks should occur, they could have a material adverse effect on the Group's business, results of operations and financial condition.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either IPF or the Group will be unable to comply with its continuing obligations under the UK Listing Authority's Listing Rules, Disclosure Rules or Transparency Rules.

(A) *Possible risks to agent safety could adversely affect the Group.*

Possible risks of personal injury to the Group's agents could affect the ability of the Group to retain and engage agents or employees to perform home collection, or the ability or willingness of its managers to visit customers (either generally or in particular geographic areas), could give rise to an increase in personal injury claims against the Group and may damage the reputation, brands and profitability of the Group. It may also lead to a change in legislation, regulations, rules, guidance, codes of conduct and government policies relating to the health and safety of agents and employees performing home collection,

which may require the Group to review its agent delivery and collection model and which may be adverse to the business, results of operations and financial condition of the Group. The personal safety of agents and other employees continues to be a priority of the Group and to that end, the Group has implemented formal health and safety policies and procedures. Notwithstanding the aforementioned precautions taken by the Group, a small number of the Group's agents have nevertheless sustained fatal or other personal injuries during the course of, or for reasons related to, their work for the Group over a number of years.

(B) *Failure to attract, motivate and retain high calibre agents, operational management and certain other key employees could adversely affect the Group.*

The Group is dependent on its ability to attract, motivate and retain high quality and highly skilled agents, operational management and certain other key employees. The Group is dependent on its key personnel in order to sustain, develop and grow its business and there can be no assurances that these employees will remain with the Group.

The Group may expand into new products and markets in the future and such expansion can place a significant strain on existing management, employees, systems and resources. In particular, the success of the Group's strategy to expand into new geographic markets will depend to a large degree on bringing through existing middle management to more senior roles and successful recruitment at a senior level. As the Group grows, it will need to recruit and retain additional suitable personnel and failure to do so could result in a reduction in the Group's growth and profitability.

Moreover, the Group needs to continue to engage agents in order to service existing customers and to seek new business at a pace which serves both the Group's existing requirements at any given time as well as any future policy for expansion. The success of the Group's strategy to expand the business will depend on the ability to identify, engage, motivate and incentivise a sufficient number of high calibre agents to enable the Group to achieve increased scale and expand into new geographic markets in the future.

The Group also needs to be able to retain its agents and operational managers. Experience has shown that the longer an agent or operational manager remains with the Company, the better he or she performs. Experienced agents also promote customer loyalty through developing relationships with their customers and through subsequent loans to customers.

The loss of key personnel or of a substantial number of talented employees or an inability to attract, retain and motivate the calibre of agents and operational managers required for the continuation of, and the expansion of, the Group's activities (as a result of, for example, increased employee competition at the local level, a lack of senior manager opportunities or failure to provide adequate rewards), could cause disruption to the Group's business and have a material

adverse effect on its business, growth prospects, results of operations and financial condition.

- (C) ***Failure to attract, motivate and retain high quality and highly skilled personnel at all levels of the Group's business could materially and adversely affect its business, results of operations and financial condition.***

The Group is dependent on its ability to attract, motivate and retain high quality and highly skilled management. The Group is dependent on existing key executives and its senior to middle management in order to sustain, develop and grow its business and there can be no assurances that these employees will remain with the Group.

The loss of key personnel or of a substantial number of talented employees or an inability to attract, retain and motivate the calibre of employees required for the continuation of, and the expansion of, the Group's activities, could cause disruption and adversely affect its business, results of operations and financial condition.

- (D) ***System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits, and/or cause reputational damage to the Group.***

The Group's business depends on its ability to process a large number of transactions efficiently and accurately. The Group's ability to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Group, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data and a failure to provide quality service to customers. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Group depends.

The Group has in place certain business continuity plans to guard against service disruptions. These include regular testing of information technology recovery and branch recovery, a testing programme for the main systems which support the key processes within the business of the Group, a formal business continuity planning reporting structure, an information technology penetration test, physical information technology security tests, a quarterly review of testing activity and formalisation of future strategy. However, the Group's business continuity plans may prove to be inadequate.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives. In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and agent disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group's operations and financial situation and may damage its reputation and brand.

(E) *The Group may be adversely affected by the failure to manage change.*

In order to successfully implement its development and growth strategy, the Group has established certain procedures in order to manage changes that may be required to the Group's existing business and operations. These include system pilots, compliance frameworks, monitoring programmes, audits and regular progress reporting. Despite these controls, however, a new project, system, product or guide may fail to deliver the business benefits required to implement the Group's business model and/or growth strategy. A failure in the Group's change management can be for reasons such as non-compliance with best practice, technology failure, unexpected changes in external conditions and resource constraints. Failure to deliver on the Group's change programme could have a material adverse effect on its business, results of operations and financial condition.

(F) *Pandemics may adversely affect the Group.*

A pandemic outbreak may threaten the Group's agent delivery and collection model in some or all of the markets in which the Group operates depending on the severity of the outbreak and the restrictions on movement put in place by national governments and/or the World Health Organisation. The severity of a pandemic is inherently unpredictable. A large-scale pandemic could have a material adverse effect on the Group's business, results of operations and financial condition. The extent of the Group's losses is dependent on a number of factors, including but not limited to, the number of customers and employees affected, the severity of the health risks associated with a particular pandemic,

the extent of national and international travel restrictions, the nature of restrictions on home collection and the length of employee absence. The Group's efforts to protect itself against pandemics, such as implementation of the Group pandemic plans, the establishment of a Group pandemic steering group to oversee preparations, the establishment of country pandemic steering groups and long-term absence planning, may not be adequate.

(G) *Catastrophes and weather-related events may adversely affect the Group.*

The Group's business relies on the ability of agents to collect and arrange loans, and on customers having sufficient household income to repay those loans. Catastrophes and weather-related events including, but not limited to, earthquakes, volcanic eruptions, severe storms, flooding and prolonged periods of snow or freezing weather affect both the ability of agents to arrange and collect loans, as well as the ability of customers to repay loans if their household income is significantly reduced as a result. The incidence and severity of catastrophes and weather-related events are inherently unpredictable. Catastrophes and weather-related events, therefore, may have a material adverse effect on the Group's consolidated financial condition, results of operations and cash flows.

(H) *The Group may be affected by disputes with or the failure of adequate provision of services by key third party suppliers.*

As with other retail financial services groups, disputes arising with, or failure of adequate provision of services by, third parties who provide ancillary services which are material to the Group's business (for example, the provision of equipment, software and associated services in connection with the FOCUS transaction and arrears management software) may cause disruption to the Group's operations, result in losses, may lead to incurred legal and court costs and also detract management's time from the Group's business, thereby affecting it, its results of operations and financial condition.

2.5 The success of the Group's business is dependent on the Group's brands and reputation. Damage to the Group's brands or reputation or a decline in customer confidence in the Group or its products could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's success and, in particular, sales and collection, are dependent, in part, upon the strength of the Group's brands and the reputation of its business. The Group operates a business model where integrity and customer trust and confidence are vitally important. The Group could suffer damage to its reputation and brands as a result of adverse publicity in connection with, for example, the perception of unreasonably high charges (when compared with prime market providers and non-home credit products) for its home credit products and/or adverse publicity could derive from the activities of legislators, pressure groups and the press in spite of high levels of satisfaction amongst its customers. Such adverse publicity could directly affect customer willingness to take Group products or make contractual repayments, make it more difficult for the Group to recruit and retain management, employees and agents and thereby directly affect profitability. It could also adversely affect its ability to engage and retain agents.

Unfavourable publicity could in turn lead to increased pressure for changes to regulation of the consumer credit industry in the relevant market, with material and adverse consequences on the Group's business, results of operations and financial condition.

2.6 Impairment of the value of intellectual property could diminish the competitive position of the Group which could have a material adverse effect on the Group's business, results of operations and financial condition.

If there is any unauthorised use or infringement of the Group's intellectual property rights and the Group fails to enforce such rights, or the Group fails to maintain its database rights and the database's integrity, the value of the Group's products and services could be diminished, its competitive position could be adversely affected and its business may suffer.

Third party rights in respect of the "Provident" name may exist in some countries in which the Group does business or intends to do business in the future. If such third party right owners brought infringement proceedings, the Group's right to use the "Provident" name in such countries may be restricted or impaired.

There are also risks inherent in using the same name as another entity as the Group may suffer the adverse consequences of any damage to the "Provident" name caused by such other entity.

If the Group discloses the source code of any material software which it owns or is licensed to use (for example, the FOCUS transaction and arrears management software), the value of such software may be impaired. If the Group develops software using external consultants and fails to enter into appropriate licence or assignment agreements, or uses third party software other than as permitted by the relevant licence, its right to use such software may be impaired and there may be a risk of infringement of third party rights.

2.7 Failure by a member of the Group to comply with privacy and data protection laws and regulation may lead to action being taken against that member and/or the Group which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group relies on the collection and use of information from customers to conduct its business. It discloses its information collection and usage practices in a published privacy policy on the websites of its operating entities, which may be modified from time to time to meet operational needs, changes in the law or industry best practice. Companies within the Group may be subject to investigative or enforcement actions by data protection authorities, legal claims and reputational damage if they act or are perceived to be acting inconsistently with the terms of the privacy policy, customer expectations or applicable law. In addition, concern among customers about the Group's privacy practices could deter them from using its services and require the alteration of its business practices with attendant costs and possible loss of revenue.

Concerns may be expressed about whether the Group's use of data compromises the privacy of customers. Concerns about the Group's collection, use or sharing of personal

information or other privacy-related matters, even if unfounded, could damage its reputation and operating results.

Data protection legislation and regulation in the jurisdictions in which the Group operates may change in the future and impose new burdensome requirements, compliance with which may increase the Group's costs or require it to change the way it conducts business with attendant costs and possible loss of revenue.

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

1. Notes may not be a suitable investment for all investors

Each potential investor in any 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus 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 relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 relevant 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 and such instruments may be purchased by investors 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 the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

2. 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 certain such features:

2.1 Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. 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 reinvestment risk in light of other investments available at that time.

2.2 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) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (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 likely will 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.

2.3 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 its investment.

2.4 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.

2.5 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 such 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.

2.6 Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such 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, 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, the fixed rate may be lower than then prevailing rates on its Notes.

2.7 Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal 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.

3. Risks related to Notes generally

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

3.1 Instruments subject to redemption for tax reasons

In the event that the Issuer or any Guarantor has or will become obliged to increase the amounts payable in respect of any Notes, Receipts or Coupons due to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any political subdivision or authority therein or thereof having power to tax, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, the Issuer may redeem all outstanding Notes in accordance with their Terms and Conditions.

3.2 Modification, waivers and substitution

The Terms and 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 Terms and 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, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such (iii) the substitution of another company in place of the Issuer as principal debtor under the Notes in the circumstances described in Condition 11 of the Terms and Conditions of the Notes or (iv) the release of a Guarantor or the accession of a new Guarantor in certain circumstances.

3.3 EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state is 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, or collected by such a person for, an individual or certain other persons resident in that other member state. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. The ending of such transitional period is 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. However, the Issuer and the Guarantors are required, save as provided in Condition 7 of the Notes, to maintain a Paying Agent in a member state that is not obliged to withhold or deduct tax pursuant to the Directive.

3.4 Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. 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 issue of the relevant Notes.

3.5 Integral multiples of less than €100,000

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will 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 it holds an amount equal to one or more Specified Denominations.

4. Risks related to the market generally

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

4.1 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 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.

4.2 Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantors will make payments in the Specified Currency (as defined in the “Terms and Conditions of the Notes” section of this document). 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.

4.3 Interest rate risks

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

4.4 Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. 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 suspended, revised or withdrawn by the rating agency at any time.

5. 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 advisers 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 is qualified in its entirety by the remainder of this Prospectus.

Issuer:	International Personal Finance plc
Guarantors:	IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited
Description:	Euro Medium Term Note Programme
Size:	Up to EUR 1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	Citigroup Global Markets Limited
Dealers:	Citigroup Global Markets Limited, HSBC Bank plc, Numis Securities Limited and UniCredit Bank AG
	<p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Trustee:	The Law Debenture Trust Corporation p.l.c.
Issuing and Paying Agent:	Citibank, N.A., London Branch
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “Final Terms”).</p>
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the

issue price of which will be payable in two or more instalments.

- Form of Notes:** The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) only. Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.
- Clearing Systems:** Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
- Initial Delivery of Notes:** On or before the issue date for each Tranche, if the relevant Global Note is a NGN, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
- Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
- Maturities:** 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.
- Specified Denomination:** Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus

Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) 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.; or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes: Zero Coupon Notes (as defined in “Terms and Conditions of the Notes”) may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “Terms and Conditions of the Notes”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes (as defined in “Terms and Conditions of the Notes”) or of interest in respect of Index Linked Interest Notes (as defined in “Terms and Conditions of the Notes”) will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

Interest Periods and Interest Rates: The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the supplementary prospectus.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption. In addition, if so specified in the Final Terms in respect of an issue of Notes, if a Change of Control Put Event occurs, a holder of a Note will have the option to require the Issuer to redeem such Note at 101 per cent. of its principal amount, together with any accrued interest thereon.
Status of Notes:	The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantors, respectively, as described in “Terms and Conditions of the Notes – Status of Notes”.
Financial Covenants:	The terms of the Notes will contain financial covenants in respect of the maintenance of a Consolidated EBITA to Consolidated Interest Payable Ratio and the Maintenance of Consolidated Total Borrowings to Consolidated Net Worth Ratio. See “Terms and Conditions of the Notes – Covenants”.
Negative Pledge:	See “Terms and Conditions of the Notes – Covenants”.
Cross Default:	See “Terms and Conditions of the Notes – Events of Default”.
Guarantee:	The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, Receipts and Coupons. Their obligations in that regard are contained in the Trust Deed.
Ratings:	The Programme has been rated BB+ by Fitch Ratings Ltd.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Early Redemption: Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes – Redemption, Purchase and Options”.

Withholding Tax: All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom, unless such withholding is required by law (in which case the Noteholders will receive such amounts as they would have received under the Notes had no such withholding been required, subject to certain exceptions as described in “Terms and Conditions of the Notes – Taxation”).

Governing Law: English.

Listing and Admission to Trading: Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market. Notes may also be issued on the basis that they will be admitted to listing and/or trading by such other or further listing authority and/or stock exchange as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may also be unlisted.

Redenomination, Renominalisation and/or Consolidation: Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

Selling Restrictions: The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom and Japan. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in

which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 13 September 2011 between the Issuer, IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited (as “**Guarantors**”) and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 19 April 2010 has been entered into in relation to the Notes between the Issuer, the Guarantors, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1. Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon

provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholder's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2 (b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called or put for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Guarantees and status of Notes

- (a) **Guarantee:** The Guarantors have unconditionally and irrevocably guaranteed, on a joint and several basis, the due payments of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, Receipts and Coupons. Their obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.
- (b) The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them and of the Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantors respectively, present and future.

4. Covenants

- (a) **Negative Pledge:** So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer and the Guarantors will not, and will procure, so far as they can by the proper exercise of voting and other rights or powers of control exercisable by it in relation to their respective Subsidiaries, that no such Subsidiary will, create or permit to subsist any mortgage, charge, pledge, lien or other encumbrance (other than any arising by operation of law) (a “**Security Interest**”) upon the whole or any part of its or their respective undertakings or assets (present or future) to secure any Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity given by the Issuer or any Guarantor or any of their respective Subsidiaries in respect of any Relevant Indebtedness, without at the same time as, or prior to, the creation of such Security Interest according to the Notes and the Coupons, to the satisfaction of the Trustee, the same security or such other arrangement (whether or not it includes the creation of a Security Interest) as the Trustee shall in its absolute

discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer or any Subsidiary may create or have outstanding (without any obligation to secure the Notes or Coupons) a Permitted Security Interest.

In this Condition 4(a):

“**Group**” has the meaning given to it in Condition 10;

“**Permitted Security Interest**” means a Security Interest on the undertaking or assets of a company acquired by a member of the Group after the Issue Date, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured by such Security Interest is not subsequently increased (or any Security Interest renewing or replacing the same);

“**Relevant Indebtedness**” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities and which is for the time being, or is capable of being, quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

“**Subsidiary**” has the meaning given to it in Condition 10.

- (b) **Maintenance of Consolidated EBITA to Consolidated Interest Payable Ratio:** So long as any of the Notes remains outstanding, the Issuer will not permit the ratio of Consolidated EBITA to Consolidated Interest Payable, as each is determined on a Rolling Twelve Month basis ending as of each Year-End Date and Semi-Annual Date, to be less than 2.0 to 1.0.
- (c) **Maintenance of Consolidated Total Borrowings to Consolidated Net Worth Ratio:** So long as any of the Notes remains outstanding, the Issuer will not permit the ratio of Consolidated Total Borrowings to Consolidated Net Worth to be greater than 3.75 to 1.0 as of each Year-End Date and Semi-Annual Date.
- (d) **Information:** The Issuer has agreed in the Trust Deed, so long as any of the Notes remains outstanding:
 - (i) **Financial statements**

to supply to the Trustee, as soon as available, but in any event not later than:

 - A. 120 days after each Year-End Date, a copy of its annual report containing its audited consolidated and unconsolidated, as applicable, financial statements for that financial year; and

- B. 90 days after each Semi-Annual Date, a copy of its unaudited consolidated interim semi-annual financial statements for that financial half-year;

(ii) **Compliance certificate**

- A. to supply to the Trustee, with each set of financial statements delivered pursuant to Condition 4(d)(i), a compliance certificate setting out (in reasonable detail) computations as to compliance with Conditions 4(b) and (c) above as at the date as at which those financial statements were drawn up; and
- B. that each compliance certificate shall be signed on behalf of the Issuer (but without personal liability) by two directors or a director and the secretary of the Issuer.

The Trustee shall be entitled to rely on such compliance certificates or any certificate delivered under Condition 4(d)(iii) without further investigation or liability and will not otherwise be responsible for monitoring compliance with Conditions 4(b) and 4(c);

(iii) **Requirements as to financial statements**

that it shall procure that each set of consolidated financial statements of the Issuer delivered pursuant to Condition 4(d)(i) is prepared using IFRS unless, in relation to any set of financial statements, it gives notice to the Trustee and to the Noteholders in accordance with Condition 16 that there has been a change in generally accepted accounting principles in the United Kingdom and it delivers to the Trustee:

- A. a description of any change necessary for those financial statements to reflect IFRS; and
- B. a certificate signed by two directors or a director and a secretary of the Issuer setting out (in reasonable detail) the relevant computations and certifying that Conditions 4(b) to (d) have been complied with; and

(iv) **Information: miscellaneous**

to supply to the Trustee a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched.

In these Conditions 4(b) to (d):

"Consolidated EBITA" has the meaning given to it in Condition 10;

"Consolidated Interest Payable" means, in respect of any period, the aggregate of all amounts of interest and equivalent financial expenses of the

Issuer or its Subsidiaries payable to persons who are not the Issuer or such a Subsidiary (calculated on a consolidated basis but after deducting any interest receivable from persons who are not the Issuer or such a Subsidiary) attributable to such period and shall include:

- (i) any discount, fees and any element attributable to interest comprised in payments to lessors under Finance Leases or to owners under hire-purchase agreements; and
- (ii) without limitation and for the avoidance of doubt, any amounts of such interest and expenses which may have accrued in any such period and which are payable in a later period but are attributable to such period,

as determined in accordance with IFRS.

In calculating Consolidated Interest Payable for any period, due account shall be taken of (and a consequential adjustment, whether positive or negative, shall be made to reflect) the net benefit or loss (as the case may be) to the Issuer and its Subsidiaries for or in respect of any payments accruing to or from them in such period pursuant to any settlements due on interest rate swaps, hedging or analogous contracts for the mitigation of interest rate fluctuations or movements which they have entered into with third parties in respect of Moneys Borrowed but any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature shall be excluded, in each case, as determined in accordance with IFRS;

"Consolidated Net Worth" means, at any time, as determined in accordance with IFRS, the aggregate of:

- (i) the amount paid up or credited as paid up on the issued share capital of the Issuer; and
- (ii) the amount standing to the credit of the consolidated capital, revenue and other reserves of the Group (including, without limitation, share premium and retained earnings),

but after:

- (a) deducting all amounts attributable to minority interests;
- (b) excluding any amounts derived from writing up the book value of any fixed assets to the extent otherwise included in paragraph (ii) above (save for amounts arising from a formal revaluation carried out by an independent and duly qualified valuer);
- (c) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities;
- (d) excluding any defined benefit (or similar) pension scheme surplus or deficit and any other items relating to any defined benefit (or similar)

pension scheme to the extent otherwise included in paragraph (ii) above; and

- (e) making any such adjustments as may be necessary to measure Moneys Borrowed in accordance with paragraphs (i) and (ii) of the definition of Consolidated Total Borrowings;

"Consolidated Total Borrowings" means, at any time, the aggregate of the amount of Moneys Borrowed of the Issuer and its Subsidiaries determined on a consistent basis (and determined in accordance with IFRS) and eliminating inter-company items and (to the extent not otherwise required by IFRS) items arising under netting arrangements which are subject to contractual rights of set-off.

For the purposes of this definition:

- (i) Moneys Borrowed shall be measured at their principal amount and not their amortised amount (whether or not such Moneys Borrowed are the subject of a fair value hedge in accordance with IAS 39); and
- (ii) where Moneys Borrowed are denominated in a currency other than sterling and are matched by a cross-currency swap which contains a contracted exchange rate to sterling, such Moneys Borrowed will be translated at the rate of exchange provided in the relevant cross-currency swap contract and not at the closing rate;

"Finance Lease" means any lease entered into by any member of the Group as lessee which would be classified as a "finance lease" under IFRS;

"Gross Tangible Assets" has the meaning given to it in Condition 10;

"Group" has the meaning given to it in Condition 10;

"IAS 32" has the meaning given to it in Condition 10;

"IAS 39" has the meaning given to it in Condition 10;

"IFRS" has the meaning given to it in Condition 10;

"Moneys Borrowed" has the meaning given to it in Condition 10;

"Rolling Twelve Months" means a period of twelve consecutive calendar months treated as a single accounting period;

"Semi-Annual Date" means the last day of the first six-month period of each financial year of the Issuer;

"Subsidiary" has the meaning given to it in Condition 10; and

"Year-End Date" means the last day of each financial year of the Issuer.

5. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.
- (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean 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 either 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 as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have

been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **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 hereon.

- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The Trustee shall not be liable for any delay in so doing or any loss arising as a result thereof.

- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual - ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D₁” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D₁” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

- (vii) if “**Actual/Actual-ICMA**” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with The Treaty on the Functioning of the European Union, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal

London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

- (i) *Zero Coupon Notes:*
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
 - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
 - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it

becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it (or, if the Guarantee was called, a Guarantor) has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority thereof or therein having power to tax, including any treaty to which the United Kingdom is a party or any change in the application or interpretation of such laws or regulations, including a decision of any court or tribunal and any generally published pronouncements by any tax authority, which change, amendment or pronouncement becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above

cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Redemption Following Change of Control:** If Change of Control Put is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as

defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at 101 per cent. of its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being a "**Change of Control**");
- (ii) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry:
 - A.** a credit rating from any Rating Agency provided by such Rating Agency at the invitation of the Issuer and any such rating is, within the Change of Control Period, either downgraded by one or more rating categories (*from BB+ to BB or such similar lowering*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) restored to its earlier credit rating or better by such Rating Agency (in each case, regardless of whether any other Rating Agency maintains and does not downgrade any other credit rating assigned to the Notes); or
 - B.** no credit rating and a Negative Rating Event also occurs within the Change of Control Period; and
- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (A) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and the Trustee, if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to

its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Change of Control Put Period**”) of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Change of Control Put Notice**”). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the “**Change of Control Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 101 per cent. of their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph (ii) or (iii) above or pursuant to the definition of Negative Rating Event below, and, until it shall have notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

In this Condition 6(f):

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control or, where a Rating Agency has publicly announced that the Notes are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 90 days after the Change of Control), the later of (i) such 90th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

a **"Negative Rating Event"** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer, from a Rating Agency or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least the Negative Rating Event Specified Rating specified hereon (or, where a rating was ascribed to the Notes on the Issue Date (the **"Initial Rating"**), a rating that is one rating category lower than the Initial Rating) by the end of the Change of Control Period from a Rating Agency;

"Rating Agency" means Moody's Investors Service Limited. (**"Moody's"**), Fitch Ratings Ltd. (**"Fitch"**) or Standard & Poor's Credit Market Services Europe Limited (**"S&P"**) or any of their respective successors or any rating agency (a **"Substitute Rating Agency"**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee; and

"Relevant Potential Change of Control Announcement" means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential

Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in the definition of "Negative Rating Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and this Condition 6(f) shall be construed accordingly.

- (g) **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 provisions specified hereon.
- (h) **Purchases:** The Issuer, the Guarantors and any of their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantors or any of their respective Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantors reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantors shall at all times maintain (i) an Issuing and Paying

Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major European city, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent (which, for the avoidance of doubt, may be one of the Paying Agents referred to in (v) or (vi)) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, provided that the Issuer and the Guarantors shall not be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a paying agent making payments through a specified office in that Member State so to withhold or deduct tax whether pursuant to European Council Directive 2003/48/EC, under the law of that Member State or otherwise.

In addition, the Issuer and the Guarantors shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), such Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or any Guarantor in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or

governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantors shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) 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 in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer or any Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so directed by the holders of at least one-fifth in nominal amount of the Notes then outstanding or by an Extraordinary Resolution of the Noteholders shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction (but, in the case of the happening of any of the events mentioned in paragraph (b) below and, in relation to a Material Subsidiary, any of the events mentioned in paragraphs (c) to (i) inclusive below, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes;
- (b) the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy) such failure continues for the period of 30 days after written notice of such failure shall have been given to the Issuer and the Guarantors by the Trustee requiring the same to be remedied;
- (c) any Moneys Borrowed owing by the Issuer or any Guarantor or any Material Subsidiary is validly declared to be due and payable prior to the date on which the same would otherwise become due and payable by reason of an event of default (howsoever described) in relation thereto or the Issuer or any Guarantor or Material Subsidiary defaults in the repayment of any Moneys Borrowed at the maturity thereof as extended by any applicable grace period (or in the case of any Moneys Borrowed payable on demand, within 7 days of such demand) or if any guarantee or indemnity in respect of Moneys Borrowed of any party given by the Issuer or any Guarantor or any Material Subsidiary shall not be paid when due and called upon (as extended by any applicable grace period), provided that the aggregate amount of the relevant Moneys Borrowed, guarantees and indemnities in respect of which one of the events mentioned in this paragraph (c) has occurred exceeds £5,000,000 (or its equivalent in any other currency or currencies as at the date the same became due and payable or the relevant event of default occurs or such payment is not made) and, in any such case, the liability of the Issuer, Guarantor or Material Subsidiary is not being contested in good faith;

- (d) an administrator is appointed in relation to the Issuer or any Guarantor or any Material Subsidiary or a final order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Guarantor or any Material Subsidiary or other analogous bankruptcy or insolvency proceedings and, where possible, is not discharged or stayed within a period of 30 days (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);
- (e) the Issuer or any Guarantor or Material Subsidiary becomes insolvent within the meaning of section 123(1)(e) of the Insolvency Act 1986 or is determined by any competent court to be insolvent or bankrupt;
- (f) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer or any Guarantor or Material Subsidiary and its non-Group creditors generally is entered into or made or any moratorium is agreed or is declared or comes into effect in relation to all or substantially all of the debts of the Issuer or any Guarantor or Material Subsidiary owing to non-Group creditors (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group which is or thereupon becomes a Material Subsidiary. If any two directors of such transferee entity certify that, in their opinion, such entity is solvent, the Trustee shall be entitled to rely on such certification without further investigation or liability);
- (g) an administrative or other receiver or other similar official is appointed in relation to the whole or substantially the whole of the undertaking, property and assets of the Issuer or any Guarantor or Material Subsidiary as a consequence of bankruptcy or insolvency;
- (h) a distress, execution or any similar proceedings is levied or enforced upon or sued out against or any involuntary public or private sale procedures are commenced in respect of the whole or substantially the whole of the chattels or property of the Issuer or any Guarantor or Material Subsidiary and in any such case is not removed, paid out or discharged within 60 days;
- (i) any present or future Security Interest created or assumed by the Issuer or any Guarantor or any Material Subsidiary becomes enforceable and is enforced in

respect of all or a material part of the assets of the Issuer, or such Guarantor or any Material Subsidiary;

- (j) the Issuer or any Guarantor or any Material Subsidiary ceases or threatens (through an action of the board of directors) to cease to carry on business or stops or suspends or threatens (through an action of the board of directors) to stop or suspend payment of its debts generally (in each case except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, consolidation or voluntary winding-up either (i) on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary (other than a Guarantor), the result of which will be that all or substantially all of the Material Subsidiary's assets and undertaking will be transferred to or otherwise be vested in another solvent entity within the Group); or
- (k) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e), (f), (g) or (h) above.

In this Condition 10:

“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:

- (i) after adding back (to the extent otherwise deducted) interest payable;
- (ii) before any deduction for or on account of taxation;
- (iii) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;
- (iv) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets;
- (v) 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:
 - (a) 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
 - (b) which is a reversal of any item falling within this paragraph (v); and
- (vi) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities,

all as determined in accordance with IFRS.

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

- (i) sums due to such entity or grouping from other members of the Group; and
- (ii) any amounts attributable to goodwill and other intangible assets,

as determined in accordance with IFRS.

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

“**IAS 32**” means International Accounting Standard 32 (Financial Instruments: Disclosure and Presentation), as in force at 31 December 2009 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2009.

“**IAS 39**” means International Accounting Standard 39 (Financial Instruments: Recognition and Measurement), as in force at 31 December 2009 and as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2009.

“**IFRS**” means international accounting standards within the meaning of Regulation 1606/2002 on the Application of International Accounting Standards as applied by the Issuer in connection with the preparation of its annual audited financial statements for the financial year ended 31 December 2009.

A company is a “**Subsidiary**” of another company, if that other company:

- (i) holds a majority of the voting rights in it, or
- (ii) is a member of it and has the right to appoint or remove a majority of its board of directors, or
- (iii) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if it is a Subsidiary of a company that is itself a Subsidiary of that other company.

“**Material Subsidiary**” means each Subsidiary of the Issuer from time to time, whether owned at the date of the issuance of Notes or acquired subsequently:

- (i) whose Gross Tangible Assets represents five 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 of the Issuer; or

- (ii) 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 five 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 of the Issuer.

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.

A certificate of two directors or a director and a secretary of the Issuer or any Guarantor (as the case may be) listing their respective Subsidiaries and stating that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“**Moneys Borrowed**” of any person means, without duplication:

- (i) any indebtedness for moneys borrowed of such person including, without limitation, indebtedness created by means of acceptances, the issue of loan stock and any liability evidenced by bonds, debentures, notes or similar instruments;
- (i) capitalised rental obligations of such person under finance leases; and
- (ii) any guarantees or indemnities given by such person in respect of any obligations described in paragraph (a) or (b) above of another person not being a member of the Group (it being understood that the liability on any date in respect of any guarantee of obligations under a credit facility shall be an amount equal to the funded obligations for Moneys Borrowed under such facility as of such date).

11. **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel

the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify or cancel the Guarantee (other than in circumstances described in Condition 11(c) below), or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in the Trust Deed) of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes.

The Trust Deed also contains provisions requiring the Trustee to agree, without the consent of the Noteholders or the Couponholders, to the release of a guarantor in certain circumstances. In addition the Trust Deed contains provisions requiring the Issuer to procure the accession of a new guarantor in certain circumstances. Any such release or accession will occur if there is a release of a guarantor, or the accession of a new guarantor, under the terms of the Issuer's multi-currency revolving credit facility agreement dated 18 November 2010 (as subsequently amended, restated, modified, re-financed or replaced from time to time, the "**Facilities Agreement**") and will take effect as soon as is reasonably practicable following such release or accession under the Facilities Agreement. The Issuer will provide to the Trustee not less than 45 days' notice of any planned change of guarantor under the Facilities Agreement before any such change is to take effect under the Facilities Agreement.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity related to the Issuer or any Guarantor without accounting for any profit.

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

certificate or advice shall be binding on the Issuer, the Guarantors, the Trustee and the Noteholders.

14. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

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

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. Contracts (Rights of Third Parties) Act 1999

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

18. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer and the Guarantors have in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

BUSINESS DESCRIPTION OF INTERNATIONAL PERSONAL FINANCE PLC AND THE GROUP

1. Company Information

International Personal Finance plc (“**IPF**”) is the holding company for an international provider of home credit to consumers with average to below average incomes. IPF and its subsidiaries (as defined in the Companies Act 2006) (the “**Group**”) focus on the provision of small sum, primarily home collected, short-term unsecured loans in emerging markets. The Group operates in Poland, the Czech Republic, Slovakia, Hungary, Romania and Mexico from a network of 207 branches across these six countries and has approximately 6,100 employees and 27,200 agents. The Group’s head office is in Leeds in the United Kingdom.

2. History and development

IPF is a public limited company incorporated and registered in England and Wales on 5 December 2006 as a company limited by shares with registered number 6018973.

IPF’s registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD. The telephone number of IPF’s registered office is +44 (0) 113 285 6700.

The Group was originally established in 1997 as the international division of Provident Financial plc, a UK-based home credit provider, to develop home credit business in emerging markets. Since establishing businesses in Poland and the Czech Republic in 1997, the Group opened further operations in Hungary and Slovakia in 2001, Mexico in 2003 and Romania in 2006. All of these businesses were profitable during the 2010 financial year. The Group also carried out two pilot operations in South Africa (1998) and Russia (2008) which were not successful and so did not progress beyond the pilot phase.

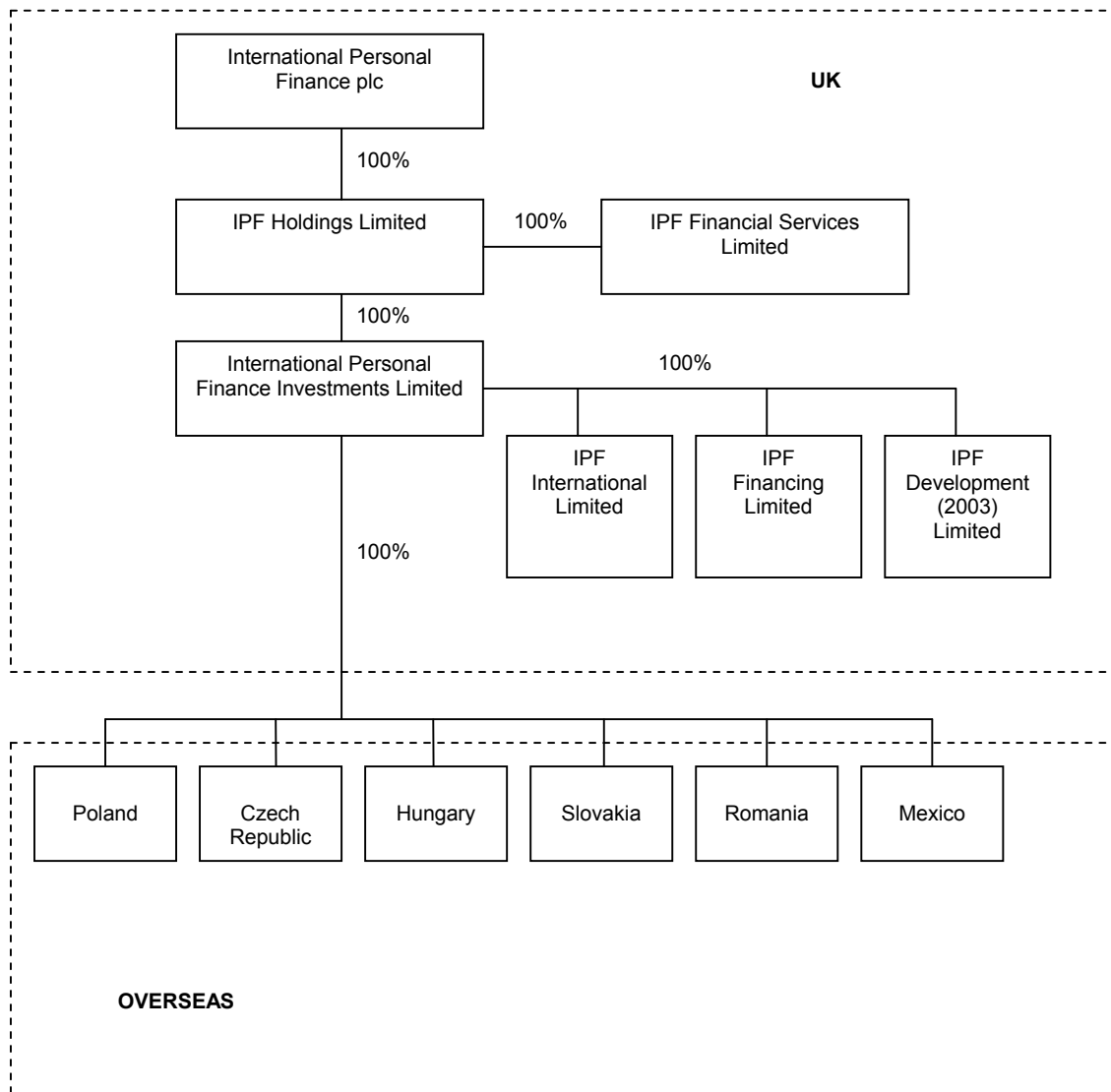
In July 2007, the Group demerged from Provident Financial plc and its shares were listed on the Official List and were admitted to trading on the London Stock Exchange.

In 2010, pre tax profit was £92.1 million which was in line with the strategic plan developed in advance of IPF’s stock exchange listing in 2007, reflecting the resilience of the business model during a challenging period for the global economy.

3. Organisational structure

IPF is headquartered in the UK and operates six principal overseas subsidiaries in central and eastern Europe and Mexico. IPF also has certain UK subsidiaries which provide business services, financial support or debt option facilities to fellow subsidiary undertakings.

The following chart shows, in simplified form, the organisational structure of the Group.



4. Industry overview

The financial services industry can, broadly speaking, be divided into four categories: banking, fund management, insurance services and consumer credit. The consumer credit sector encompasses mortgages, credit cards, hire purchase, cash loans and other forms of credit. The Group operates in a sub-sector of the consumer credit market, offering small-sum, primarily home-collected, short-term unsecured cash loans in the developing credit markets of central and eastern Europe and Mexico. Home-collected credit products are primarily purchased by customers who require small sum loans delivered rapidly and who prefer personal service. Most have average or below average incomes.

5. Business overview

5.1 Introduction

The Group is an international provider of home credit. The Group's business involves the provision of small sum unsecured cash loans ranging from £50 to approximately £1,000. During 2010, the Group lent, on average, £358 to each of its customers. The loans are in local currency and, typically, are delivered to the customer's home and the repayments are collected from the customer's home weekly by the Group's agents. Loans are short-term and generally range from six months to two years, with an average loan term during 2010 being 48 weeks.

For the majority of home collected loans, the total amount repayable on the loan is fixed at the outset and no additional penalty charges or interest as a result of missed payments is subsequently added. This applies regardless of the number of missed payments or changes in interest rates.

The credit vetting of customers and, where the home service is provided, the provision of the loan and the collection of weekly instalments are all performed in the convenience of the customer's home by a home credit agent (supported by central credit scoring systems) who is responsible for servicing the customer's needs over the course of their relationship with the Group.

The Group employs standard operational and administrative processes across its markets using a consistent IT platform whilst following Best Practice guidelines. These processes include financial control systems and fraud detection and security systems.

The following table gives information in respect of the Group and the markets in which it operates for the financial year ended 31 December 2010:

Financial year ending 31 December 2010	Year entered market	Population (m)	Customer numbers (000s)	Credit Issued (£m)	Revenue (£m)	Gross receivables (£m)	Gross receivables (% of total)
Poland	1997	38.1	782	296.4	245.3	437.7	43
Czech Republic	1997	10.5	386	185.4	137.7	196.6	26
Slovakia	2001	5.4				70.3	
Hungary	2001	10.0	238	95.1	74.0	122.1	12
Mexico	2003	108.4	598	113.0	101.2	166.6	11
Romania	2006	22.2	207	74.6	50.5	82.8	8
Group			2,211	764.5	608.7	1,026.1	100

5.2 Strategy

IPF has a clear and consistent strategy which has been in place for a number of years, the key elements of which are as follows:

- **To optimise the profitability of its established businesses in central Europe –** The Group believes there are substantial growth opportunities in each of its established markets in Poland, the Czech Republic, Slovakia and Hungary. The Group has a strong brand recognition in these markets and the global downturn has resulted in reduced levels of competition. The Group is aiming to further increase annual pre-tax profits in its established markets through, inter alia, higher customer numbers, more receivables per customer and by improving cost-efficiencies resulting from scale economies and other efficiency initiatives.
- **To realise the potential of the newer, developing markets of Mexico and Romania –** The Group believes substantial opportunities for growth exist in Mexico and Romania where, to date, the Group only has partial geographic coverage. The Group intends to achieve growth from further branch openings, increased market penetration and from the maturing of the customer base, with repeat customers taking larger loans. Mexico reported full year profit of £3.5 million in 2010. Mexico, with a population of approximately 108 million people, has proved to be the Group's fastest growing business to date, with 598,000 customers at the end of 2010. It offers further potential as the current geographic market coverage of the Group is only 37 per cent of the servable population. The intention is to roll out the home credit model on a regional basis in Mexico, from the current three up to a maximum of five regions, each with a population of around 20 million. In Romania, the Group has geographic market coverage of approximately 70 per cent. of the servable population and the primary focus is on building customer numbers and revenue from existing branches.
- **To enter new markets that offer strong growth prospects –** A key part of IPF's strategy is to enter new markets that offer the prospect of strong future growth due to a strong growing demand and/or because the market in question is underserved. Following entry into a new market, the developing business would then grow organically through expansion of the branch network. The Group believes it is well placed to enter new markets in the future, having successfully introduced home credit into six countries and having developed a good track record of building profitable businesses. IPF continually investigates new markets with strong growth potential. Where a new market with strong growth potential is identified, IPF undertakes pilot operations which are carefully monitored to assess the potential growth of the new market.
- **To ensure the business model is sustainable –** Management believe that there are further opportunities to improve the efficiency and effectiveness of IPF's home credit model. These opportunities are likely to have a beneficial impact on the Group's cost-income ratio. Amongst these are the introduction of technology to improve the effectiveness of field managers and agents.

Execution of IPF's strategy is supported by an experienced management team who combine long-term home credit experience and wider financial services experience.

New country entry management

A rigorous process of research and due diligence is performed by a dedicated in-house team in conjunction with a team of in-country advisors, to evaluate new markets. Where there is potential for a home credit business, a pilot operation is implemented to test the market before full market entry is considered. Only after a detailed review focused on local market performance and long-term potential will consideration be given to a full-scale launch and roll-out of a business.

The process of evaluating potential new countries is an ongoing process. IPF maintains and updates a list of countries that it believes will be suitable for development of its traditional home-collected credit model which, in due course, may be tested through a pilot operation. Each new market is developed through the following stages:

- Stage 1: High level research
- Stage 2: Detailed research and selection
- Stage 3: Low cost piloting
- Stage 4: Full scale launch and roll-out
- Stage 5: Maximising profitability

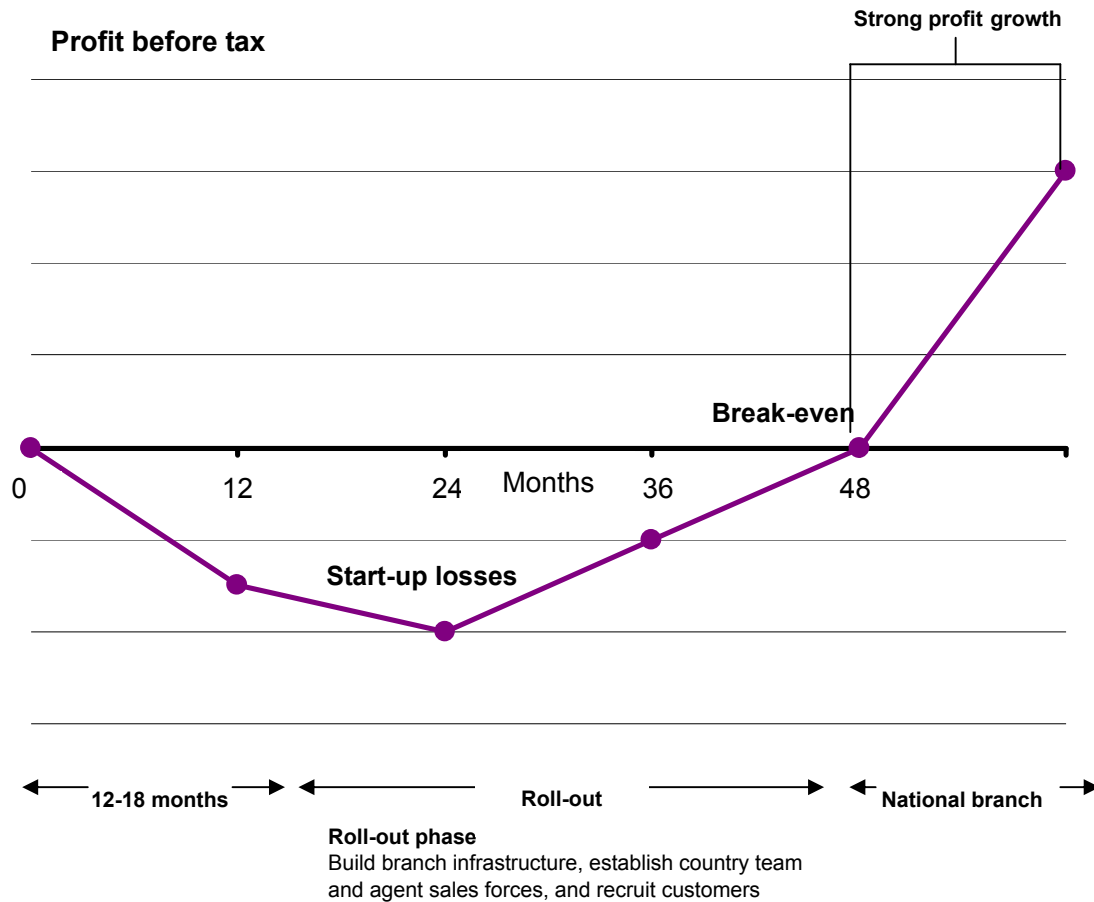
J-curve

The Group's typical experience to date is that it takes between four and five years to bring a country operation into profit. The initial 12 to 18 month pilot-test period is loss-making due to relatively high set-up costs and a lack of scale. For successful pilots, increased losses are incurred for a further two to three years as the national infrastructure of branches and offices is built, the country team is assembled, the agent sales force established and customers recruited. As the operation matures and the number of reservable customers increases, so revenue increases and the cost-income ratio is reduced, driving the business to profitability. A good example of this was Romania in 2008, when the branch infrastructure increased from 7 to 16 and losses increased from £4.2 million in 2007 to £7.8 million. Subsequently, as the branch infrastructure has been more fully utilised and customers have taken larger, repeat loans, profitability has improved, such that Romania reported its maiden profit of £1.7 million in 2010.

The J-curve pattern is also experienced on opening of new branches. It typically takes around 12 months for a new branch to move into profit.

Although all of IPF's operations have developed organically and their results have also followed a J-curve pattern, no assurance can be given that existing or new markets will follow this pattern in the future. The schematic below illustrates the typical development if a new market.

The J-Curve



The pilot in Mexico started during the second quarter of 2003 and the market moved into profit in 2009. Mexico increased its profit to £3.5 million in 2010. Mexico took longer to move into profit than other countries for two reasons: firstly, expansion during 2005 and 2006 proved to be too fast in relation to the skills of local staff, which resulted in higher impairment (major work was undertaken to remedy this position, including the early implementation of statistical credit scoring); and secondly, because Mexico is a larger country and three regions – each with a population of approximately 20 million – were opened.

5.3 Products and pricing

The Group offers its customers short-term cash loans for terms of between six months and two years, with repayments collected weekly from the customer's home or by money transfer via a bank or post office. The core weekly home-collected product is the key revenue driver of the Group, targeted at customers requiring a fast, small sum loan. The loans are unsecured and the customer is not required to provide a guarantor.

The amount and term of the loan will vary according to the circumstances of the customer and the evaluation of their creditworthiness. New customers carry higher credit risk and are offered smaller loans repayable over shorter terms, whereas

established customers with a good repayment history will be offered higher values over longer terms.

The average loan value for a new customer was £228 for the financial year ended 31 December 2010 with an average duration of 42 weeks. For a repeat customer, the average loan value was £335 over longer terms, with the average duration being 52 weeks.

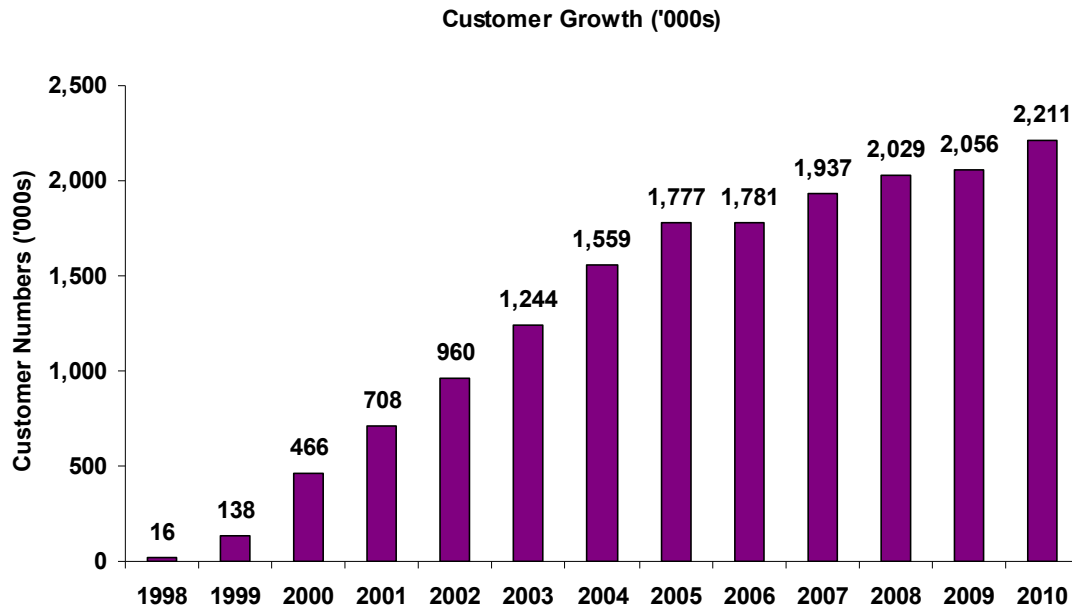
The Group's home credit product essentially has two components: a small sum unsecured cash loan and a home collection agent-based service. The home collection, agent-based service provides a number of benefits to customers:

- The receipt of the loan in cash;
- The convenience of servicing the loan in the comfort of a customer's own home;
- Direct and indirect costs of repaying a loan through the banking network are avoided; and
- Most significantly, where the agent service is provided, the customer is generally not charged any default interest or fees as a result of late payments and can therefore take comfort in the fact that the amount they owe does not increase as a result of missed payments and they have the flexibility to miss the occasional payment without penalty.

The Group's home credit product has historically been structured to give a single, fixed charge for the loan, including all interest fees and service costs. However, the Group has in recent years introduced a flexible product structure in all of its markets except Mexico which gives the customer visibility of how the cost of their loan is made up – fixed interest charges, administrative and preparatory fees, insurance costs (Poland only), home service charges and any other costs are all clearly set out. This flexible product gives the customer the option to take a loan without the home collection service and instead repay the loan by money transfer to a bank account. If a customer chooses to take the money transfer product without the optional home service, default charges are applied for missed payments whereas if the home service is taken there are generally no additional interest or default charges for missed payments. The Group is in the process of adopting the flexible product in all of its markets. The flexible product offering gives the customer full transparency and optionality as well as being well placed to meet the challenges of a changing regulatory landscape. To date, in markets where the flexible product structure has been introduced, a significant majority of the Group's customers have opted for the home collection service.

5.4 Customers

Since recruiting its first customer at the end of 1997, the Group has delivered over ten years of customer growth through its strategy of entering new markets and then growing organically through expansion of its branch network.



As at 31 December 2010, the Group had over two million customers in total, comprising approximately 782,000 in Poland, 598,000 in Mexico, 386,000 in the Czech Republic and Slovakia, 238,000 in Hungary and 207,000 in Romania.

Across all of the countries in which the Group operates, approximately 60 per cent. of customers are women and the households served have average to slightly below average incomes. Customers will typically be employed or have a regular secure income from self-employment or pensions. Typically, customers will be looking to borrow small sums of money to meet an immediate, specific purpose and therefore will not want to borrow more than they need. Demand is highest at periods such as Christmas, for buying presents, Easter, for family celebrations, Summer, for holidays, and Autumn, for back to school expenditure.

5.5 Agents and the home collection model

The Group's business model is distinct from other lenders due to its utilisation of agents. As the primary distribution channel for the business, the Group's agents represent the main access point for customers and are critical in the lending and repayment processes, from both the business and customer perspective.

There are some 27,200 agents working across the six countries in which the Group operates and over 81 per cent. of these agents are women. When the Group enters a new market, agents are initially selected through an advertisement in the local press or through leaflet distribution. In the Group's established businesses, many agents are previous customers who are familiar with the Group and its products. All of the Group's agents are self-employed, with the exception of Hungary where local regulation requires that agents are employed.

New agents complete a structured induction programme, which lasts around three months, and during which they are closely supervised by a field manager. All agents

benefit from regular managerial support and guidance, and meet their manager for a formal interview at least once every week. A manager will typically supervise between 10-15 agents who, in total, serve about 1,000 customers.

Agent remuneration is predominantly based on the value of the collections they make rather than the value of the credit they issue to customers. A typical commission structure for an agent would involve receipt of a small amount (between £5-£10) for taking on a new customer plus 5 per cent. of the value of loan instalments they collect. An established agent will typically receive around 80 per cent. to 90 per cent. of their income from collections. This weighting of income to collections helps promote responsible lending.

Agents carry out a number of key functions:

New business - Aided by national marketing, agents are the primary source of new business. Agents also play an important role in deciding whether to make a loan and determining the appropriate levels of credit to issue to new customers, supported by centralised credit management systems which use statistical models to determine the credit risk of applicants and the recommended term and amount of the loan.

Development of relationship with customer - The weekly home visit enables the agent to develop a knowledge of the customer and their circumstances. The agent is therefore well-placed to consider whether the level of credit is affordable and can also monitor a customer's circumstances with a view to being responsive to changes in circumstances which may lead to missed repayments.

Collection of loan repayments from the customer's home - Regular weekly collections at the customer's home reduce the effort, the cost (for example, travel expenses) and time (which may be difficult alongside work and family commitments) incurred by the customer in making repayments. Personal collections provide an external discipline for customers, which may help them to keep their account in good order. Over the course of a year, the Group's team of agents will make approximately 100 million customer visits.

Risk management - The agent network plays a key role in the management of impairment levels. The initial home visit provides the agent with additional information (largely unavailable to remote lenders) that forms part of the credit assessment. With regular personal interaction the agent is also well-positioned to assess changes in the customer's financial circumstances more swiftly and more accurately than certain other types of lender. The home visit and development of customer relations therefore serves a dual purpose, benefiting both the customer and IPF by preventing over lending and keeping impairment costs at acceptable levels.

5.6 Credit risk management

In the emerging markets in which the Group operates, credit bureau data either does not exist or covers only the prime section of the population and data often is limited to negative data. IPF does not use this data but instead utilises its database of previous lending made since the business commenced in 1997 to drive its credit risk management systems, together with the local knowledge of the agents. Credit controls

are supervised from the head office in Leeds and credit performance and controls are reviewed regularly through a monthly credit committee, comprising the CEO, Finance Director and Director of Credit and Risk.

The initial contact in respect of a potential new customer would typically be via one of the Group's call centres or through the local agent. Initial credit rejection at this first contact is based on whether the customer has previously had loans which have been written off, is too young, does not have a regular source of income or is unemployed.

The agent will visit the potential customer who passes this initial vetting in their home and will help them to complete an income and expenditure assessment. As part of this process, the agent will verify the customer's income (for example, by way of salary slips or bank statements) and outgoings to relevant documentation (for example, rental agreements or other financial commitments) and will make an allowance for other costs of living. This gives an indication of the customer's net disposable income.

Details about the customer will be entered via SMS into the application scoring system. Application scorecards are developed and maintained by in-house statisticians and are subject to ongoing monitoring of their effectiveness to identify if redevelopment is required. Application scoring factors include gender, age, phone availability, employment status and bank account availability. The application scoring system will generate a recommendation of the amount and term of any loan that might be offered or will advise the agent that no loan can be offered. The agent can offer the customer less than the recommendation of the application scoring system, but not more. If this happens, or the agent lends to a customer who has been rejected by the application scoring system, this will be reported as an exception to the agent's line manager. Agents, therefore, play an important role in deciding whether to make a loan and determining the appropriate levels of credit to issue to customers.

Agents visit customers' homes every week to collect repayments and assess new loan applications. This gives them some insight into a customer's personal situation and is intended to enable them to react to a customer's changing circumstances and needs. They may also be able to identify whether there may be a larger local impact resulting from general economic problems in the community in which they operate, such as redundancies at a local factory. Consequently, the Group may be able to adapt its lending decisions based on the latest local information which may have been identified by these agents.

For all repeat loans, the agent verifies basic income and outgoings information to re-establish the capacity of the customer to repay the loan. Agents are supported in this process by behavioural scoring systems. This behavioural scoring system uses the same demographic information as the application scoring system, overlaid with the detailed payment performance on a customer-by-customer basis, which is updated weekly. These systems were co-developed by Experian and rolled out across all markets during 2007 and 2008 and were further upgraded in 2008 to the Experian "Probe" software, with changes made to allow more flexibility in the way credit offers are controlled and to allow more sophisticated Champion Challenger Routines and faster changes of credit strategy. The basic rationale underpinning the scorecards is that a person's past behaviour is indicative of future behaviour. The behavioural scorecards

contain 12 to 14 measures, for example, recent payments as a percentage of due payments, recent full payments made and recent percentage reduction in balance.

Each week the agent is typically given data on the offers available to their customers, giving details of the length of the loan term, the value of the weekly repayment and maximum value of the loan that can be issued.

For both new and repeat loans, the agent has the discretion not to lend or to lend a lower, but not a higher, amount.

Credit controls were tightened across all markets in the latter part of 2008. This included a tightening of the rules in both application and behavioural scoring systems to increase the volume of customers not offered any loans, to reduce the value of loans offered and to reduce the average term of loans offered.

5.7 Collections and arrears management

Arrears are managed through a combination of visits, telephone calls and letters. Customers are typically visited weekly by the agent and, with the support of their Development Manager, the agent is primarily responsible for managing accounts in arrears. Given the lower income profile of the customer base, the Group expects a certain level of missed payments and factors this into product pricing and its response to missed payments. Accordingly, there is scope to take a flexible approach with late paying customers. A key factor in this approach is the knowledge and personal relationship fostered by the agent. However, irrespective of the reason for a missed payment or the agent's response, the provisioning system will raise an impairment provision and the behavioural scoring system will modify the loan offer available.

Systems are in place to determine arrears customers to be visited by the agent's Development Manager. The Development Manager will (by way of a visit or a call to the customer) try to establish the reason for the arrears (for example, to ensure that missed payments are not simply due to the agent relationship having broken down) and try to manage the customer in tandem with the agent. This can be via a temporary reduction in weekly repayment, for example in the case of illness, or a longer term rescheduling of payments if the Development Manager and agent agree that the latter would be the best course of action. Although the Development Manager is authorised to agree a revised schedule of payments, no new loan agreement is entered into and any rescheduling of debt or reduction in payments is noted on the customer record. The customer's arrears and impairment are calculated by reference to the original terms of the loan agreement.

The Group also supplements arrears management with call centre-based arrears management in Poland, Hungary, the Czech Republic, Slovakia and Mexico. In Poland and the Czech Republic, the arrears collection action is now managed by Fair Isaacs FICO Debt Manager software which allocates the appropriate arrears action to the customer circumstances (whether that action be by way of Development Manager visit, phone call, letter, SMS or no action).

5.8 Debt recovery

Customers that persistently fail to pay (for 12 weeks or more) are written off from the field operation and are referred to the central debt recovery department. The agent will no longer visit that customer. The recovery department uses a combination of calls and letters and, where there is a persistent refusal to pay, may engage a reputable external debt collector or take the customer to court.

5.9 Impairment provisioning systems

The Group stores all transactional data on loans issued and collections made since the start of the business in 1997. This provides a data source which the Group uses to build its statistical models and for comparing performance across markets at each stage of their development.

Where customers miss a payment (or any part of a payment) they are classified as delinquent and in arrears with an impairment provision applied. For the purpose of assessing the impairment of customer loans and receivables, customers are categorised into arrears stages as this has been shown to be a reliable predictor of future repayment performance. A customer's arrears stage is determined by reference to their most recent 12-week repayment performance. The provision percentages for each arrears stage have been derived via statistical modelling of past customer performance. The actuarial models used to derive expected future cash flows are regularly reviewed to take account of the current environment and recent customer payment performance. Over the last 12 months, the Group has formally reviewed or updated the models used to value over 90 per cent. of its receivables book.

Provisioning systems operate independently of the agent and local management and are entirely objective and mechanistic in their operation. Customer loan agreements that are in arrears are never 're-aged'.

5.10 Fraud detection

The Group employs a dedicated security team whose primary role is to detect, deter and disrupt fraudulent activity utilising a team of around 200 Security Managers located within the branch network across all markets. There are also head office management teams based in individual markets that include fraud investigators and administrators, and a Group security team based at the Group's head office in Leeds. The reporting structure ensures that the Security Department operates independently of the operational activities of the business. All security managers are trained in cognitive interviewing and indicative behaviour with a view to ensuring there is an opportunity to detect fraud in the early stages and therefore hopefully reducing potential losses which would otherwise be incurred. The cost of fraud in each market has typically been found to be less than 1 per cent. of revenue.

6. Markets and competitive position

6.1 IPF's markets

In addition to the Group's established central European markets comprising Poland, the Czech Republic, Hungary and Slovakia, the Group also has a developing market in Romania. The Group operates in the small sum, fast cash loan credit markets in each of these countries. The Group has direct, home-collected, competitors in all of its European markets except Romania. These are smaller than IPF in each market and do not have full, national coverage with the exception of Slovakia and the Czech Republic. The Group's Slovakian subsidiary has two direct national competitors, Kesovka and Pohotovost, with around 50,000 and 30,000 customers respectively. The Group's Czech subsidiary has one direct national competitor, Smartpujcka, with around 50,000 customers.

Mexico is the Group's fastest growing market and is the largest in geographical terms. There are no direct, home collected competitors in the market but in the small sum cash loan segment there are a number of "for-profit" and "not-for-profit" lenders. The most significant is Compartamos. This company lends to customers with a similar profile to the Group but predominantly operates a group lending model where small groups are jointly and severally liable to make repayments regardless of who benefits from the loan being granted.

There is currently no direct material competition in Romania.

6.2 Competition

Consumer lending in the markets in which IPF operates remains relatively under-developed and since the onset of the global economic downturn, the level of competition has reduced. Mainstream lenders have limited the provision of credit to lower income segments in order to minimise the level of risk in their portfolio. In addition, since 2009, a number of competitors have withdrawn from the markets in which the Group operates. These factors have increased market potential for the Group.

The Group has succeeded in establishing a leading, national market position in the fast cash loan segment in all of its established central European markets and has created the home credit category in all the markets it has entered (except Slovakia where this concept existed prior to the Group's entry). The Group has established itself through the following five key aspects of product differentiation:

- **Personal service** - The agent home delivery and collection of loans has proved to be attractive to many customers and has allowed agents to closely monitor customers' circumstances as well as collect additional data (which is largely unavailable to banks or other remote lenders) to ensure that appropriate levels of credit are issued.
- **Rapid service** - The agent service allows the process of credit vetting and delivery of the cash loan to the customer's home to be completed rapidly.

- **Flexibility** - The close and regular agent-customer relationship allows the Group to respond promptly and sympathetically to changes in customer circumstances which may lead to missed repayments.
- **Inclusive** - The Group's products accommodate customers on below average incomes who do not wish to (or are not able to) borrow large sums and prefer manageable repayments. These customers are often not well served by larger financial institutions and therefore the Group's business model aims to target this underserved market.
- **Accessible** - By deploying approximately 26,000 agents who make in excess of 100,000,000 home visits each year, the Group's business model provides a high level of access to consumers.

6.3 **Barriers to entry**

The Group's business model requires long-term investment in building an infrastructure of agents, employees and branches and this entails start-up losses during the early years of a market's development. To date, when rolling out in new markets the Group has experienced a 'J-Curve' effect where early losses are experienced before economies of scale are reached (see pages 83 and 84 for further detail). This initial cycle of loss making before a market comes into profit results in capital barriers to entry for potential national competitors.

In addition to the high capital requirements and the relatively long period of losses required to establish a national home credit business, there are specialist skills and processes that are essential to manage the home credit business model. The Group has leveraged the experience gained in the UK and established European markets to transport skills to new countries or new regions in order to manage a new agent network. Agents are given formal and on-the-job training in customer recruitment, sales, customer service and collections. Without the existing skills and knowledge of experienced managers from other IPF markets, it would be more difficult to establish a home credit business. IPF has developed a large pool of experienced field staff capable of transferring their skills to new branches and new countries. There are currently 23 expatriates from the UK and established European markets supporting the business.

Agents are supported by national advertising. The latest independent market research produced by Synovate shows that awareness of IPF's core brand, Provident, is high in its established markets and awareness is growing rapidly in Romania where the use of national TV saw awareness rise from 4 per cent. in 2007 to 76 per cent. in 2009. In Mexico, awareness has risen to 35 per cent.

As the Group's Mexican subsidiary does not have national coverage, it is not yet efficient to use national mass media which is a key tool in driving awareness. As part of the demerger agreement which governs the terms under which the Group's businesses were demerged from Provident Financial plc in 2007, IPF has exclusive rights to use the Provident brand name in all countries excluding the UK and Ireland.

Awareness (%)	Poland	Czech Republic	Slovakia	Hungary	Romania	Mexico
Provident	75	77	58	81	76	36
Comparison*	50	67	16	61	33	45

Source: Synovate Usage and Attitude research, December 2009 into prompted awareness

*Poland used GE Money as a comparison, Czech Republic used Raiffeissen Bank, Mexico used Prendamex and the remaining markets used Citifinancial or Citibank.

7. IPF's response to the global economic downturn

Home credit businesses have been operating in the UK for 130 years. Moreover, the model that the Group operates in emerging markets has now been tested during the global economic downturn witnessed in recent years.

The Group has adopted strategies to manage the business through the macro-economic downturn, namely:

- **Credit control tightening** - Credit controls were tightened across all markets in the autumn of 2008. This included a tightening of the rules in both application and behavioural scoring systems to increase the volume of customers not offered any loans, to reduce the value of loans offered and to reduce the average term of loan offered.
- **Credit control systems enhanced** - The Group's Credit Management and MI systems were further developed to enable credit controls at branch level rather than at a country-wide level. During 2009, branch credit strategies were rolled out to all markets together with a standard group review process, incorporating a full suite of performance metrics, branch level gross cash loss development cohort analysis, monitoring of local economic factors and an assessment of local branch management capability. This standard group review process allows the Group to monitor the performance of all branches and set the credit rules appropriately whether the branch has good credit control and should therefore have a growth strategy, has poorer credit performance and therefore needs a more controlled credit strategy or should have a balanced strategy between growth and collections.
- **Incentive structure** – Agents' remuneration is focussed on collections. In addition, field management incentives were altered during certain periods so that the focus was predominantly on collections. Incentive schemes have also been rebalanced to align operational rewards to the specific circumstances of each branch and complement the branch credit strategies.
- **Cost base reduction** - There was a significant reduction in cost base, primarily in the central European markets. This was delivered through a number of strategies including a reduction in marketing and advertising costs, the renegotiation of

external contracts with third party providers, increasing the efficiency levels of field operations and the deferral of other non-essential expenditure.

The success of these strategies was evidenced by the strong improvement in the financial performance as 2009 progressed, including a return to normal levels of impairment by the second quarter of 2009.

Part of the resilience of the Group's business is attributable to the short-term nature of its lending which enables the risk profile of the loan book to be changed very quickly. The group provides short-term credit of, on average, less than 52 weeks duration in most markets.

Average duration of credit issued	2009 (weeks)	2010 (weeks)
Poland	49	51
Czech Republic/Slovakia	54	56
Hungary	50	55
Mexico	34	35
Romania	46	51
Group	46	48

8. Overview of performance for year ended 31 December 2010

8.1 Summary

The Group's performance for the year ended 31 December 2010 reflected a year of the Group returning to growth, carefully managing the business through difficult times and delivering a strong performance. Group profit before tax increased by 49.3% to £92.1 million, customer numbers, receivables and revenue also grew. Impairment reduced by 2.3 percentage points to 27.6% of revenue and the Group's cost income ratio also fell by 1.2 percentage points to 40.5%.

The Group was profitable in 2010 in each of the markets in which it operates. The Hungarian business continued the strong recovery with a £16.3 million increase in profits to £9.1 million from a prior year loss of £7.2 million and all other central European markets reported improved results. The Group delivered good progress in its developing markets in Mexico and Romania, both of which were profitable in 2010.

The Group income statement for the year ended 31 December 2010 is set out below:

	2010 £m	2009 £m	Change £m	Change %	Change at CER %*
Customer numbers (000s)	2,211	2,056	155	7.5	7.5
Credit issued	764.5	710.0	54.5	7.7	5.6
Average net receivables	522.0	481.1	40.9	8.5	6.0
Revenue	608.7	550.2	58.5	10.6	8.1
Impairment	(168.1)	(164.3)	(3.8)	(2.3)	0.8
Net revenue	440.6	385.9	54.7	14.2	11.9
Finance costs	(33.9)	(30.9)	(3.0)	(9.7)	(10.4)
Agent's commission	(68.0)	(64.0)	(4.0)	(6.3)	(4.0)
Other costs	(246.6)	(229.3)	(17.3)	(7.5)	(5.2)
Profit before taxation – continuing operations	92.1	61.7	30.4	49.3	

*CER refers to the percentage change after restating prior year figures at a constant exchange rate for 2010 in order to present the underlying performance variance.

The pattern of profit increase for 2010 relative to 2009 shows the impact of the strong recovery from the recession-impacted first quarter of 2009 followed by slightly lower growth in the second and third quarters. In the fourth quarter of 2010, the £2.8 million investment in additional marketing spend to accelerate customer and receivables growth slowed profit growth in that quarter providing a sound platform for further and stronger receivables growth in 2011.

£m	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
2010 Profit	2.0	28.5	24.4	37.2	91.2
2009 Profit (loss)	(8.5)	17.6	18.0	34.6	61.7
Change (£m)	10.5	10.9	6.4	2.6	30.4
% Change	123.5%	61.9%	35.6%	7.5%	49.3%

The segmental split of profit before tax by market is as follows:

Profit before taxation	2010 £m	2009 £m	Change £m	Change %
Poland	49.0	46.2	2.8	6.1
Czech Republic/Slovakia	41.7	37.5	4.2	11.2
Hungary	9.1	(7.2)	16.3	226.4
Central Europe	99.8	76.5	23.3	30.5
UK – central costs	(12.9)	(12.7)	(0.2)	(1.6)
Established markets	86.9	63.8	23.1	36.2
Mexico	3.5	0.3	3.2	1,066.7
Romania	1.7	(2.4)	4.1	170.8
Developing markets	5.2	(2.1)	7.3	347.6
Profit before taxation*	92.1	61.7	30.4	49.3

**from continuing operations and stated before exceptional charge of £3.5 million.*

The Group's established central European businesses made progress in 2010 with sales growth and lower impairment driving a 30.5% increase in pre-tax profit to £99.8 million. The strong recovery of the Hungarian business, which rapidly returned to profitability following the losses reported in 2009, was a key driver of this improvement with the businesses in Poland, the Czech Republic and Slovakia also reporting increased profits.

Poland had a difficult start to the year with unusually severe weather conditions leading to higher impairment, but thereafter performance improved as demonstrated by growth in profits of 8.0% in the second half compared with 1.4% in the first half. The Group also successfully transitioned the business to a growth focus in the fourth quarter which, alongside a 3.2% increase in customers across the year, created a solid platform for further growth in 2011. Taken overall, therefore, Poland made progress in 2010 and reported a 6.1% increase in pre-tax profit to £49.0 million.

The Group's business in the Czech Republic and Slovakia also made good progress in the year and reported increased profits of £41.7 million, an increase of 11.2% on the previous year. Customer numbers increased by 0.8%, although low impairment rates meant that it was able to grow the amount of credit issued at a faster rate of 4.8% and this enabled the business to grow revenue by 7.7%. Impairment remained low at 19.8% of revenue.

The Group's business in Hungary recovered strongly from a very challenging year in 2009 during which the impact of the recession necessitated a restructuring and

downsizing of the business. Pre-tax profit increased by £16.3 million, turning a prior year loss of £7.2 million into a profit of £9.1 million. Throughout the year, collections performance and credit quality in Hungary was the highest in the Group and this led to a significant reduction in impairment as a percentage of revenue to 15.3% compared with 40.2% in 2009. Strong growth was achieved, particularly in the second half, with the amount of credit issued up 21.5% year-on-year.

The Group's Mexican business continued to grow and make progress. Pre-tax profit increased from £0.3 million to £3.5 million, customer numbers grew by 14.1% to 598,000 and impairment improved to 36.5% of revenue. In addition, three branches were opened in a new region, Monterrey, at a cost of £0.8 million.

Mexico represents an important market for the Group and during the year growth slowed to allow operations employees and agents to gain more experience in order to provide a sound base for future growth. Alongside this, a revised field organisation and pay structure has been implemented to improve effectiveness.

The Group's Romanian business reported a profit of £1.7 million in 2010. This was achieved against a difficult macro economic environment which was exacerbated by severe austerity measures implemented by the Government in July. The impact of these measures was well managed, with the business not only growing but also improving credit quality and collections. Customers stood at 207,000 at the end of 2010, an increase of 26.2% on 2009, whilst impairment has reduced from 36.6% to 34.7% of revenue. Efficiency levels also improved significantly with the cost-income ratio reduced from 55.3% to 42.6% in 2010.

8.2 Exceptional charge

The profit before taxation amount for 2010 includes an exceptional charge of £3.9 million comprising exceptional financing costs totalling £6.8 million partially offset by a curtailment gain of £2.9 million arising on the closure of the Group's defined benefit pension scheme to future accrual. The exceptional financing costs primarily relate to the cost of closing out interest rate swaps upon refinancing.

8.3 Taxation

The taxation charge for the year was £29.0 million (2009: £16.1 million), which represents an increase in the effective tax rate to 33% (2009: 26%). The effective rate for 2010 was impacted by two significant factors. As previously announced, the rate of corporation tax in Hungary is to be reduced from 19% to 10% with effect from 2013. Whilst this is beneficial in the medium term it has resulted in a £4.4 million reduction in the Group's deferred tax asset and, therefore, has a one off adverse impact on the tax charge in 2010. In addition, the special bank tax in Hungary, which was introduced in 2010, resulted in an incremental tax charge of £3.7 million: this tax is expected to be in place until 2012.

8.4 **Balance sheet**

The Group balance sheet continued to strengthen in 2010 and the level of equity compared with receivables increased to 54.5% (2009: 49.4%). At 31 December 2010, the Group had net assets of £309.0 million (2009: £259.8 million) and receivables of £566.9 million (2009: £525.6 million). The average period of receivables outstanding at the year end was 5.0 months (2009: 5.1 months) with 98.6% of year end receivables due within one year (2009: 98.0%).

During 2010 and the first half of 2011, the Group secured longer-term debt funding from diversified sources and at 30 June 2011 the Group had £488.1 million of debt facilities comprising £243.0 million of bond funding maturing in 2015, £7.6 million of bond funding maturing in 2014, £203.5 million of committed bank facilities maturing in 2013, £13.5 million of committed bank facilities maturing in 2014, and £20.5 million of short term facilities. There were no changes to financial covenants arising from the refinancing and all covenants were comfortably met in 2010.

8.5 **Receivables**

At 31 December 2010 the Group had net assets of £309.0 million (2009: £259.8 million) and receivables of £566.9 million (2009: £525.6 million).

	2009 (£m)	2010 (£m)
Gross customer receivables	937.9	1,026.1
Net customer receivables	525.6	566.9
Net as percentage of gross customer receivables	56	55

The gross customer receivables represents the total amount still to be paid on all outstanding agreements. At the start of an agreement the gross balance equates to the total amount payable under the terms of the loan agreement i.e. the amount of credit issued plus a single, fixed charge for the loan, including all interest fees and service costs. The gross customer receivables balance is reduced by value of customer repayments until either a loan is fully repaid or written off. The Group's receivables book is very short term.

The following table splits the Group's gross receivables by age i.e. time elapsed since issued:

	<1 month	1-3 months	3-6 months	6-12 months	>12 months	Total
Poland	253.6	51.3	37.9	50.6	44.3	437.7
Czech Republic/Slovakia	158.2	26.2	21.8	26.7	34.0	266.9
Hungary	87.9	9.8	8.0	9.0	7.4	122.1
Mexico	72.3	19.2	12.9	9.6	2.6	116.6
Romania	57.8	9.7	7.4	5.8	2.1	82.8
Group	629.8	116.2	88.0	101.7	90.4	1,026.1

The average period of receivables outstanding at the year end was 5.0 months (2009: 5.1 months) with 99 per cent. of year end receivables due within one year (2009: 98 per cent.).

9. Current trading

In the first half of 2011, the Group achieved a growth in customers of 8% year-on-year to 2.3 million, and the amount of credit issued also increased by 14%. This growth has been driven by further investment in eight new branches, 7% growth in agents and selective easing of credit controls.

This growth has been coupled with continued good collections performance, effective credit management and tight cost control. These have positioned the Group to absorb the expected increase in funding costs from the refinancing in 2010, together with the net impact of higher early settlement rebate ("**ESR**") costs resulting from the introduction of the Consumer Credit Directive ("**CCD**"), which combined amounted to £11.4 million for the first half of 2011, and still deliver an increase in first half profit for the period ended 30 June 2011 when compared with 30 June 2010.

The Group results for the six-month period ending 30 June in the year stated are shown in the table below:

	2011	2010	Change	Change	Change at
	£m	£m	£m	%	CER %
Customer numbers (000s)	2,288	2,114	174	8.2	8.2
Credit issued	406.4	352.4	54.0	15.3	14.2
Average net receivables	574.3	519.5	54.8	10.5	9.2
Revenue	326.7	302.7	24.0	7.9	6.8
Impairment	(98.5)	(97.3)	(1.2)	(1.2)	(1.0)
	228.2	205.4	22.8	11.1	9.5
Finance costs	(21.8)	(14.6)	(7.2)	(49.3)	(51.4)
Agents' commission	(36.2)	(33.1)	(3.1)	(9.4)	(6.8)
Other costs	(134.5)	(127.2)	(7.3)	(5.7)	(3.9)
Profit before taxation*	35.7	30.5	5.2	17.0	

* From continuing operations excluding an accounting loss on the fair value of derivatives of £4.7 million (2010: profit of £3.5 million) and a pension curtailment gain of £nil (2010: £2.9 million).

The Group has also delivered improved credit quality and impairment as a percentage of revenue reduced by 2.0 percentage points to 30.1%. This was made possible by the Group's improved collections performance which, in turn, enabled the Group to selectively ease lending criteria in most markets. A greater proportion of the Group's customer base qualifying for offers of further credit has meant that credit issued has grown at a stronger rate of 14% during the first half. This is reflected in an increase in average net receivables of 9% across the first half with growth in period end net receivables higher still at 12%.

Following the Group's refinancing of the business during 2010, finance costs have increased by £7.2 million on the first half of 2010. Agents' commission costs, which are largely variable, increased by 7% to £36.2 million in line with growth.

Other costs increased by only 4%, which includes £2 million of additional cost in Mexico to support the new organisational structure, the development of Monterrey and new branches in Puebla and Guadalajara. Due to a growth in revenue, the cost-income ratio

in the first half was reduced to 41.2%, an improvement of 0.8 percentage points (2010: 42.0%). This means that the annualised cost-income ratio for the Group has improved from 40.5% at the 2010 year end to 40.1% at June 2011.

Early Settlement Rebates

The CCD was passed into EU legislation in 2009 and the Group increased prices in July 2009 to mitigate the possible consequent impact of the increase in the cost of ESRs (ESRs are netted off against the revenue line in the income statement). As at the date of this document, the CCD has been implemented in all of the Group's European markets except Poland and the consequent impact was a reduction in the annualised benefit of the price rise of approximately £5 million in the second half of 2010 and a further £4 million in the first half of 2011. This has meant that first half Group revenue has increased at a rate which is two percentage points lower than average net receivables growth.

Implementation of the CCD has been delayed in Poland until December 2011. This means that there will be a further net increase in ESR costs in 2012 following the implementation in Poland although the precise impact will depend on the final outcome of the Polish Office of Competition and Consumer Protection's review of the Group's current ESR practices.

Segmental results

The following table analyses the impact of higher interest costs on the results of each market for the six-month period ending 30 June in the year stated, along with the impact of additional ESRs net of the benefit from the July 2009 price increase:

	2011	2011	2011	2011	2010
	Reported profit	Increased interest	ESR impact	Underlying profit	Reported profit
	£m	£m	£m	£m	£m
Poland	24.8	2.8	(3.2)	24.4	14.0
Czech Republic/Slovakia	17.3	1.8	1.6	20.7	20.4
Hungary	1.7	1.8	3.9	7.4	1.5
Mexico	(2.1)	0.4	(0.5)	(2.2)	0.7
Romania	0.5	0.6	2.2	3.3	0.2
UK – central costs	(6.5)	-	-	(6.5)	(6.3)
Profit before taxation	35.7	7.4	4.0	47.1	30.5

One of the key reasons for the increase in Group profit in the first half of 2011 has been a strong performance by the Group's Polish business. Profit increased by £10.8 million compared with the first half of 2010 through a combination of steady growth in customers (which increased by 6% to 806,000) and good growth in credit issued (16%), coupled with much reduced impairment and tight cost control. On an annualised basis, impairment has now reduced to 29.5% of revenue.

The Group's business in the Czech Republic and Slovakia continues to perform well. However, profit has fallen by £3.1 million compared with the first half of 2010. This partly reflects an additional £3.4 million of interest and ESR costs. Additionally, impairment has now been returned to normal levels compared to the unusually low impairment charge in the first half of 2010. Growth has been achieved with credit issued up by 13% but customer growth has been slower at just 1%.

The Group's business in Hungary has continued its progress with profit increased to £1.7 million. This was driven by growth in customers (8%) and growth in credit issued (14%), whilst impairment remains the lowest in the Group at 12.0% of revenue on an annualised basis.

In Mexico the Group has completed its re-organisation of the field management structure designed to provide greater management supervision and support for the Group's development managers and agents. Impairment in the Group's business in Mexico has been reduced, on an annualised basis, by 4.5 percentage points to 33.6% of revenue compared to June 2010. During the first half, customers in Mexico increased by 12% to 621,000 and credit issued by 10%. Completion of the re-organisation also supported further investment in the Group's branch infrastructure with the opening of two new branches in the Puebla region and five in the Guadalajara region, and the Group now operates from 26 and 23 branches in those regions respectively. The additional costs of the new branches and the field structure, plus the full year impact of the three branches opened in Monterrey last year, was £2 million. This, coupled with an increase in interest costs of £0.4 million from the 2010 debt refinancing and the subdued growth in revenue, means that the Mexican business reported a loss of £2.1 million in the first half compared with a profit of £0.7 million in the first half of 2010.

The Group's Romanian business continues to perform strongly and the Group has opened one new branch in the first half with a second planned for the third quarter. The main features of the first half were an increase in customers of 21% to 226,000, with growth in credit issued up 17%, stable impairment and a substantial reduction in the cost-income ratio of 3.0 percentage points to 44.4%. This has enabled the business to absorb an additional £2.8 million of funding and ESR costs and increase first half profit to £0.5 million (2010: £0.2 million).

10. Borrowings and bank facilities

10.1 Borrowings

During 2010 the Group secured funding through to the end of 2013 to support growth in the business. As part of this process the Group was able to significantly reduce the Group's reliance on bank funding by securing new sources of financing through the Group's inaugural Eurobond issue under this Programme. In addition, the Group was recognised as being the first non-domestic issuer of corporate bonds on the Warsaw Stock Exchange. The Group also diversified and extended the maturity profile of its debt funding with the introduction of a significant proportion of five year funding.

During the year to 30 June 2011, total Group borrowings reduced by £19.1 million to £287.4 million, reflecting the cash generative nature of the Group's business model. This compares with total bank facilities of £488.1 million, giving headroom on facilities of £200.7 million. Gearing, calculated as borrowings divided by shareholders' equity, has reduced to 0.9 times (2010: 1.0 times).

10.2 Bonds

During 2010 the Group issued the following bonds:

In August 2010 IPF issued a €225 million five year bond at a fixed coupon of 11.5% under this Programme.

In September 2010 IPF Investments Polska Sp. z.o.o. issued 200 million Polish zloty bonds maturing 30 June 2015 under the Group's Polish Medium Term Note programme ("PMTN"). The coupon is a floating six month WIBOR (the relevant Polish bank reference rate) plus a margin of 750 basis points.

In February 2011 IPF issued 36.5 million Romanian lei three year bonds at a fixed coupon of 12% under this Programme.

10.3 Bank facilities

In November 2010 the Group entered into new three year syndicated and bilateral bank facilities totalling £198.3 million priced at 400 basis points over the relevant reference rate.

The Group's syndicated and bilateral facilities reflect a broad banking group that has a good strategic and geographical fit with the Group's operations.

Substantially, the Group's bank facilities are committed in the local currencies of each operating subsidiary, with the IPF local subsidiary as the borrower. The syndicated facility is split into five tranches, one for each of Poland, the Czech Republic, Hungary, Slovakia and Romania. The Company can borrow under the facility (in sterling, euro and local currencies). The Group's debt facilities are structured with a view to ensuring that all bank lenders are treated equally in an enforcement scenario. This is achieved through using downstream guarantees for all borrowings. For example, when banks lend to IPF's Polish subsidiary, they agree to rely on the IPF parent and UK holding

company guarantees in an enforcement situation, rather than making a direct claim on the assets of the borrower. Substantially, all of the existing IPF bank facilities have the same covenant structure, including financial covenants, and it is intended that this position will be maintained in future debt facilities.

The Group continues to maintain good headroom on all of its banking covenants.

11. Directors

The following table sets out a list of directors of IPF and the principal activities performed by them outside IPF where these are significant to IPF as at the date of this document.

Name	Position	Other principal activities
Christopher Rodrigues	Non-Executive Chairman	Chairman of: VisitBritain Almeida Theatre Company Limited The Windsor Leadership Trust Director of: Ladbroke plc Ladbroke Employee Share Trust Limited
John Harnett	Chief Executive Officer	None
David Broadbent	Finance Director	None
Charles Gregson	Non-executive director	Non-Executive Chairman of: ICAP plc CPPGroup Plc Director of: Arabian Racing Organisation Limited Caledonia Investments plc Outdoor Installations Limited Petscreen Limited PR Newswire Europe Limited The Public Catalogue Foundation The Starting Price Regulatory Commission Limited Woodcote Grove Estate Limited St James's Place plc
Tony Hales	Senior Independent non-	Chairman of: British Waterways

executive director

Non-executive director of:
Capital & Regional plc

Director of:
Mirodas Properties Limited
NAAFI Incorporated Trustees
NAAFI Pension Fund Trustees
The Services Sound and Vision
Corporation

Edyta Kurek	Independent non-executive director	Vice President East Central Europe and Middle East and General Manager of: Herbalife Polska Sp.z.o.o.
John Lorimer	Independent non-executive director	Chairman of CAF Bank Ltd, trustee of the Charities Aid Foundation, and a director of Aberdeen New Dawn Investment Trust plc and of Welsh National Opera Limited
Nick Page	Independent non-executive director	Non-executive director of: Collins Stewart plc

The business address of each of the directors is c/o Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

The Board of Directors of IPF (the "Board") may, subject to and in accordance with the provisions of its articles of association, authorise any matter which would otherwise involve a director breaching his duty under the Companies Act 2006 to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest the Board may (a) require the relevant director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest; (b) impose upon the relevant director such other terms for the purpose of dealing with the conflict of interest as it may determine; and (c) may provide that the relevant director will not be obliged to disclose information that is confidential to a third party and obtained otherwise than through his position as a director of IPF, or to use or apply the information in relation to IPF's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

The matters referred to in the above paragraph are intended to deal with future potential conflicts of interest which may arise from time to time. As at the date of this Base Prospectus, save for the fact that one or more directors may purchase Notes issued under the Programme from time to time, there are no potential conflicts of interest between the duties of the directors listed above to IPF and their private interests and or other duties.

Director Profiles

Christopher Rodrigues CBE, Non-Executive Chairman

Graduated with a degree in economics and economic history and has an MBA. He joined the Board of IPF in 2007 at the time of the demerger from Provident Financial plc, serving as Executive Chairman until October 2008 when the chairmanship became a non-executive role. He is currently Chairman of VisitBritain, Almeida Theatre Company Limited and The Windsor Leadership Trust, a non-executive director of Ladbrokes plc, director of Ladbrokes Employee Share Trust Limited, and was previously Chief Executive of Thomas Cook, Chief Executive of Bradford and Bingley, board member of the Financial Services Authority, President and Chief Executive of Visa International and Joint Deputy Chairman of Provident Financial plc.

John Harnett, Chief Executive Officer

Qualified as a chartered accountant, having graduated with a degree in business studies. He joined the Board of IPF in 2007 and served as Chief Operating Officer until October 2008 when he was appointed Chief Executive Officer. He was previously Finance Director of Holliday Chemical Holdings plc, Finance Director of Allied Colloids plc and Finance Director of Provident Financial plc, later Managing Director of its International Division.

David Broadbent, Finance Director

Qualified as a chartered accountant, having graduated with a degree in classics and has an MBA. He joined the Board of IPF as Finance Director in 2007. He was previously a Senior Manager with PricewaterhouseCoopers, Financial Controller and later Finance Director of the International Division of Provident Financial plc.

Charles Gregson, Non-executive director

Qualified as a solicitor in 1972, having graduated with a degree in history and law. He was appointed as a non-executive director of the Company in 2007. He is currently non-executive Chairman of ICAP plc and CPPGroup Plc, non-executive director of Caledonia Investments plc and St. James Place plc and was previously Chief Executive of PR Newswire Association Inc, director of United Business Media plc, and non-executive director and Deputy (later Joint Deputy Chairman) of Provident Financial plc.

Tony Hales CBE, Senior Independent non-executive director

Graduated with a degree in chemistry. He joined the Board of IPF as a non-executive director in 2007. He is currently Chairman of British Waterways and a non-executive director of Capital & Regional plc and was previously Chief Executive of Allied Domecq plc, Chairman of NAAFI Limited, and a non-executive director of Provident Financial plc, Welsh Water plc, Aston Villa plc, HSBC Bank plc, Workspace Group plc and Reliance Security Group plc.

Edyta Kurek, Independent non-executive director

Graduated with a degree in nuclear engineering. She joined the board of IPF as a non-executive director with effect from 15 February 2010. She is Vice President East Central Europe and Middle East, and General Manager of Herbalife Polska Sp.z.o.o. She has previously held positions in Oriflame Poland Sp.z.o.o and UPC Poland Sp.z.o.o.

John Lorimer, Independent non-executive director

Graduated in commerce. He joined the board of IPF as a non-executive director in May 2010. He is currently Chairman of CAF Bank Limited and a trustee of the Charities Aid Foundation. He is a director of Aberdeen New Dawn Investment Trust plc and Welsh National Opera Limited. He has held senior positions with Standard Chartered Bank (most recently as Group Head of Compliance and Regulatory Risk) and Citigroup.

Nick Page, Independent non-executive director

Graduated with a degree in philosophy, politics and economics and is a Fellow of the Institute of Chartered Accountants in England and Wales. He joined the board of IPF as a non-executive director in 2007. He was previously Chief Operating Officer of Travelex plc, Managing Director of Hambro Insurance Services plc, executive director of Hambros Bank and Joint Deputy Chairman of Hambro Group Investments and non-executive director of MoneyGram International Limited.

BUSINESS DESCRIPTION OF THE GUARANTORS

1. IPF Holdings Limited

IPF Holdings Limited is a private limited company incorporated and registered in England and Wales on 29 October 1980 as a company limited by shares with registered number 01525242. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

IPF Holdings Limited is a wholly owned subsidiary of the Issuer and its principal business activity is to act as the intermediate holding company of International Personal Finance Investments Limited.

2. International Personal Finance Investments Limited

International Personal Finance Investments Limited is a private limited company incorporated and registered in England and Wales on 28 August 1969 as a company limited by shares with registered number 00961088. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

International Personal Finance Investments Limited is a wholly owned subsidiary of IPF Holdings Limited and its principal business activity is to act as the intermediate holding company of the Group's operating subsidiaries.

3. IPF International Limited

IPF International Limited is a private limited company incorporated and registered in England and Wales on 14 March 1963 as a company limited by shares with registered number 00753518. Its registered office is at Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD and the telephone number of its registered office is +44 (0) 113 285 6700.

IPF International Limited's principal business activities are to provide services and business know-how to fellow subsidiary undertakings.

4. Directors of the Guarantors

The following table sets out a list of directors of each the Guarantors and the principal activities performed by them outside the Guarantors where these are significant to any of the Guarantors as at the date of this document.

Name	Position	Other principal activities
John Harnett	Director	None
David Broadbent	Director	None
Frederick Forfar	Director	None

The business address of each of the directors listed above is c/o Number Three, Leeds City Office Park, Meadow Lane, Leeds LS11 5BD.

As at the date of this Base Prospectus, save for the fact that one or more directors may purchase Notes issued under the Programme from time to time, there are no potential conflicts of interest between the duties of the directors listed above to any of the Guarantors and their private interests and or other duties.

REGULATORY INFORMATION

1. Central Europe

1.1 European Union (“EU”) Consumer Credit Legislation

The provision of credit to consumers in Europe, including consumer loans, is at present governed by national legislative provisions which implement the provisions of the consumer credit directive, Directive 2008/48/EEC (the “**CCD**”). EU member states were obliged to implement the requirements of the CCD into national law by June 2010. With the exception of Poland, the European markets in which IPF operates have now all implemented the CCD. Polish implementing legislation will enter into force in December 2011.

The CCD focuses on transparency and consumer rights in relation to consumer credit agreements. It requires a comprehensive set of information to be given to consumers in good time before the consumer credit agreement is concluded and also for that information to be included as part of the consumer credit agreement itself.

Contrary to the position under the previous consumer credit directive, the CCD takes the approach of ‘targeted full harmonisation’ in that, whilst member states have discretion in certain areas, they are not permitted to adopt or retain more stringent provisions in their national law. The intention is that this will lead to a largely consistent legislative position across Europe, thereby encouraging cross-border trade.

As part of this move towards EU consistency in legislation governing consumer credit agreements, the CCD seeks to provide a standard mechanism for calculating the Annual Percentage Rate of Charge (the “**APR**”) that must be included as part of the information to be provided to consumers entering into credit agreements. This will mean that for the first time the definition and formula for the calculation of APR will be harmonised at EU level. The CCD requires that:

- (i) only amounts that consumers are required to pay in connection with the credit agreement and which are known to the consumer credit provider should be included in the total cost of credit to the consumer (and hence the APR), and
- (ii) costs in respect of ancillary services relating to the credit agreement are included in the total cost of credit to the consumer (and hence the APR) only if the conclusion of a service contract is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed.

Agreements for the provision of short term, low value credit with short repayment periods often attract attention as a result of their high APRs, although typically as a result of misconception as to the meaning of APR and its significance. Further, the total charges for the Group’s loans are higher than for loans provided by mainstream banks, reflecting the higher lending risk, the absence generally of default fees for missed payments and the high level of personal service provided by the agent. This can also attract criticism and bring calls for statutory caps on charges.

The Group's consumer lending activities in Poland and Slovakia are currently subject to a maximum rate provision (an interest rate/administrative fee cap and a cap on 'remuneration' (generally interpreted as APR) respectively). Once the CCD is implemented in Poland, the administrative fee cap will no longer apply, leaving only the interest rate cap.

Whilst specific regulation of charges or interest rates does not exist in Hungary, an amendment to the Hungarian Banking Act came into effect on 1 June 2010, pursuant to which customers will be limited to a maximum of one loan of greater than 65% APR and less than HUF 250,000 per calendar year from any individual lender. Within the context of the Hungarian CCD implementing legislation effective from 11 June 2010, the Group's view is that the harmonised APR definition results in the exclusion of costs for optional ancillary services (such as home collection) from the APR calculation, resulting in its APRs being below the 65% limit. On 12 September 2011, in a speech to the Hungarian parliament, Prime Minister Orban suggested that his government may propose legislation to limit the APR on consumer loans to not more than 30%. As at the date of this Prospectus, it is not possible to estimate the impact, if any, enactment of this proposal might have on the Group's business.

The Group has responded to the introduction of caps on interest rate or APR by the use of its 'flexible product', the principal feature of which is that agent service is provided as a separate, optional service. Customers who choose to take it pay a service fee but generally do not pay default fees or additional charges for missed payments, whilst those who decide not to take agent service make repayments via the bank or post office but are liable to default fees for missed payments. Both the optional agent service fee and default fees generally fall outside of interest rate or APR caps. Within the context of the CCD the Group's view is the harmonised APR definition brings IPF additional certainty with regard to the exclusion of costs for optional ancillary services from the APR calculation.

The CCD includes harmonised provisions relating to reductions in the total cost of credit to consumers who choose to utilise their right to early settlement of their credit obligations. Whilst similar provisions were included in the previous consumer credit directive, they were non-standardised and related only to full early settlement. The CCD extends this by providing an entitlement for consumers to a reduction on the total cost of credit on partial, as well as full, early settlement of their credit obligations. The Group has implemented systems and process changes to satisfy the new requirements.

Under the CCD, EU member states will be placed under an obligation to ensure that, before the conclusion of a credit agreement with a consumer, the consumer credit provider assesses the consumer's creditworthiness on the basis of sufficient information, where appropriate obtained from the consumer and, where necessary, on the basis of a consultation of the relevant national database. Furthermore, EU member states will be placed under an obligation to ensure that, where parties to a consumer credit agreement agree to change the total amount of credit after the conclusion of the credit agreement, the consumer credit provider updates the financial information at its disposal concerning the consumer and re-assesses the consumer's creditworthiness before any significant increase in the total amount of credit made available.

The local implementing legislation differs slightly from the CCD in some cases and there is a possibility that local interpretation of the results may vary. As such, it is not possible to assess the full impact that the CCD will have on IPF's European markets. Further, Polish implementing legislation has yet to enter into force.

1.2 Good Morals Laws

Each of the EU member states in which the Group operates has civil law provisions that apply principles of good morals to contracts. The precise wording of these principles varies from country to country. As a general rule, however, each country's civil law contains provisions that enable courts to hold an agreement null and void if it is deemed to be unfair or if the agreement is considered to have been concluded in bad faith.

Similarly, each of the EU member states in which the Group operates has provisions in its criminal law that relate to the principles of good morals in contracts. While the wording varies from country to country, the criminal codes in all relevant countries contain a general principle that a criminal offence would be committed by, for example, a consumer credit provider if it were to exploit a consumer's position or state of distress. There are also, in certain of the relevant countries, specific criminal provisions that relate to usury.

1.3 Anti Money Laundering

All of IPF's European businesses are subject to local anti-money laundering and terrorist financing legislative requirements which were introduced pursuant to the requirements of the Third Money Laundering Directive (Directive 2005/60/EC).

2. Regulatory Framework in Mexico

The Group's Mexican subsidiary is not classified as a financial institution and therefore it is not subject to the supervision of the National Banking Commission, or any other financial authority in Mexico, and does not require any permits or licences to conduct its business.

However, the Group's Mexican subsidiary is subject to the Law for the Transparency and Order of Financial Services and to the Federal Protection Consumers Law which are both supervised and enforced by The Federal Protection Agency for Consumers. Such laws introduce certain requirements applicable to commercial entities that habitually grant loans (such as provision of information about charges, content of agreements and advertisements, including the requirement to specify the total annual cost), and protect customers' interests, respectively.

The Federal Criminal Code and various State Criminal Codes contain provisions relating to exploitation. Each Criminal Code contemplates slight differences among them to qualify the offence, however, the basic elements are taking advantage of someone's inexperience, extreme necessity or ignorance; obtaining notoriously superior gains over those authorised or applicable; or obtaining the aforementioned through deceitful means.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper 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.

Global notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such

Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. Exchange

3.1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a Permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4. Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified

Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

4.5 Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures 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) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the Permanent Global Note is a CGN, presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in

addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Issuing and Paying Agent the nominal amount of such Global Note that is becoming due and repayable.

4.11 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5. Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

6. Record Date in respect of Registered Notes

Each payment in respect of Registered Notes whilst in global form will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Group for 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.

TAXATION

The comments below are of a general nature based on United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice at the date hereof and are not intended to be exhaustive. The comments relate only to the position of persons who are absolute beneficial owners of Notes. Prospective Noteholders should be aware that the particular terms of any Series of Notes, as specified in the relevant Final Terms, may affect the tax treatment of that and other Series of Notes. Any Noteholders who are in doubt as to their own tax position (in particular those who may be liable to taxation in jurisdictions other than the United Kingdom) should consult their professional advisers.

Interest on the Notes

The Notes issued will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 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 by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

The provisions referred to in the preceding paragraph may also apply, in certain circumstances, to payments of amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 by persons in the United Kingdom to, or the receipt of such amounts on behalf of, another person who is an individual. However, it should be noted that HM Revenue & Customs published practice indicates that it will not exercise its power to require this information in respect of such amounts to the extent that they are paid or received on or before 5 April 2012.

Payments by a Guarantor

If a Guarantor makes any payments under the Guarantee in respect of interest on the Notes (or in respect of other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent), subject to such relief as may be available under the provisions of any applicable double taxation treaty or other exemption which may apply. Such payments by a Guarantor may not be eligible for the exemption from United Kingdom withholding tax described above.

As set out in Condition 8 of the Terms and Conditions of the Notes, if a Guarantor is at any time required by law to deduct or withhold an amount in respect of any withholding taxes in respect of payments under the Guarantee, that Guarantor must, subject to certain exemptions, pay such additional amounts as shall result in receipt by the Noteholders, Receipholders and Couponholders of such amounts as would have been received by them had no such deductions or withholding been required.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state is 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, or collected by such a person for, an individual or certain other persons resident in that other member state. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. The ending of such transitional period is 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.

SUBSCRIPTION AND SALE

The Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 13 September 2011 (the “Dealer Agreement”) between the Issuer, the Guarantors, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer may agree with a Dealer to pay such Dealer a commission in respect of Notes subscribed by such Dealer. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantors have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, as amended 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.

Notes in bearer form having a maturity of more than one year 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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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.

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

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 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 Prospectus 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes in paragraphs (a) to (c) above shall require the Issuer, the Guarantors 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 the 2010 PD Amending Directive, to the extent implemented in that Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) 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 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;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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; and
- (iii) 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 (the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

International Personal Finance plc

unconditionally and irrevocably guaranteed by IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the

EUR 1,000,000,000 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 Prospectus dated 13 September 2011 [and the supplemental Prospectus 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 such Prospectus [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 Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated [current date] and which 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 Prospectus dated [current date] [and the supplemental Prospectus dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. The Prospectuses [and the supplemental Prospectus] are available for viewing [at[website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[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 sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or 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 Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Issuer: International Personal Finance plc
- (ii) Guarantors: IPF Holdings Limited, International Personal Finance Investments Limited and IPF International Limited
2. [(i)] Series Number: []
- [(ii)] 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 of Notes: []
- [(i)] Series: []
- [(ii)] Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denominations: []
- [] and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above []. *(Specify for bearer instruments with a minimum specified denomination and integral multiples of another lesser amount.)*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert*

the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.)

7. (i) Issue Date: []
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [• per cent. Fixed Rate]
[[specify reference rate] +/- • per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
[(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)]
11. Change of Interest or Redemption/ Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[(further particulars specified below)]
13. [(i)] Status of the Notes: Senior

[(ii)] Status of the Guarantee: Senior

[(iii)] [Date [Board] approval for []
issuance of Notes [and
Guarantee] obtained:

*(N.B Only relevant where Board (or similar)
authorisation is required for the particular
tranche of Notes or related Guarantee]*

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 sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) [Determination Dates: [] 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. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 16. Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): []
- (ii) Specified Interest Payment Dates: []
- (iii) First Interest Payment Date: []
- (iv) Interest Period Date: []
- [(Not applicable unless different from Interest*

Payment Date)]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): []
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Paying Agent): []
- (ix) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
- (x) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - ISDA Definitions: 2006
- (xi) Margin(s): [+/-][] per cent. per annum
- (xii) Minimum Rate of Interest: [] per cent. per annum
- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: []
- (xv) Fall back provisions, rounding provisions, denominator 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 sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: []
- 18. Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the Provisions remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *[Give or annex details]*
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Paying Agent): []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Interest Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest Period(s): []
- (vii) Specified Interest Payment Dates: []

(viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

(ix) Business Centre(s): []

(x) Minimum Rate of Interest: [] per cent. per annum

(x) Maximum Rate of Interest: [] per cent. per annum

(xii) Day Count Fraction: []

19. Dual Currency Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]

(ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Issue and Paying Agent): []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []

(iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Call Option [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount

- (iii) If redeemable in part:
 - (a) Minimum Redemption [] per Calculation Amount Amount:
 - (b) Maximum Redemption [] per Calculation Amount Amount:
- (iv) Notice period: []

21. Put Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph (a))

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Date method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: []

- (b) Change of Control Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph (b))

- (i) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[101 per cent.] per Calculation Amount/specify other/see Appendix]
- (ii) Negative Rating Event Specified Rating (Condition 6(f)): []
- (iii) Other conditions relating to the Change of Control Put: [None/specify other/see Appendix]

(When adding any other conditions consideration should be given as to whether

such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

22. Final Redemption Amount of each Note [] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

[If the Final Redemption Amount is linked to an underlying reference or security, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer may be required to prepare and publish a supplementary prospectus pursuant to Prospectus Rule 3-4 and Section 87G of the FSMA.]

- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Issue and Paying Agent): []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption [] per Calculation Amount

Amount:

23. Early Redemption Amount

Early Redemption Amount(s) per []
Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Bearer Notes:]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]²
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Registered Notes]
25. New Global Note: [Yes] [No]
26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraphs 15(ii), 16(vi) and 18(ix)]

² If the Temporary Global Note is exchangeable for Definitive Notes at the option of the Noteholder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.

relate]

27. 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]*
28. 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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details]*
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details]*
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
32. Other final terms: [Not Applicable/*give details]*

(When adding any other final terms consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names]*
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give names]*
34. If non-syndicated, name of Dealer: [Not Applicable/*give names]*
35. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA]

C/ TEFRA D/ TEFRA not applicable]

36. 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 of the Notes described herein pursuant to the EUR 1,000,000,000 Euro Medium Term Note Programme of International Personal Finance plc.

RESPONSIBILITY

The Issuer and the Guarantors accept responsibility for the information contained in these Final Terms. [(Relevant third party information) has been extracted from (specify source)]. The Issuer and the Guarantors confirm 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.]

The Issuer

Signed on behalf of **International Personal Finance plc**

By:

Duly authorised

The Guarantors

Signed on behalf of **IPF Holdings Limited**

By:

Duly authorised

Signed on behalf of **International Personal Finance Investments Limited**

By:

Duly authorised

Signed on behalf of **IPF International Limited**

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) 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 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] with effect from [].]

[Not Applicable.]

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

- (ii) Estimate of total expenses []
related to admission to trading:

2. RATINGS

Ratings: The Notes to be issued have been rated:

[[Fitch: []]

[[Other]: []]

(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 credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is established in the European Union and registered under Regulation (EC) No 1060/2009.]

[[Insert credit rating agency] is not

established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No 1060/2009 but is endorsed by [insert credit rating agency] which is established in the European Union and registered under Regulation (EC) No 1060/2009.]

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the Regulation (EC) No 1060/2009 (CRA Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(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 Prospectus 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 Prospectus – 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: []

*([If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is] only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]**

5. [Fixed Rate Notes only – YIELD

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. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

*Need to include details of where past and future performance and volatility of the index/formula/other variable 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. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]**

[(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 Prospectus under Article 16 of the Prospectus Directive.)]

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

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]*.

7. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE

Need to include details of where past and future performance and volatility of the relevant rate[s] 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 Prospectus under Article 16 of the Prospectus Directive.)]

8. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

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) [and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s) []
(if not the Issuer and Paying Agent):

Names and addresses of additional Paying Agent(s) (if any): []

Names and addresses of Calculation Agent(s) (if not Citibank, N.A., London Branch): []

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 the ECB being satisfied that Eurosystem eligibility criteria have been met.][include this text if “yes” selected in which case the Notes must be issued in NGN form]

GENERAL INFORMATION

- (1) It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or around 19 September 2011. Prior to official listing and admission to trading of any Tranche of Notes, however, dealings in such Notes will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Notes may be issued on the basis that they will be admitted to trading by such other or further listing authority and/or stock exchange. Unlisted Notes may also be issued pursuant to the Programme.
- (2) The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment and update of the Programme was authorised by resolutions of the Board of IPF passed on 12 March 2010 and by the Executive Committee of IPF on 19 April 2010 and 4 August 2011, respectively.
- (3) There has been no significant change in the financial or trading position of the Issuer, any of the Guarantors or of the Group since 30 June 2011 and no material adverse change in the prospects of the Issuer, any of the Guarantors or of the Group since 31 December 2010.
- (4) Save as disclosed in this Prospectus on pages 17-18 ("Risk Factors"), no member of the Group is or has been engaged in or, so far as the Issuer or any Guarantor is aware, has any pending or threatened governmental, legal or arbitration proceedings which may have, or have had in the recent past (covering the 12 months preceding the date of this Prospectus), a significant effect on the financial position or profitability of the Issuer, any of the Guarantors and/or the Group.
- (5) IPF and Provident Financial plc ("**Provident Financial**") entered into a demerger agreement on 25 June 2007 to effect the demerger of IPF from the Provident Financial group and govern the relationship between their respective groups following the demerger. Pursuant to the demerger agreement, IPF became the owner of the entire issued share capital of Provident International Holdings Limited (which was the then holding company of Provident Financial's international division) and, thereby, its operating subsidiaries. The demerger agreement contains mutual indemnities under which IPF indemnifies the Provident Financial group against certain tax liabilities and liabilities arising in respect of the IPF business and Provident Financial similarly indemnifies the Group against certain tax liabilities and liabilities arising in respect of the businesses carried on by the Provident Financial group. These mutual indemnities are unlimited in terms of amount or duration and are customary for an agreement of this type.
- (6) Save as disclosed above, there are no material contracts entered into other than in the ordinary course of the Issuer's or any of the Guarantors' business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is

material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

(7) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(8) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

(9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:

(i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

(ii) the Agency Agreement;

(iii) the Memorandum and Articles of Association of the Issuer;

(iv) the Issuer's Annual Report and Financial Statements 2009 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2009 together with the audit report thereon and notes thereto;

(v) the Issuer's Annual Report and Financial Statements 2010 containing the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2010 together with the audit report thereon and notes thereto;

(vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within 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 Issuing and Paying Agent as to its holding of Notes and identity);

- (vii) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
- (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

- (11) The consolidated accounts of the Issuer for the years ended 31 December 2009 and 2010 contained in this document do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the "Act"). Statutory accounts for the financial years ended 31 December 2009 and 2010 have been delivered to the Registrar of Companies in England and Wales. The Issuer's auditors have made a report under section 495 of the Act on the last 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. The report of the Issuer's auditors contained the following statement: "This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."
- (12) PricewaterhouseCoopers LLP of Benson House, 33 Wellington Street, Leeds, LS1 4JP (independent auditors, authorised and regulated by the Financial Services Authority for designated investment business and a member of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the accounts of the Issuer for the years ended 31 December 2009 and 2010.

Registered Office of the Issuer

International Personal Finance plc

Number Three
Leeds City Park Office
Meadow Lane
Leeds LS11 5BD

Registered Office of the Guarantors

IPF Holdings Limited

Number Three
Leeds City Park Office
Meadow Lane
Leeds LS11 5BD

**International Personal
Finance Investments Limited**

Number Three
Leeds City Park Office
Meadow Lane
Leeds LS11 5BD

IPF International Limited

Number Three
Leeds City Park Office
Meadow Lane
Leeds LS11 5BD

Arranger

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Dealers

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

HSBC Bank plc

8 Canada Square
Canary Wharf
London E14 5HQ

Numis Securities Limited

The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

UniCredit Bank AG

Arabellastrasse 12
81925 Munich
Germany

**Issuing and Paying Agent, Paying Agent, Transfer Agent,
Calculation Agent and Registrar**

Citibank, N.A., London Branch

Citigroup Centre
Canary Wharf
Canada Square
London E14 5LB

Trustee

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

Auditors to the Issuer and the Guarantors

Deloitte LLP
1 City Square
Leeds LS1 2AL

Legal Advisers

To the Issuer as to English law

Slaughter and May
One Bunhill Row
London EC1Y 8YY

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

Linklaters LLP
One Silk Street
London EC2Y 8HQ