



PROVIDENT FINANCIAL PLC
(incorporated with limited liability in England and Wales)
£2,000,000,000 Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed in respect of Senior Notes issued hereunder by
DUNCTON GROUP LIMITED
MONEYBARN GROUP LIMITED
MONEYBARN NO.1 LIMITED
PROVIDENT FINANCIAL HOLDINGS LIMITED
(each incorporated with limited liability in England and Wales)

This offering circular (the "**Offering Circular**") has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") as competent authority under Regulation EU 2017/1129 as it forms part of domestic law of the United Kingdom (the "**UK**") by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). The FCA has only approved this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer or the Guarantors nor as an endorsement of the quality of any Notes that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in such Notes. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA and to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**"). References in this Offering Circular to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's Main Market (the "**Main Market**") and have been admitted to the Official List of the FCA.

Under this £2,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Provident Financial plc (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Notes to be issued under the Programme may comprise (i) unsubordinated Notes (the "**Senior Notes**") and (ii) Notes which are subordinated as described herein with a maturity date and with terms capable of qualifying as Tier 2 Capital (as defined herein) (the "**Tier 2 Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein. The payments of all amounts due in respect of any Senior Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Duncton Group Limited, Moneybarn Group Limited, Moneybarn No.1 Limited and Provident Financial Holdings Limited (each a "**Guarantor**" and together the "**Guarantors**"). Tier 2 Notes will not be guaranteed.

The Issuer has been rated BB by Fitch Ratings Limited ("**Fitch**"). Fitch is established in the UK and is registered under the Regulation (EU) No. 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). The rating Fitch has given to the Issuer is endorsed by Fitch Ratings Ireland Limited, which is established in the European Economic Area (the "**EEA**") and registered under Regulation (EU) No 1060/2009 (as amended, the "**EU CRA Regulation**").

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) applicable to the Issuer or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) 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.**

This Offering Circular is valid for a period of twelve months from the date of approval. The obligation to supplement this Offering Circular in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from the registration requirements of the Securities Act.

Arranger
BARCLAYS
Dealers

BARCLAYS
J.P. MORGAN

CREDIT SUISSE

LLOYDS BANK CORPORATE MARKETS

NATWEST MARKETS

Offering Circular dated 23 September 2021

IMPORTANT NOTICES

Responsibility for this Offering Circular

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Circular and any Final Terms and to the best of its knowledge, the information contained in this Offering Circular is in accordance with the facts and the Offering Circular makes no omission likely to affect its import.

Final Terms/Drawdown Offering Circular

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Senior and Tier 2 Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Offering Circular**") as described under "*Final Terms and Drawdown Offering Circular*" below.

Information incorporated by reference in this Offering Circular

This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see "*Documents Incorporated by Reference*"). and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Offering Circular, each reference in this Offering Circular to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Offering Circular unless the context requires otherwise.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantors and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors, any Dealer or Prudential Trustee Company Limited (the "**Trustee**").

Neither the Dealers, the Trustee nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial position or financial performance of the Issuer or the Guarantors since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Offering Circular and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the Securities Act and Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Neither this Offering Circular nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantors, the

Dealers or any of them that any recipient of this Offering Circular or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantors.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MiFIR Product Governance / target market - The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore

The Final Terms in respect of any Notes may include a legend entitled "**Singapore Securities and Futures Act Product Classification**" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

UK Benchmarks Regulation

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**"). Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by FCA pursuant to article 36 of the UK Benchmarks Regulation. The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Alternative Performance Measures

In addition to the financial performance measures established by International Financial Reporting Standards ("**IFRS**"), this Offering Circular contains certain financial measures that are presented for the purpose of assisting securities analysts, investors and other interested parties in understanding the Group's (as defined herein) financial performance. The relevant metrics are identified as Alternative Performance Measures ("**APMs**") for the purposes of the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority. Such measures should not be considered as a substitute for those required by IFRS. The definition of these non-statutory measures may not be comparable to similarly titled measures reported by other companies. Investors should refer to pages 245 and 246 of the 2020 Group Financial Statements and pages 40 and 41 of the 2021 Group Interim Financial Statements for an explanation of the relevance of such APMs and their definitions.

For the six months ended 30 June 2021, adjusted profit before tax is stated before amortisation of acquisition intangibles and exceptional costs of £46.3 million relating to the closure of the Group's Consumer Credit Division ("**CCD**") and the Scheme (See also the section below headed "*Business Description – CCD – Scheme of Arrangement and managed run-off*") which include: (i) redundancy costs of £22.9 million, net of a curtailment credit of £0.8 million on the Pension Scheme; (ii) costs associated with the wind down of CCD including asset write downs and supplier and property exit costs (£13.4 million); (iii) additional costs in relation to the Scheme (£5 million); and (iv) expected costs in relation to the CCD enforcement investigation where a provision of £5 million has now been recognised, which includes management's estimate of potential liabilities which have not yet been discussed or agreed with the FCA.

Supplemental Offering Circular

If at any time the Issuer shall be required to prepare a supplement to the Offering Circular to give effect to the provisions of Article 23(1) of the UK Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Main Market, shall constitute a supplemental base prospectus as required by the FCA and the UK Prospectus Regulation.

Suitability of investment in the Notes

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risk of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has 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) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets and with the resolution regime applicable to the Issuer and the Group, including the possibility that the Notes may become subject to write-down or conversion if the resolution powers are exercised; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) 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.

Certain definitions

In this Offering Circular, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA, references to "**£**", "**GBP**" or "**pounds sterling**" are to the lawful currency for the time being of the UK, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars.

References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Certain other terms or phrases in this Offering Circular are defined in bold font and references to those terms elsewhere in this Offering Circular are designated with initial capital letters.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	1
RISK FACTORS	7
DOCUMENTS INCORPORATED BY REFERENCE	38
FINAL TERMS AND DRAWDOWN OFFERING CIRCULAR	40
DESCRIPTION OF THE NOTES	41
FORM OF FINAL TERMS	43
TERMS AND CONDITIONS OF THE SENIOR AND TIER 2 NOTES	54
BUSINESS DESCRIPTION	97
CAPITAL AND LIQUIDITY	109
DESCRIPTION OF THE GUARANTORS	113
USE OF PROCEEDS	118
TAXATION	119
SUBSCRIPTION AND SALE	119
GENERAL INFORMATION	126

OVERVIEW OF THE PROGRAMME

The following overview is a general description of the Programme, must be read as an introduction to this Offering Circular, and is qualified in its entirety by the remainder of this Offering Circular (and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms or Drawdown Offering Circular). Words and expressions defined elsewhere in this Offering Circular shall have the same meaning in this overview unless otherwise defined herein.

Issuer:	Provident Financial plc
Guarantors (Senior Notes only):	Duncton Group Limited Moneybarn Group Limited Moneybarn No.1 Limited Provident Financial Holdings Limited As described in Condition 14, in certain circumstances other entities may give guarantees in respect of the Notes. In addition, each Guarantor may cease to be a Guarantor if it has resigned as a guarantor under the Issuer's Multi-Currency Revolving Facility Agreement dated 13 July 2021 as amended, extended and/or replaced from time to time (the " Facilities Agreement ").
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC Credit Suisse International J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc NatWest Markets Plc and any other Dealer appointed from time to time by the Issuer and the Guarantors either generally in respect of the Programme or in relation to a particular Tranche of Notes (together, the " Dealers ").
Trustee:	Prudential Trustee Company Limited
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Final Terms or Drawdown Offering Circular:	Notes issued under the Programme may be issued either (1) pursuant to this Offering Circular and associated Final Terms or (2) pursuant to a Drawdown Offering Circular. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced by the relevant Drawdown Offering Circular.
Listing and Trading:	Applications have been made for Notes to be admitted during the period of 12 months from the date of approval of this Offering Circular to listing on the Official List of the FCA and to trading on the Main Market.
Clearing Systems:	Euroclear Bank SA/NV (" Euroclear ") and Clearstream Banking, S.A. (" Clearstream, Luxembourg ").

Initial Programme Amount:	Up to £2,000,000,000 (or the equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Each Tranche of Notes will be in bearer form (" Bearer Notes ") and will be initially issued in the form of a temporary global note (a " Temporary Global Note ") or, if so specified in the relevant Final Terms, a permanent global note (a " Permanent Global Note ") which, in either case, will (i) if the Global Notes are intended to be issued in new global note ("NGN") form, as stated in the relevant Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the " Common Safekeeper ") Euroclear and Clearstream, Luxembourg and (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the " Common Depositary ") for Euroclear and Clearstream, Luxembourg.
Currencies:	Notes may be denominated in pounds sterling, euro, U.S. dollars or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirement.
Status of the Senior Notes:	Senior Notes (as described in Condition 2.1) will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Status of the Guarantee in respect of Senior Notes:	The joint and several obligations of the Guarantors under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantors and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantors, from time to time outstanding.
Status of the Tier 2 Notes:	Tier 2 Notes (as described in Condition 2.2) will constitute unsecured and subordinated obligations of the Issuer and the holders of Tier 2 Notes will, in the event of the Winding Up or a Qualifying Procedure of the Issuer, be subordinated in the manner provided in

the Trust Deed and as specified in Condition 2.2 to the claims of all Senior Creditors but shall rank at least *pari passu* with the claims of Parity Creditors and shall rank in priority to the claims of Junior Creditors.

Waiver of Set-off – Tier 2 Notes:

Subject to applicable law, neither any Tier 2 Noteholder or Tier 2 Couponholder nor the Trustee (on behalf of Tier 2 Noteholders and/or Tier 2 Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed) may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Tier 2 Notes or the Tier 2 Coupons and each Tier 2 Noteholder and Tier 2 Couponholder shall, by virtue of its subscription, purchase or holding of any Tier 2 Note or Tier 2 Coupon, be deemed to have waived all such rights of set-off.

Remedies for Non-Payment – Tier 2 Notes

The sole remedy against the Issuer available to the Trustee or any Tier 2 Noteholder or Tier 2 Couponholder for recovery of amounts owing in respect of any payment of principal or interest in respect of any Tier 2 Notes, will be the institution of proceedings for the winding up of the Issuer and/or proving in any Winding Up or Qualifying Procedure of the Issuer but may take no other action in respect of such default.

Tier 2 Notes – Substitution or Variation:

If at any time a Capital Disqualification Event or a Tax Event occurs the Issuer may, subject to the provisions of Condition 6.11, (if, and to the extent, so required), either substitute all (but not some only) Tier 2 Notes for, or vary their terms so that they remain or, as appropriate, become, Qualifying Tier 2 Notes (as defined in Condition 6.10), as further provided in Condition 6.10.

Issue Price:

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

Maturities:

Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Interest:

Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate. Interest may be subject to an Interest Rate Adjustment in certain circumstances (as described in Condition 4.4 (*Interest Rate Adjustment*)).

Fixed Rate Notes:

Fixed Rate Notes will bear interest at the fixed rate of interest specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

Reset Notes:

Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in

the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate for the relevant Specified Currency or the Reference Bond Rate, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.

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 supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc., including, if specified in the relevant Final Terms, the ISDA Benchmark Supplement; or
- (ii) by reference to LIBOR, EURIBOR or SONIA,

in any such case as adjusted for any applicable margin specified in the relevant Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to their nominal amount and will not bear interest.

Redemption:

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Final Terms in the relevant Specified Currency on the Maturity Date specified in the relevant Final Terms.

Redemption for Tax Reasons:

The Notes may, subject to Condition 6.11 in the case of Tier 2 Notes, be redeemed at the option of the Issuer for tax reasons in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the relevant Final Terms to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders provided the Issuer satisfies the Trustee (immediately before the giving of such notice) that a Tax Event has occurred.

Capital Disqualification Event Redemption in respect of Tier 2 Notes:	If at any time a Capital Disqualification Event occurs in relation to any Series of Tier 2 Notes, the Issuer may, subject to Condition 6.11, redeem all, but not some only, of the Tier 2 Notes of such Series at the Early Redemption Amount together with any outstanding interest.
Redemption at the option of the Issuer (Issuer Call):	If Issuer Call is specified as being applicable in the relevant Final Terms, the Issuer may, subject to Condition 6.11 in the case of Tier 2 Notes, having given not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms, as further described in Condition 6.4.
Redemption at the option of the Senior Noteholders (Investor Put):	If Investor Put is specified as being applicable in the relevant Final Terms, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms, the Issuer will redeem such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date, as further described in Condition 6.5.
Denominations:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Final Terms (subject to compliance with all applicable legal and/or regulatory and/or central bank requirements), save that the minimum denomination of each Note will be €100,000 (or the equivalent in any other currency).
Taxation:	All payments in respect of Notes will be made without withholding or deduction for or on account of any present or future taxes imposed by or on behalf of or within any tax jurisdiction in which the Issuer or (in respect of Senior Notes only) any Guarantor is organised or resident for tax purposes unless such withholding or deduction is required by law. In the event that any such deduction is made, the Issuer or (in respect of Senior Notes only), as the case may be, the Guarantors will, save in certain limited circumstances, be required to pay additional amounts (in the case of Tier 2 Notes, in respect of any payment of interest only (but not principal)) to cover the amounts so deducted.

All payments in respect of the Notes will be made subject in all cases to, *inter alia*, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Ratings:

The Issuer has been rated BB by Fitch. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) (if any) assigned to the Issuer or the Programme or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) 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.

Governing Law:

English law.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the EEA, the UK, Singapore, Japan and Switzerland (see "*Subscription and Sale*" below).

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer, the Guarantors and the industry(ies) in which each of them operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Senior and Tier 2 Notes" below or elsewhere in this Offering Circular have the same meanings in this section.

Prospective investors should note that the following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes. The Issuer and Guarantors have described only those risks relating to their ability to fulfil their respective obligations under the Notes that they consider to be material. Additional risks and uncertainties relating to the Issuer and the Guarantors that are not currently known to the Issuer or the Guarantors, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and the Guarantors and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances. When a risk factor is relevant in more than one category, such risk factor is presented only under the category deemed to be the most relevant for such risk factor.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Risks Related to Macro-economic Conditions

Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group

The outbreak of the COVID-19 virus has already had a significant impact in the UK. At present, it is difficult to ascertain how long the outbreak of COVID-19 may last and the full impact that COVID-19 may have on the UK economy and/or the Group's operations. If the outbreak of COVID-19 continues for a prolonged period, the state of the UK economy is almost certain to worsen with a major slowdown or decline in growth as well as a significant increase in unemployment.

The outbreak of COVID-19 prompted the implementation of various measures by governmental authorities across the world to contain it, such as stay-at-home measures, school and university closures, business and travel restrictions, border controls, social distancing and other measures to discourage or prohibit the movement and gathering of people, which has had a material and adverse impact on the level of economic activity in the UK since March 2020. Whilst, as at the date of this Offering Circular, the UK government has lifted many of these restrictions, there is still uncertainty as to the longer-term impact of the COVID-19 outbreak on the UK economy and it is possible that the future impact will be greater than expected if, for example, preventative measures and vaccines become less effective (including against any new variants of COVID-19 that are identified) or if vaccination rollouts are slower than expected.

In 2020, as a response to the outbreak of COVID-19, the FCA introduced a moratorium that restricted Moneybarn from terminating customer contracts and recovering the vehicle from a customer where a default termination would ordinarily have occurred. This led to approximately 12,000 contracts which could not be terminated at the end of 2020 and as at September 2021, approximately 400 contracts are left to be processed. The restriction was lifted from 31 January 2021 and Moneybarn has subsequently worked with customers affected. However, any future moratorium on terminating contracts and recovering vehicles could have a material adverse effect on the Group's profitability.

The ongoing and future impact of outbreaks of COVID-19 could impact the Group's operations in a number of ways: (i) volatility in the markets in which it operates with potential reduction in new business lending volumes and balancing growth; (ii) the financial health of consumers, and the operations of the Group's counterparties, could be affected and as a result they may default on their obligations due to the Group (such as repayments); (iii) the Group's operations and ability to conduct its business, which relies on direct contact with customers, may be constrained and the Group's return to work strategy and future of work plans may not be possible to implement fully or in the ways the Group anticipates; (iv) there may be a reduction in the Group's capital due to impaired business performance and absorption of losses; (v) there may be increased use of available headroom by credit card users; (vi) there will be increased forbearance

and payment holidays supported by regulatory guidance for vulnerable customers or those in financial difficulty where necessary; (vii) there may be increased impairments due to customer defaults and associated IFRS 9 provisions; and (viii) the Group's access to funding and liquidity may be affected, which will have a negative impact on the Group's liquidity and cashflow.

Therefore, the outbreak of COVID-19 or any other contagious diseases may have a material and prolonged adverse effect on the Group's business and financial condition, including its regulatory capital, liquidity, results of operations, cash flows and prospects.

Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations

As the Group derives all of its revenues from customers based or resident in the UK, it is directly and indirectly subject to the inherent risks arising from the general economic conditions of the UK economy, as well as other major economies that impact it. The outbreak of the COVID-19 virus has already had a significant adverse impact in the UK (as further described in the risk factor titled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" above).

The Group including its subsidiaries (CCD during managed run-off, Vanquis Bank and Moneybarn) is exposed to prevailing levels of unemployment, higher levels of inflation, fluctuations in consumers' disposable income in the UK and changes in interest rates.

The UK economy has suffered a downturn as a result of the outbreak of COVID-19 and the measures taken by the governments to tackle it, and if this continues or it suffers a further downturn, as a result of COVID-19, Brexit or otherwise, customers may be unable or unwilling to take on new debt or continue repaying existing debt. As a result, the Group may not be able to continue to provide its products to customers in the non-standard finance sector in line with its agreed business strategy and budgeted business plans. Such events as well as the events described in the risk factor titled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" above) could lead to increasing loan delinquencies, customer bankruptcies, charge-offs and provisions for losses. If inflation and/or interest rates were to rise in the UK, the amount of disposable income available for customers to repay their overall borrowing obligations could decrease. Total collections may be reduced or the timing of receipt of payments may be extended as a result of these measures, any of which could materially and adversely affect the Group's business and financial condition, including its regulatory capital, liquidity, results of operations, cash flows and prospects.

Climate Risk

The Group is considering the impact of climate change from both a prudential and commercial perspective. For example with more people choosing electric vehicles, there is an impact on the Moneybarn business model which may need to be considered. It is however too early to be precise on the impact of climate change on the Group but work is ongoing to do so.

Brexit

On 31 January 2020 the UK withdrew from the European Union and a transitional period formally ended on 31 December 2020. The economic outlook post Brexit remains uncertain against the backdrop of the impact of the COVID-19 pandemic and there remains significant amount of instability in the UK economy and capital markets, albeit unemployment levels have remained stable due to the UK government's job retention schemes.

The Group's income is derived from activities within the UK. The Group's only direct exposure to the EU was the home credit operation in the Republic of Ireland which has now ceased trading. This geographical concentration of credit risk means the Group is sensitive to adverse changes in the UK economy, which could reduce demand for the Group's loan products, increase the number of customers that default on their loans and cause security asset values to fall.

The outlook for the UK economy is uncertain, particularly in the short and medium term in light of the outbreak of the COVID-19 pandemic (see further the risk factor titled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" above), and also the UK's decision to leave the European Union.

The trade and co-operation agreement between the European Union and the UK came into force on 1 January 2021. Whilst this does provide a framework for future trade relations between the European Union and the UK it still represents a significant shift for the UK economy from membership of the European Union. Furthermore, several areas are not covered by the agreement, such as financial services and data protection, and over time non-tariff barriers may develop even in areas covered by the agreement. As a consequence, the impact on the UK economy of the UK's exit from the European Union is highly uncertain and failure to agree on or delay to the expansion of the agreement could lead to further uncertainty.

A downturn in business conditions or in the UK economy or increased financial market volatility or economic or market disruption (including any such downturn, volatility or disruption caused by the impact of the COVID-19 pandemic or the UK's exit from the European Union) could adversely affect the Group's cashflows, revenues and/or profits which could adversely impact the Issuer's and the Guarantors' ability to fulfil its obligations under the Notes.

Disruptions and volatility in the global financial markets may adversely impact the Group's access to funding

The global capital and credit markets have been characterised by volatility in recent years. Challenging market conditions have resulted not just in greater volatility but also reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Global markets and economic conditions have been negatively impacted for several years by various factors including market perceptions regarding the ability of certain EU Member States to service their sovereign debt obligations, including Greece, the Republic of Ireland, Italy, Portugal and Spain. More recently, the outbreak of COVID-19 has had a severe effect on the global economy and may trigger recessions in many countries (as further described in the risk factor titled "*Outbreaks of contagious diseases may adversely impact the Group*" above) including in the UK. Slower growth and higher unemployment than expected in Europe, China and other large economies could trigger heightened credit risk in the financial markets. Economic conditions in the EU are further subject to the risks of slowdown and volatility as a result of the considerable uncertainty surrounding the United Kingdom's departure from the EU and whether and to what extent this exit may impact the capital markets.

The precise nature of all the risks and uncertainties that the Group faces as a result of the global economic outlook cannot be identified and many of these risks are outside of the Group's control. No assurance can be given as to future economic conditions in any market or as to the sustainability of the improvement in any market.

Any unforeseen turbulence in credit or other markets could have a material adverse effect on the Group's access to the capital markets and may increase the Group's funding costs. Any rise in interest rates in the UK or the EU, as the case may be, due to a change in the economic environment or other factors beyond the Group's control, may also increase the Group's financing costs. The exact nature of these risks faced by the Group are difficult to predict and guard against. Taken in isolation or together, the above changes in the macro-economic conditions may have a material adverse effect on the Group's operating results, liquidity, financial condition and prospects and may impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

Risks Relating to the Business of the Group

As a lending business, the Group is exposed to credit risk, which is the risk that the Group will suffer unexpected losses in the event of customer defaults. Customer defaults in the non-standard credit market are typically higher than in more mainstream markets.

(i) Vanquis Bank

Vanquis Bank customers are typically in full-time employment on low to moderate incomes with a limited or poor credit history. Rising unemployment, an increase in interest rates, inflationary pressures on household bills or a deterioration in the UK economy could adversely affect customers' ability to repay amounts due and lead to higher than expected default rates and hence impairment charges. Despite the credit risk management measures taken by Vanquis Bank (see "*Business Description – Vanquis Bank – Risk management*"), other factors including impairments stemming from customers in persistent debt (see additional risk related to "*The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK*") could give rise to increased customer defaults which may have a

material adverse impact on Vanquis Bank's operating results, financial condition and prospects. Given the Issuer owns 100 per cent. of the share capital of Vanquis Bank, customer defaults in Vanquis Bank could impact the ability of the Issuer to receive dividends from Vanquis Bank, or negatively impact any other exposures the Issuer may have to Vanquis Bank from time to time, which in turn may impact the ability of the Issuer to make payments in respect of the Notes.

(ii) **Moneybarn**

Moneybarn customers are typically either in full-time employment or self-employed, with incomes around the national average (£20,000-£30,000). They typically rent and have a limited or poor credit history. For a Moneybarn customer, the monthly repayment is one of their largest monthly expenses and therefore rising unemployment, inflationary pressures on household bills or a deterioration in the UK economy could adversely affect their ability to repay, leading to higher than expected default rates and hence impairment charges.

Despite the credit risk management measures taken by Moneybarn (see "*Business Description – Moneybarn – Risk management*"), customer defaults and the amounts recovered from the sale of any recovered vehicles may have a material adverse impact on Moneybarn's operating results, financial condition and prospects and may impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

(iii) **Consumer Credit Division (CCD)**

Provident customers are typically unemployed, are on benefits or have casual employment, with modest incomes (often £10,000-£20,000) resulting in little leeway in income and outgoings and minimal savings. Provident customers are typically older and live in rented accommodation or social housing.

By comparison, Satsuma customers are typically younger (below 35) and often work full-time or have a number of part-time jobs, which may result in irregular income patterns. Satsuma customers typically rent or live with parents and have incomes at or slightly below the national average (£15,000-£30,000).

(iv) **Bank counterparties**

Counterparty credit risk arises as a result of cash deposits placed with clearing banks and central government and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange rate risk. In relation to such transactions there is a risk that such counterparties could fail and default in relation to their obligations under these transactions to the detriment of the Group.

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

Despite the Group's credit risk management procedures, there can be no assurance that the Group's financial performance and liquidity would not be adversely affected should any bank counterparty fail in the future and this may impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

The Group could be subject to reputational harm that could damage its brands or have a broader negative impact on the consumer credit market

The Group's brands and legal entities including, Vanquis Bank and Moneybarn, could be susceptible to significant reputational damage, which could arise by failing to address, or appearing to fail to address, a variety of issues, such as but not limited to:

- poor customer service or conduct outcomes;
- technology failures;

- breaches of data security;
- breaching, or facing allegations of having breached, legal and regulatory requirements;
- committing, or facing allegations of having committed, or being associated with those who have or are accused of committing, unethical practices, including with regard to sales, trading practices or conflicts of interest;
- the failure of intermediaries, brokers and other third parties on whom the Group relies, such as clearing banks, third-party service providers or partners, to provide necessary services; and
- poor business performance.

On 15 March 2021, the Issuer announced that Provident SPV Limited, a wholly owned subsidiary of Provident Financial Holdings Limited, was proposing a Scheme of Arrangement (the "**Scheme**") under Part 26 of the Companies Act 2006. The Scheme provided for customers of CCD and the Financial Ombudsman Service (the "**FOS**") to release certain of their credit-worthiness complaints and fee entitlements (respectively) against CCD, in return for Provident SPV Limited agreeing to provide them with compensation out of a £50 million fund to be advanced to it by the Issuer. The Scheme was approved by the High Court on 4 August 2021 and became effective on 5 August 2021. Separately, the Issuer has also decided to place the home credit business into a managed run-off, which is expected to conclude in 2022, and withdraw from the home credit market entirely (further information is set out in "*Business Description – CCD – Scheme of Arrangement and managed run-off*"). Furthermore, in February 2021 the FCA informed the Group that it was opening an enforcement investigation focusing on the consideration by the Group of affordability and sustainability of lending to customers, as well as the application of a FOS decision into the Group's complaint handling process, in the period between February 2020 and February 2021 (further information set out in "*Business Description – CCD – FCA enforcement investigation*"). It is possible that the Group will face adverse publicity or reputational damage as a result of the Scheme, the managed run-off of CCD and the FCA enforcement investigation which could impact the Group's remaining brands, being Vanquis Bank and Moneybarn.

In addition, external negative publicity about the Group could manifest itself through social media, websites, blogs or other media as a result of the above, or through other third parties including Claims Management Companies ("**CMCs**"), whether warranted or not.

The inability to manage reputational risks relating to the Group's brands or legal entities for any reason could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, which would impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

The markets in which the Group operate are highly competitive and subject to rapid change

The markets for the Group's products and services are highly specialised and competitive and in a state of ongoing change in response to consumer demand, technological innovations, changing legislation and other factors. Although the Group believes it is a market leader in the non-standard consumer credit market, some of the Group's principal competitors have substantial financial resources, established brands, technological expertise and market experience that may better position them to anticipate and respond to competitive changes. Competitor activity could lead to pressure on certain Group products and services, potentially reducing profit margins and cash flows.

Competition has increased in non-standard credit cards with several new entrants and an increased range of product propositions from established providers.

Similarly, in respect of Moneybarn, competition has increased with some competitors offering increased commissions to introducers and some introducers expanding into lending. Although the used car finance market has shown strong growth over recent years following dramatic falls in supply after the credit crunch, there is a risk of new specialist entrants and re-entry by mainstream car finance companies. Moneybarn is reliant on a network of specialist intermediaries including motor dealers, traditional motor finance brokers and internet introducers to distribute its products. Moneybarn has limited direct oversight of intermediaries' interactions with prospective customers, outside of its regulatory responsibilities, and if intermediaries violate applicable regulations or standards when selling Moneybarn's products, the Group's reputation could

be harmed. In addition, Moneybarn may fail to develop products that are attractive to intermediaries or otherwise not succeed in developing relationships with intermediaries. Furthermore, Moneybarn could lose the services of intermediaries with whom it does business, for example, as a result of market conditions causing their closure or intermediaries switching to its competitors due to higher commissions or other incentives. The loss or deterioration of Moneybarn's relationships with its intermediaries could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group cannot predict with certainty the changes that may occur and the effect of those changes on the competitiveness of its business activities. The competitive environment in which the Group operates will require the Group to continually invest, enhance and adapt its products and services including new technology to better serve the needs of its existing customers and to attract new customers. If the Group is unable to successfully adapt and/or develop its products in a timely fashion or to successfully respond to competitor offerings, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

The Group may not be able to successfully implement a new product strategy or model and may be adversely affected by the failure to manage change

The Group may seek to introduce new product groups, pricing and credit assessment analysis methods and uses of data in order to: (i) retain existing customers whose needs have evolved; (ii) attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective; and/or (iii) develop more competitive pricing and sophisticated underwriting processes. The new businesses and products may not be able to attain the forecast returns and the Group may make errors 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. In particular, the Group's plans to develop a personal loans offering may not be delivered in line with internal plans.

In order to successfully implement its 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 new product governance, system pilots, change risk management frameworks, monitoring programmes, prioritisation methodologies, audits, contingency and business continuity plans and regular progress reporting. Despite these controls, however, a new project, system, product or model may fail to deliver the business benefits required to implement the Group's business model and/or growth strategy. This could include (but is not limited to) insufficient market research, non-compliance with policies, technology failure, unexpected changes in external conditions including the regulatory environment and/or 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.

The Group's business is subject to concentration risk

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

As a result of its clear non-standard specialist lending strategy, the Group's operations are concentrated in the UK in the non-standard consumer credit market. In addition, with the closure of CCD, the Group's product offering is less diverse and primarily consists of Vanquis Bank credit cards and secured car loans through Moneybarn. However, the Group's customer base is well diversified throughout the UK and is not concentrated in a particular region.

There can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events, relating to concentration risk from operating predominantly in the UK and within one customer segment (being the non-standard consumer credit market), arise in the future which would impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

There are risks related to the strategic supplier management framework and disputes with key third party suppliers

The Group depends on a number of third-party service providers for a variety of functions whose failure to perform could have a material effect on the Group's business, financial condition, results of operations and prospects.

The Group relies on the continued availability and reliability of these service providers. If the Group's contractual arrangements with any of these providers are terminated for any reason, or a third-party service provider becomes otherwise unavailable or unreliable in providing the service to the required standard, the Group may need to identify and implement alternative arrangements.

Although the Group would likely be able to find an alternative third-party provider or supplier for the services on equivalent terms, it may not be able to do so on a timely basis and in doing so may incur additional costs which could cause operational disruption and/or have a material financial or reputational impact on the Group. In addition, the Group relies on certain suppliers to provide important technology and operational services including new customer acquisition and collections. Any issues with these could have a significant impact on the quality of the service provided by them leading to reputational damage, regulatory breaches and/or poor outcomes for the Group's customers.

The Group's reliance on third-party providers exposes it to the risk of deterioration of the commercial, financial and/or operational soundness of those organisations. The Group is also exposed to the risk that its relationships with one or more third-party service providers may deteriorate for a variety of reasons, including competitive factors. Reputational damage to the Group's brands caused by the failure of a third-party supplier may also adversely impact the Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities.

Risks relating to entry to new markets and acquisitions

The Group may not be successful upon entry into a new market, such as personal loans, or upon an acquisition despite completing market research and/or due diligence beforehand.

The Group may not be able to (i) successfully support its growth strategy in a newly entered market; (ii) realise the expected accretive value of any acquired business or portfolio; (iii) take advantage of market opportunities; and/or (iv) dispose of or close existing businesses where these are not financially viable, for a number of reasons including:

- the inability to recruit and retain well-qualified staff for those businesses;
- the failure to meet customer demand as its operations or the market do not perform as expected;
- the inability to find a suitable buyer or wind-down existing businesses due to operational complexity, regulatory concerns and/or impact on customers;
- the failure to respond effectively to local economic conditions or regulatory pressures; and/or
- the inability to successfully integrate the acquisition or new business into the Group.

If the Group subsequently disposes of or closes the acquired business or other business entity, or withdraws from a market, the Group will incur the additional costs of disposal including any write down in value. There is also the opportunity cost of potentially losing out where a more appropriate geographical market or business acquisition would have been beneficial. The losses will be of greater magnitude if the Group makes such an error in relation to a number of strategic markets or acquisitions and this could materially and adversely affect the Group's business, results of operations and financial condition.

Capital and Liquidity Risks relating to the Group

The risk that the Group has insufficient liquidity to meet its obligations as they fall due, and/or is unable to maintain sufficient funding for its future needs

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

Liquidity risk is managed by the Group's centralised treasury department through daily monitoring of expected cash flows in accordance with a Board-approved Group Funding and Liquidity Policy. This process is monitored regularly by the Treasury Committee.

The Group's Funding and Liquidity Policy is designed to ensure that the Group is able to continue to fund the growth of the business. The Group therefore maintains headroom on its committed borrowing facilities

to fund growth and meet contractual maturities in its bank, private placement and bond funding for at least the following 12 months. As at 31 December 2020, the Group's committed borrowing facilities including retail deposits had a weighted average period to maturity of 1.5 years (2019: 2.2 years) and the headroom on these committed facilities amounted to £79.3 million (2019: £69.1 million).

Vanquis Bank is a PRA-regulated institution and is fully funded via retail deposits. It is required to maintain a liquid assets buffer, and other liquid resources, based upon daily stress tests, in order to ensure that it has sufficient liquid resources to fulfil its operational plans and meet its financial obligations as they fall due. It also maintains an operational buffer over such requirements in line with its risk appetite. As at 31 December 2020, the liquid assets buffer, including other liquid resources and the operational buffer, held by Vanquis Bank in cash and cash equivalents amounted to £833.3 million (2019: £321.9 million).

Both the Group and Vanquis Bank are required to meet the liquidity coverage ratio ("LCR"). The LCR requires institutions to match net liquidity outflows during a 30-day period with a buffer of 'high-quality' liquid assets. The Group and Vanquis Bank have developed systems and controls to monitor and forecast the LCR and have been submitting regulatory reports on the ratio since 1 January 2014. The Group's LCR at 31 December 2020 amounted to 2,830 per cent. (2019: 224 per cent.). Vanquis Bank raised significant liquid resources in response to the COVID-19 pandemic, reflected in the high liquid assets buffer at 31 December 2020. The 30 day horizon for net liquidity outflows in the LCR at 31 December 2020 did not capture the corresponding deposit maturities for which, in part, the liquid resources are being held, resulting in an unusually high reported LCR at that point. At 31 March 2021, the Group's consolidated LCR had fallen to a more normalised 180 per cent. and at 30 June 2021, the Group's consolidated LCR was 472 per cent. Both the Group and Vanquis Bank continue to meet the LCR requirements.

The Group's funding strategy is to maintain committed facilities to meet contractual maturities and fund growth for at least the following 12 months and maintain access to four main sources of funding comprising: (i) the syndicated revolving bank facility; (ii) market funding, including retail bonds, institutional bonds and private placements; (iii) securitisation; and (iv) retail deposits. Retail deposits are used to fund Vanquis Bank whilst other funding sources fund Moneybarn and central operations (the non-bank group). The Group will continue to explore further funding options as appropriate including, but not limited to, the refinancing of the syndicated revolving bank facility and further private placements and institutional bond issuance.

Despite the above measures, there can be no assurance that the Group's financial performance will not be adversely affected should events relating to liquidity risks arise in the future including those described in the risk factors entitled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" and "*Disruptions and volatility in the global financial markets may adversely impact the Group's access to funding*", which could impact the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

The Group is subject to prudential regulatory capital and liquidity requirements and may incur costs in monitoring and complying with these requirements

The Group is subject to prudential regulatory capital and liquidity requirements on a consolidated basis imposed by the PRA as a result of Vanquis Bank being regulated by the PRA and accepting UK retail deposits. Vanquis Bank is also subject to prudential regulatory capital and liquidity requirements imposed by the PRA on a solo entity basis. The requirements applicable are primarily set out in the Capital Regulations (as defined in the Conditions), as adopted in the UK. Together these requirements set out the capital, leverage, liquidity and funding ratios that are applicable to the Group and Vanquis Bank. Further information on the capital and funding of the Group is set out in the section titled "*Capital and Liquidity*".

The Group's ability to do business could be constrained if it fails to maintain sufficient levels of capital. Furthermore, if the Group fails to meet its minimum regulatory capital requirements, this could result in administrative actions or sanctions against it. Effective management of the Group's capital is critical to its ability to operate and grow its business and to pursue its strategy. Any change that limits the Group's ability to manage its balance sheet and capital resources effectively (including, for example, reductions in profits and retained earnings as a result of credit losses, write downs or otherwise, increases in risk weighted assets, delays in the disposal of certain assets or the inability to raise finance through wholesale markets as a result of market conditions or otherwise) could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

There remains a risk that the incoming changes to the Capital Regulations, in addition to binding regulatory or implementing technical standards or guidance, may lead to further unexpected enhanced prudential requirements for the Group. This could affect the profitability of the Group and/or lead to regulatory action if new requirements are not adhered to, which could impact the Issuer's and/or the Guarantor's ability to repay interest and principal on the Notes.

Conduct, Legal and Regulatory Risks

The Group's business practices could result in systemic conduct failings requiring significant redress programmes for customers

The non-standard credit market in which the Group operates exposes the Group to significant conduct risk. The FCA, as part of its statutory objectives, is clear that consumer protection is critical in helping markets work well and any failures by the Group in support of this objective could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Through the many touch points with the Group's customers, the Group is exposed to significant conduct risk. This could manifest through:

- poor product design which fails to meet the needs of customers through unsuitable product features including levels of interest, inappropriate fees and/or charges or basic ease of use;
- lending irresponsibly by failing to undertake appropriate credit or affordability checks for existing or new customers, or through patterns of lending which make repayments unsustainable overtime;
- failing to identify or treat customers fairly, particularly those who are vulnerable, have special needs or are in financial difficulty. This includes not offering adequate forbearance or 'breathing space' to customers where they are struggling to meet agreed payments or where they are in persistent debt. In the context of COVID-19, this risk also includes offering suitable payment holidays to customers who are experiencing financial difficulty directly as a result of the pandemic (see further the risk factor titled "*Outbreaks of contagious diseases may adversely impact the Group*" above); and/or
- not dealing with complaints fairly through inadequate recognition of a complaint, fact finding, decision as to whether the complaint is upheld, redress and communication of complaint outcomes to customers, as well as failing to address the root causes of complaints.

Any 'event' or failure of the type described above could trigger a major systems and controls and/or conduct breach, most likely arising through irresponsible lending or unsuitable product design feature. This could result in an FCA enforcement action, FOS 'precedent case', increased claims from CMCs and/or mandated / voluntary redress programme and potential court action. Were this risk to crystallise, it could be substantial and have a material adverse effect on the Group's business, financial condition, reputation, results of operations, cash flows and prospects.

The Group was recently informed that the FCA has opened an enforcement investigation into CCD, which focuses on the consideration by the Group of affordability and sustainability of lending to customers, as well as the application of a FOS decision into the Group's complaint handling process, in the period between February 2020 and February 2021 (further information set out in "*Business Description – CCD – FCA enforcement investigation*").

Furthermore, with the Payment Protection Insurance deadline now having passed, CMCs are driving more volume complaints against lenders for irresponsible lending or mis-selling, which has resulted in the demise of many high cost credit providers. The Group is subject to the risk of disproportionately high volumes of CMC complaints on its products, services and add on products.

The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK and previously in the Republic of Ireland

The Group is exposed to many forms of legal and regulatory risk in the UK and Republic of Ireland, which may arise in a number of ways. In particular, the high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press, politicians and consumer groups is likely to continue, especially given the non-standard credit market in which the Group operates.

The FCA, and to a lesser extent HM Treasury ("**HMT**") has been very active in the consumer finance industry in the UK, undertaking a number of investigations and publishing numerous reports into the lending market, especially that section of the market targeted at customers who have difficulties in accessing traditional sources of funding, which is the market in which the Group operates. These include but are not limited to:

- *High Cost Credit Review*

In December 2018, the FCA published CP 18/43 "*High-cost Credit Review – Feedback on CP18/12*" ("**CP 18/43**") which is the latest instalment in the FCA's various publications relating to high-cost credit. In CP 18/43 the FCA deals with previous harms they had identified in relation to home-collected credit additional borrowing. CCD made changes to its process to ensure compliance with the new rules, however, CP 18/43 demonstrates the FCA are still very active in high-cost credit areas, and additionally the FCA business plan for 2019/2020 notes that the FCA will continue to implement interventions they have noted in their high-cost credit review and will continue to review areas where there may be continuing harm, such as in firms' affordability checks.

On 6 August 2020, the FCA released a paper on "*Relending in high-cost credit*" which set out the FCA's expectation of firms in relation to refinancing. The FCA has made it clear to firms in this report that there is a higher bar to demonstrate affordability and sustainability where customers are refinancing and customers should not be using refinancing as a way of dealing with financial difficulty. The report applies to all high cost credit providers, and therefore to a very broad range of consumer credit products. There are material differences in the FCA's expectations for the different consumer credit products covered by the report. The Group is in discussions with the FCA in order to better understand this and the effect it might have on the Group.

- *Credit Card Market Study*

In February 2018, the FCA published PS18/4 "*Credit card market study: persistent debt and earlier intervention*" (the "**CCMS**") setting out its final policy rules in respect of persistent debt and earlier intervention remedies. The overall objective of the package of remedies is to reduce the number of customers in problem credit card debt and put borrowers in greater control of their borrowing. In particular, the rules require credit card firms to undertake specific measures in respect of customers defined as being in persistent debt, and accordingly Vanquis Bank has undertaken a number of measures to comply with the CCMS.

- *Assessing creditworthiness in consumer credit*

In July 2018, the FCA published PS 18/19 "*Assessing creditworthiness in consumer credit*" which provided additional guidance in assessing affordability, and all necessary measures have been implemented by the Group.

- *Guidance for firms on the fair treatment of vulnerable customers*

In July 2020 the FCA published GC 20/3 "*Guidance for firms on the fair treatment of vulnerable customers*" setting out their guidance consultation to firms on what they should do to ensure the fair treatment of vulnerable customers. GC 20/3 discusses feedback from the initial guidance consultation published in July 2019, GC 19/3. The aim of the consultation was to ensure that the fair treatment of vulnerable consumers is properly embedded by firms in their culture, policies and processes. The consultation closed on 30 September 2020 and finalised guidance was released in February 2021.

The final guidance includes a new section relating to COVID-19. The guidance states that the COVID-19 pandemic will see an increase in the volume of vulnerable customers and that the fair treatment of vulnerable customers is now urgent with specific groups now more susceptible to harm and detriment. The FCA also wants firms to assess vulnerability as a 'spectrum of risk'; and ensure that the fair treatment of vulnerable customers is embedded as part of a healthy culture within policies, procedures, training and from product design through to customer service.

Following the final guidance, the Group undertook work to identify what enhancements could be made to its existing processes and concluded that the latest guidance will only require minor modifications to the work that is already underway.

- *Early Settlement Rebates*

In November 2020, CCD received a letter from the Central Bank of Ireland (the "CBI") raising concerns about the manner in which moneylenders calculate the reduction in total cost of credit due to customers who opt to repay their loans early. In 2013 regulation in relation to the CBI's capacity for enforcement changed and it was revealed that CCD may be in breach of such regulation and may be liable for customer redress dating back to 2013. The CBI has not indicated that any further action is required by CCD, however there is a risk that the CBI may decide (notwithstanding the closure of the business in the Republic of Ireland) that a back book review is required and redress is payable to all customers who had paid their accounts early and received a rebate. Communications remain ongoing with the CBI and, as at February 2021, the potential exposure was approximately €3.5 million.

- *Breathing Space*

Following the HMT consultation between October 2018 and January 2019 on their breathing space and statutory debt repayment plan, the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales) Regulations 2020) (the "**Breathing Space Regulations**") came into effect on 4 May 2021. The consultation proposed to introduce breathing space "*to give someone in problem debt the right to legal protections from creditor action while they receive debt advice and enter an appropriate debt solution*". A standard breathing space gives legal protections from creditor action for up to 60 days and includes pausing most enforcement action and contact from creditors and freezing most interest and charges on debts. A mental health crisis breathing space is available to someone who is receiving mental health crisis treatment and lasts as long as the person's mental health crisis treatment (no matter how long it is). The Group has implemented the Breathing Space Regulations and is informed by debt advisors when a customer has entered into a breathing space.

- *FCA Consumer Duty*

Following a Discussion Paper released by the FCA on "*A duty of care and potential alternative approaches*" (DP 18/05), the FCA has issued a Consultation Paper CP 21/13 on "*A new Consumer Duty*". CP 21/13 describes that this is intended to set higher expectations for the standard of care that firms provide to consumers and for many firms this would require a significant shift in culture and behaviour, where there is consistent focus on consumer outcomes and putting customers in a position where they can act and make decision in their interests. The FCA states that it would "*add to the range of regulatory tools [used] to meet [its] strategic objective of making markets work well. It would bring together our consumer protection and objectives and help create an environment where consumers are better equipped to achieve good outcomes from financials services. To enable this, all firms would need to ensure that their products and services are fit for purpose, offer fair value and that their communications and customer service enable consumers to make and act on well-informed decisions.*" This first consultation ended on 31 July 2021 and the Group provided feedback through the UK Finance trade body. The second consultation is expected by 31 December 2021 and new FCA rules by 31 July 2022.

- *The Woolard Review*

The Woolard Review on unsecured consumer lending commenced in late 2020 and was published on 2 February 2021. The review itself was extensive with 26 recommendations made in areas such as:

- expansion of FCA regulation to cover Buy Now Pay Later;
- credit builder review;
- repeat lending review, with consideration of cost cap solutions to be extended to loans;

- expansion of alternatives to high cost credit, namely through mainstream lenders, Credit Unions;
- improved credit information market;
- forbearance/ credit reporting providing a more prescriptive and fairer approach;
- regulatory reform e.g. outcomes focused regulation providing a more holistic approach; and
- simplification and transparency of communications (Consumer Credit Act / other requirements).

The Group has undertaken an assessment of the requirements and is considering next steps in line with the latest FCA business plan.

- *FCA Business Plan*

The FCA business plan for 2021/22 was released in July 2021 and is structured very differently from previous years. It has moved away from the specific sector requirements to a more holistic regulatory approach, ensuring the achievement of key outcomes across the financial services market including:

- businesses being operationally resilient and supplying important products and services with minimal disruption to consumers and markets;
- minimising the incidence of fraud and other financial crime within payments services and the banking sector; and
- ensuring consumers get high-quality products and services from retail banks.

The FCA business plan cements the importance of outcome-based regulation (as outlined in the Consumer Duty Paper) and a focus on key priorities, including maintaining high conduct standards, particularly with respect to governance, customer outcomes, digital, payment services, operational resilience and financial resilience of firms.

The FCA also continues to drive the agenda for both diversity and inclusion and environment, social and governance. The plan continues to recognise the impact of the pandemic to customers, with vulnerability and financial difficulties remaining a key area of review.

The FCA is adapting its approach to regulating firms, taking a more data driven and proactive approach to enable it to act more quickly and decisively where it believes customer harm may/has occurred.

Despite the steps taken, the Group will remain at risk of: (i) further, or changes to existing interest rate, total cost of credit or annual percentage rate of charge or other types of cost caps and other types of lending restrictions; (ii) changes to 'unfair terms' laws; (iii) withdrawal of a key licence or removal of an entry from a relevant register; (iv) more restrictive product regulation; (v) more stringent consumer credit legislation; (vi) responsible lending legislation; (vii) employment (see further the risk factor entitled "*Tax Risk*" for information on claims by former self-employed agents regarding their employment status) and health and safety legislation; (viii) implementation of new or more stringent licensing or registration procedures (for example, the introduction or tightening of licensing requirements for non-banking financial institutions); (ix) broader grounds for challenges to the Group's commercial practices or product terms and conditions by customers or interest groups; and/or (x) any other legal or regulatory changes designed to manage the growth of credit in the areas in which the Group operates.

Certain aspects of the Group's business may be determined by the PRA, the FCA, the Competition and Markets Authority, HMT, the FOS, the Information Commissioner's Office or the courts as not being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS' opinion.

Compliance with the extensive and increasing regulatory framework is expensive, time-consuming and labour-intensive. Failure to comply with any applicable laws, regulations, rules or contractual compliance

obligations could result in investigations, information gathering, appointment of a skilled person, public censures, financial penalties, disciplinary measures, liability and/or enforcement actions being brought against the Group, the provision of restitution to affected customers (through back book remediation), and/or licences or permissions that the Group needs to do business not being granted or being revoked or suspended. All of these could result in significant costs, may require provisions to be recorded in the Group's financial statements and may materially adversely affect future revenues from affected products. In addition, there could be damage to the Group's reputation and adverse publicity for the Group, which could affect its relations with customers, as well as divert management's attentions from the day-to-day management of the Group's business. Any of these developments could impair the Group's ability to conduct its business and could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group may be subjected to regulatory proceedings and any regulatory failings could manifest in more intrusive and intensive regulation and restrict the Group's ability to develop and conduct key aspects of its business

The Group may be subjected to legal and regulatory proceedings in the course of its business. Risks relating to these proceedings may arise where the Group's business may not be, or may not have been, conducted in accordance with applicable laws or regulations.

There can be no assurance that the Group will prevail in any future regulatory proceedings. Any regulatory or other proceedings, whether or not determined in the Group's favour or settled by the Group, could be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations. In addition, any proceedings could adversely affect the Group's reputation and the market's perception of the Group and the products and services that it offers, as well as customer demand for those products and services, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Other than the FCA enforcement investigation into CCD described in "*Business Description – CCD – FCA enforcement investigation*", there are no ongoing regulatory proceedings against the Group. See Note 25 of the 2020 Group Financial Statements and Note 12 of the 2021 Group Interim Financial Statements for more information.

Furthermore, there is currently an ongoing dialogue between Vanquis Bank and the FCA relating to the design of the new payment support plan ("**ROP**"), and in addition the First Line Control review (a review to enhance the risk and control environment within first line section of Vanquis Bank) continues in its delivery with relevant regulators kept abreast of progress.

If the regulator deemed that insufficient progress has been made in resolving any of the outstanding regulatory issues, and/or new issues were to emerge, this could result in more onerous supervision which could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks are posed by legal challenges to contractual terms and collective redress

Losses 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. 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, the English courts may find a customer contract to be in breach of laws and regulation relating to Consumer Credit Act requirements or unfair terms in contracts, 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 addition, collective redress mechanisms as a means of addressing mass consumer claims in the UK and the Republic of Ireland may pose a risk to the relevant subsidiary being party to a collective dispute in the event that the Group commences litigation, or if litigation is commenced against it, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to the risk of non-compliance with laws relating to the prevention of money laundering and the financing of terrorism and the Criminal Finances Act

The Group is subject to laws regarding the prevention of money laundering and the financing of terrorism, as well as laws that prohibit the Group and its employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. This includes the UK's Proceeds of Crime Act 2002 and the UK Bribery Act 2010 which imposes additional requirements with respect to determining beneficial ownership and identifying politically exposed persons. The Group is also subject to the Criminal Finances Act 2017 which introduces a criminal offence for failing to take adequate steps to prevent employees or other associates from facilitating tax evasion.

Vanquis Bank identified a number of shortcomings in relation to its financial crime control environment in February 2019. In response to this, a remediation plan was developed to further improve the effectiveness of the control environment and to deliver system and process upgrades. Vanquis Bank engaged in proactive discussions on the remedial actions with the FCA and the remediation programme was successfully delivered and closed in April 2021.

Any material non-compliance with financial crime regulations by the Group or its subsidiaries may lead to FCA enforcement or other financial penalties as well as expose it to the risk of associating with sanctioned individuals or those with serious criminal convictions. This in turn could have a material adverse effect on the Group's business, results of operations and financial condition.

The Payment Services Regulations 2017 (SI 2017/752) ("PSR") may have an adverse effect on Vanquis Bank's business

The PSR implemented the second EU Payment Services Directive ("**PSD2**"). The PSR revoked and replaced the Payment Services Regulations 2009 (SI 2009/09), as of 13 January 2018, which had implemented the first Payment Services Directive; this legislation established an EU single market for payments to encourage the creation of safer, more innovative payment services, also aimed to make cross-border payments in the EU easy, efficient and secure.

PSD2 builds on previous legislation and has required Vanquis Bank to invest in new business practices and security infrastructure to implement the new legislative requirements. The three main areas of change have been: (i) increasing customer rights in areas including complaints handling and currency conversion; (ii) enhancing security through SCA ("**Strong Customer Authentication**") criteria and the risk of not being ready to complete SCA with customers or exempt the transaction by 14 March 2022 resulting in the need to decline a high volume of transactions; and (iii) enabling third-party access to account information providing an opportunity for competitors to create new payment and account services. Any loss of customers as a result of such greater competition or inability to comply with SCA could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Risks Relating to Technology and Information and Data Security

The Group's operations are highly dependent upon access to, and the functioning and security of, IT applications, systems and infrastructure

The Group's business is dependent on processing a high volume of transactions across numerous and diverse products and services accurately and efficiently. The Group also depends on technology to maintain its reputation for quickly and seamlessly processing customer requests, including account openings, payments and transfers. As a result, any weakness impacting the availability, confidentiality or integrity of the Group's IT systems, banking platforms or operational processes could have an adverse effect on its ability to operate its business and meet customer needs.

Regulators are also increasingly focused on promoting the protection of customer/client information, integrity and resilience of information technology systems of regulated firms. The Group's continued regulatory authorisation is increasingly dependent on the adequacy of the Group's IT systems and controls. The Group may identify, and has identified in the past, weaknesses in its IT systems and controls.

The Group's information systems could be adversely affected by events outside its control, including, among others, pandemics, terrorist acts, human error, fraud, natural disasters, telecommunications and network failures and power losses. The Group's computer systems, data stored on third-party servers or

applications by means of "cloud computing" software and its networks may be vulnerable to unauthorised access (from within its organisation or by third parties), computer viruses or other malicious code and cyber threats that could have a security impact. Cyber-attacks, in particular, have become far more prevalent in the past few years, leading potentially to the theft or manipulation of confidential and proprietary information or loss of access to, or destruction of data on systems. If one or more of such events were to occur in respect of the Group's systems, its data, software or networks, could jeopardise the Group's confidential and other information processed and stored in, and transmitted through, its computer systems and networks or third-party platforms.

Any material disruption to, or failure of the Group's systems, the systems of its third-party service providers or the systems of the banking and other sectors that are integral to its businesses, especially if it also impacts the Group's backup or disaster recovery capability, would disrupt its operations and materially adversely affect its businesses. Any temporary or permanent loss of the Group's ability to use its information systems, or any disruption to and/or loss of data could disrupt its operations, result in increased capital expenditure and insurance and operating costs, cause it to suffer a competitive disadvantage and/or materially adversely affect its financial condition. Furthermore, the Group is and is expected to continue to be increasingly reliant on technology to carry out elements of its operations remotely as a result of the COVID-19 crisis (see further the risk factor titled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" above). This increases the risk of serious disruption to the business should such technology fail.

Any security or privacy breach of the Group's systems could expose it to liability, increase expenses relating to the resolution of such breaches, harm its reputation and deter customers from purchasing products from the Group. The Group could be required to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

The Group continually upgrades its IT systems, particularly when it transitions newly acquired businesses onto its systems or otherwise integrates newly acquired businesses or portfolios within its existing IT infrastructure. The integration process, as well as migration of data from legacy systems, may result in technical or operational difficulties that may require it to remedy problems that arise, which could require substantial expenditure, time and other resources.

As some of the systems, technologies and applications that the Group uses have been developed internally, its level of development documentation may not be comparable to that of third-party software packages. The Group may also have certain employees that possess important, undocumented knowledge of its systems. If any such employee no longer worked for the Group, its ability to maintain, repair or modify its systems and platforms may be limited.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to risks associated with obtaining, sharing and retaining customer data which is heavily regulated by privacy, data protection and related laws in the jurisdictions in which it operates

The Group's ability to conduct its business depends in large part on the use of personal data in the Group's consumer data intelligence systems and sharing of account level data with third party service providers to enhance collections and support the administration of the accounts. The Group handles and processes large amounts of sensitive or confidential information, such as personal information of customers and colleagues, including names and account numbers, locations, contact information and other account specific data. Its ability to obtain, retain, share and otherwise manage such data is governed by data protection and privacy requirements and regulatory rules and guidance.

The Group is subject to UK and EU legislation and in particular the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), GDPR as it forms part of UK domestic law by virtue of the EUWA and the UK Data Protection Act 2018 (collectively known as the "**Data Privacy Laws**") which impose a compliance burden on the industry and require that controls are placed on its ability to use data, including expanding the requirement for informed opt-in consent by customers to the processing of their personal data, granting customers a "right to be forgotten" (which may give the customers the right to have their data deleted in certain cases), imposing restrictions on taking decisions about individuals based solely on automated processing of their data (which may prohibit the Group from taking decisions about customers using the Group's consumer data intelligence systems unless there is manual intervention), imposing disclosure

requirements about data sources to customers and imposing the maximum levels of fines for compliance failures of 4 per cent. of annual worldwide turnover, among other requirements. In addition, the Data Privacy Laws increase the ability of data subjects to recover substantial damages for breaches of the legislation, and allows representative bodies (such as consumer organisations) to make claims on behalf of data subjects. The Group may also experience a significant increase in the number of subject access requests, particularly from CMCs. These changes may increase the Group's data protection costs and restrict its ability to conduct its business, which may have a material adverse effect on its results of operations and financial position.

The Group may not be able to prevent the improper disclosure or processing of sensitive information in breach of contract and applicable law. The databases containing consumer data are vulnerable to damage from a variety of sources, including telecommunications and network failures and natural disasters. The databases are also vulnerable to human acts both by individuals outside of the Group as well as the Group's employees, including fraud, identity theft and other misuse of personal data. Any security or privacy breaches of the Group's data could expose it to liability, increase its expenses relating to resolution of these breaches, harm its reputation and deter customers, introducers and other suppliers from conducting business with the Group. Any material failure to process consumer data in compliance with applicable laws could result in the revocation of its licences, monetary fines, criminal charges and breach of contractual arrangements.

Following a recent Court of Justice of the European Union decision (known as the "Schrems II decision") there is a requirement to undertake more detailed reviews relating to the surveillance laws operating in the country of destination that the Group's data may be transferred to/ processed in. There is a risk that the Group does not have the necessary knowledge or experience to undertake the assessments. In addition the extra assessment requirements could place additional burden on the management and operations of the Group.

Any of the foregoing sanctions under UK or EU legislation could have a material adverse effect on the Group's business, reputation, results of operations or financial condition.

Risks relating to the Operations of the Group

The Group's risk management framework, systems and processes, and related guidelines and policies, may prove inadequate to manage its risks, and any failure to properly assess or manage such risks could harm the Group

The Group faces a wide range of risks in its core business activities, including credit and liquidity risk, conduct risk and interest rate risk. Effective risk management requires, among other things, robust policies, processes and controls for the accurate identification and control of a large number of transactions and/or events, and the Group's risk management policies, processes and controls may not prove to be adequate. The Group has a range of methods designed to identify, assess and manage the various risks it faces and the Group is increasingly relying on internally developed models in order to inform its financial decision making. These methods may be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historical experience. Other methods the Group utilises for risk management are based on the evaluation of markets, customers or other information that is publicly known or otherwise available to the Group. This information may not always be accurate, updated or correctly evaluated. Whilst the Group has extensive historic data on its customer segments, this may not be sufficient to accurately predict the credit risk of all of its customers or the future performance of particular products offered within the Group. As such, it may be difficult to predict changes in economic or market conditions and to anticipate the effects that any such changes could have on the Group's financial performance and business operations. The Group is also limited by a maximum level of risk that it can assume before breaching constraints determined by regulatory capital and liquidity needs and its regulatory and legal obligations, including, among others, from a conduct and prudential perspective. If the Group's risk management policies, processes and controls are ineffective, this could have a material adverse effect on its business, financial condition, results of operations or prospects.

Risk relating to the integrity, appropriateness and accuracy of the Group's reporting and the breakdown of operating processes, systems or controls that underpin the Group's business models

The integrity of the Group's control and information systems requires that the financial position of the business is known accurately and in a timely fashion by management. The Group has an internal control

framework and associated assurance mechanism to ensure that ongoing systems, controls and processes are operating as required, and will only implement significant changes to such controls and processes following approved governance arrangements.

However, there remains a risk that these measures will fail to ensure the provision of accurate and timely data on the financial position of the business, which could lead to the Group's control and information systems being compromised, materially adversely affecting the Group's business.

There is a risk that the Group encounters losses if there is a systematic breakdown of operating procedures, processes, systems or controls that underpin the business model including reporting requirements.

The Group could fail to attract or retain suitably qualified senior management or other key employees

The Group's success to a large extent depends on the continued service and performance of its key staff, particularly its senior management, and its ability to attract, retain and develop high-calibre talent. The Group may not succeed in attracting and retaining key personnel if they do not identify or have confidence in the Group's strategy.

Competition from within the financial services industry, as well as from businesses outside financial services for key employees is intense. The Group aims to have sufficient breadth of capabilities and depth of personnel to ensure that it can meet its strategic objectives across all its businesses. However, 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, operational managers and employees required for the continuation and expansion of the Group's activities could have a material adverse effect on its business, growth prospects, results of operations and financial condition.

Financial Risks relating to the Group

Tax risk

Examinations and challenges by tax authorities, or changes in tax laws or regulations, or the application thereof, could materially adversely affect the Group's business, financial condition and results of operations.

The Group's tax returns, which include corporation tax, VAT, various employment tax returns as well as a number of returns for operational taxes, are prepared in accordance with applicable tax legislation and prevailing case law. Whilst the Group has a regular and constructive dialogue with Her Majesty's Revenue and Customs ("**HMRC**") across all taxes and aims to seek advance clearance and discuss contentious issues as early as possible, there remains a risk that the tax authorities could take a view which differs from that taken by the Group in respect of the treatment of particular items in its tax returns.

Any challenges made by tax authorities to its application of tax rules may result in adjustments to the timing or amount of taxable income or deductions or other amounts reflected in the Group's tax returns. If any such challenges are made and are not resolved in the Group's favour, they could have an adverse effect on its business, results of operations and financial condition. There is also a risk that there is an unforeseen breakdown in the systems and processes which underpin the preparation of tax returns and identification of tax sensitive matters which results in an item being treated incorrectly for tax purposes.

The Group's effective tax rate may also be affected by changes in UK or overseas tax laws or the interpretation of UK or overseas tax laws, including changes in its assessment of certain matters. The Group's effective tax rate in any given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. One factor affecting the Group's effective tax rate is the relevant standard rate of corporation tax and the rate of bank corporation surcharge which applies to the taxable profits of Vanquis Bank over £25 million, both of which are subject to change. Any increase in its effective tax rate in future periods could have a material adverse effect on its business, results of operations and financial condition.

The Group is, and may continue to be, subject to claims brought against it by either former agents or tax authorities challenging the historic employment status of the Group's home-collected credit agents in the UK and the Republic of Ireland, particularly given recent employment status cases reported in the media.

In July 2017, the Group changed its home-collected credit operating model in the UK from a self-employed agent model to an employed workforce to take direct control of all aspects of the customer relationship. In

the Republic of Ireland, the Group continued to operate a self-employed agent operating model until the closure of the business at the end of June 2021. Policies and procedures were in place to ensure that the relationship between the business and the agents it engaged were such that self-employed status was maintained. Compliance with policies was routinely evidenced and tested. To date, the Group has successfully defended claims and challenges against the historic employment status of the Group's home-collected credit agents in both the UK and the Republic of Ireland although there can be no guarantee that this will also be the case with future claims and challenges.

It is understood from discussions with HMRC that they have commenced an industry-wide review of the self-employed status of agents. The Group's discussions with HMRC, which are focusing on the period from when the FCA took over responsibility for the regulation of consumer credit in April 2014 to the change of operating model in July 2017, remain in the initial fact-finding stages. The Group is working positively and collaboratively with HMRC and it is expected that the review could continue for at least another year. Were the Group to be unsuccessful in defending the historic self-employed position of agents, it may be required to pay additional taxes, including employer's national insurance contributions, on the commission it paid to agents in the UK for the years concerned.

As discussions with HMRC remain in the preliminary stages and the Group does not know the amounts of tax and national insurance contributions paid by agents through self-assessment which are available for offset, it is difficult to calculate an accurate liability should the Group be unsuccessful in defending the position. Protective assessments have been raised by HMRC (county court proceedings in this case of national insurance contributions) which have been appealed or stayed pending the outcome of the review. These are a procedural matter to ensure that, in the event the review concludes that taxes are payable, HMRC can recover such amounts that would otherwise be excluded due to the lapse of statutory time limits.

Unexpected tax liabilities may adversely affect the Group's financial position and the ability of the Issuer and/or the Guarantors to make payments in respect of the Notes.

The Group faces risks with interest rate levels and volatility

Interest rate risk is the risk of potential loss through unhedged or mismatched asset and liability positions which are sensitive to changes in interest rates. Primarily, the Group is at risk of a change in external interest rates which leads to an increase in the Group's cost of borrowing.

The Group's exposure to movements in interest rates is managed by the Treasury Committee and is governed by a Board-approved Interest Rate Hedging Policy which forms part of the Group's treasury policies. Interest rates, which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of governments and central banks, as well as UK and international political and economic conditions, affect the Group's results, profitability and consequential return on capital in three principal areas: cost and availability of funding, margins and revenues and impairment levels.

The Group seeks to limit its net exposure to changes in interest rates. This is achieved through a combination of issuing fixed rate debt and, in the past, by the use of derivative financial instruments such as interest rate swaps (which may also be used in the future).

In recent years, the UK has experienced historically low, sustained interest rates. Vanquis Bank's deposit accounts consists of fixed term, and fixed rate accounts. Low interest rates diminish incentives for consumers to save and, therefore, could reduce Vanquis Bank's customer deposits, its principal source of funding.

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

Changes in interest rates may also impact the Group's loan impairment levels and customer affordability. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead customers with other financial commitments with other lenders other than the Issuer at variable rates to prioritise those payments particularly over the Group's unsecured products, which in turn could lead to increased impairment charges and lower profitability for the Group.

Given these risks there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to interest rate risks arise in the future, which could impact the

ability of the Issuer and/or the Guarantors to make payments in respect of the Notes. Any adverse impact to Vanquis Bank could impact the potential dividend flow from Vanquis Bank to the Group.

Pension risk

The Issuer operates a defined benefit pension scheme and as at 31 August 2021 there were 35 current staff, 3,049 former employees and 2,869 pensioners included in the scheme (the "**Pension Scheme**"). The cash balance section closed on 31 August 2021 and as at 1 September 2021 there were no active members. There can be no absolute assurance that the Issuer's financial performance will not be adversely affected should unforeseen events relating to pension risks arise in the future, and this could impact the ability of the Issuer and the Guarantors to make payments in respect of the Notes.

(i) *Risks relating to valuation and related funding of pension liabilities*

There is a risk that the liabilities within the Pension Scheme may materially exceed the assets in the Pension Scheme, and the Issuer will therefore be exposed to the risk that its pension funding commitments may increase over time, which could impact the ability of the Issuer and the Guarantors to make payments in respect of the Notes. This could be due to the investment performance of the Pension Scheme's assets, changes to assumptions used to value the Pension Scheme's liabilities or changes to the level of funding required (see below). Changes to assumptions used to value the Pension Scheme's liabilities and assets might be made to reflect, *inter alia*, changes in corporate bond yields, inflation, equity and bond returns and mortality rates. The economic environment in recent years has led to volatile movements in equity markets and corporate yields and mortality rates have been improving in the UK. The Pension Scheme's trustees may seek to adopt more conservative assumptions at future actuarial valuations (which typically take place every three years, the last, as at the date of this Offering Circular, being undertaken as at 1 June 2018), including where there is a deterioration in the financial condition of the Issuer (which could further exacerbate any financial difficulties the Issuer faces at such time).

Whilst the Pension Scheme's trustees determine the Pension Scheme's investment strategy, several years ago the Pension Scheme's trustees and the Issuer agreed and implemented a new risk averse investment strategy with a target allocation of 10 per cent. in Equities, 10 per cent. in an Income Fund, 20 per cent. in Corporate Bonds and 60 per cent. in Gilts. Furthermore, the Equities are hedged against currency risk and all of the assets are hedged against both inflation and interest rates. As a result of adopting this investment strategy the investments tend to move closely in line with any change in the Pension Scheme's liabilities much reducing the impact of market volatility.

(ii) *Risk of exit debt arising under Section 75 of the Pensions Act 1995*

The Issuer is the principal employer of the Pension Scheme. A deed has been prepared and, subject to the trustees being satisfied that a statutory funding test is being met, agreed with the trustees which, once executed, will make the Issuer the sole entity participating in the Pension Scheme, with all liabilities of the other participating employers apportioned to it. If the Issuer fails to remedy any substantial breach of its obligations under the Pension Scheme's governing documentation (e.g. if it fails to remedy any failure to pay contributions to the Pension Scheme) within a prescribed period, the trustees of the Pension Scheme would have the right to terminate the Pension Scheme and wind it up. The insolvency of the Issuer would also trigger a wind-up of the Pension Scheme. Where insolvency of the Issuer (or insolvency of another employer participating in the Pension Scheme where the deed mentioned above has not been executed) or a wind-up of the Pension Scheme takes place, the Pension Scheme's trustees will demand that the Issuer (or applicable employer) makes a lump sum payment to the Pension Scheme under Section 75 of the Pensions Act 1995. Liability under Section 75 is calculated on a conservative "buy-out" basis so such liabilities can be much larger than ongoing pension funding commitments agreed following actuarial valuations. One of the Guarantors (Provident Financial Holdings Limited) guarantees the Issuer's contribution obligations to the Pension Scheme and could become liable to pay a Section 75 liability if the Issuer is unable to do so. If any Section 75 liabilities materialise, this could impact the ability of the Issuer and the Guarantors to make payments in respect of the Notes.

(iii) *Risk of the Pensions Regulator exercising its powers*

The Pensions Regulator has various legislative powers with respect to funding defined benefit pension arrangements such as the Pension Scheme including the ability to impose actuarial valuations and deficit funding obligations on pension scheme employers, and to require an employer participating in a defined

benefit scheme or a person connected or associated with such an employer to make a contribution to or provide financial support for that scheme in certain circumstances. Each potential target's maximum exposure to the Pension Scheme under these powers is an amount equal to the deficit of the Pension Scheme under Section 75 of the Pensions Act 1995. If the Pensions Regulator exercised its powers, this could impact the ability of the Issuer and the Guarantors to make payments in respect of the Notes.

(iv) ***Risks arising from a strengthening of the UK pensions regulatory regime***

The Pension Schemes Act 2021 (the "**Act**") received Royal Assent in February 2021 and includes, *inter alia*, widened Pensions Regulator powers to require financial support for a pension scheme, new criminal offences with unlimited fines and an expanded civil penalty regime in relation to pensions. In addition, the Act also includes a requirement for trustees to have a strategy for ensuring that pensions and other benefits under a scheme can be provided over the long term which may result in higher employer pension contribution requirements. The new legislation increases the range of circumstances in which the Group could face financial liability or increased employer contribution obligations in respect of the Pension Scheme. If the Group is targeted under these new powers or affected by new funding requirements, this could impact the ability of the Issuer and the Guarantors to make payments in respect of the Notes. As there is to be phased implementation of the Act, it is not expected that the funding powers will be implemented until well into 2022 at the earliest (although the new criminal offence measures are to be implemented from October 2021).

RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

Notes issued under the Programme may be structured in such a way that means they have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Issuer's obligations under Tier 2 Notes are subordinated

The obligations of the Issuer under Tier 2 Notes will be unsecured and subordinated and, on a Winding Up or Qualifying Procedure, will rank junior in priority of payment to the claims of Senior Creditors. "**Senior Creditors**" means creditors of the Issuer whose claims are admitted to proof in a Winding Up or Qualifying Procedure and (i) who are unsubordinated creditors of the Issuer; (ii) who are creditors in respect of any secondary non-preferential debts; or (iii) who are subordinated creditors of the Issuer (whether in the event of a Winding Up or Qualifying Procedure or otherwise) other than (x) those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the Tier 2 Noteholders and/or Tier 2 Couponholders or (y) those who are Parity Creditors or Junior Creditors.

The Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "**Order**") splits a relevant financial institution's non-preferential debts (including those of the Issuer) into classes, and provides that ordinary non-preferential debts (such as Senior Notes) will rank ahead of secondary non-preferential debts and tertiary non-preferential debts. Tier 2 Notes constitute tertiary non-preferential debts under the terms of the Order, and therefore both ordinary and secondary non-preferential debts will rank ahead of claims in respect of the Tier 2 Notes.

Although Tier 2 Notes may pay a higher rate of interest than comparable Notes which are not so subordinated, there is a real risk that an investor in such Tier 2 Notes will lose all or some of his investment should the Issuer become insolvent. If, on a Winding Up or Qualifying Procedure of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders of Tier 2 Notes will lose their entire investment in the Tier 2 Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Notes and all other claims that rank *pari passu* with the Tier 2 Notes, Holders of Tier 2 Notes will lose some (which may be substantially all) of their investment in the Tier 2 Notes. See "*Regulatory action in the event Vanquis Bank is failing or likely to fail could materially adversely affect the value of the Notes*" and "*Risks relating to structural subordination of the Notes*" below.

The Tier 2 Notes may be redeemed or purchased in certain circumstances

The Issuer may, subject as described below, redeem all, but not some only, of the Tier 2 Notes of any Series at the price set out in the relevant Final Terms together with any outstanding interest:

- (i) in the event that as a result of a change in law in the United Kingdom, it is obliged to pay additional amounts in respect of any present or future tax, duty, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the United Kingdom per Condition 6 or any authority thereof or therein having the power to tax; or
- (ii) upon the occurrence of certain other changes in the treatment of the relevant Notes for taxation purposes,

in each case, provided that the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

If the relevant Final Terms for Tier 2 Notes of any Series specify that the Issuer has an option to redeem such Notes, the Issuer may, subject as described below, opt to redeem all, or (if specified in the relevant Final Terms) some only, of such Tier 2 Notes at the price set out in the relevant Final Terms together with any outstanding interest.

If at any time a Capital Disqualification Event occurs in relation to any Series of Tier 2 Notes, the Issuer may, subject as described below, redeem all, but not some only, of the Tier 2 Notes of such Series at the price set out in the relevant Final Terms together with any outstanding interest.

Tier 2 Notes may be redeemed prior to the relevant Maturity Date by the Issuer pursuant to Condition 6.2, Condition 6.3 or Condition 6.4, or purchased pursuant to Condition 6.7, in each case, provided that (among other things, and except to the extent that the Capital Regulations (as defined in the Conditions) no longer so require) the Issuer has given prior notice to the PRA and the PRA has granted permission for the Issuer to make such redemption or repurchase and any other requirements of the Capital Regulations and/or the PRA applicable to such purchases or redemptions at the time have been complied with by the Issuer.

If the Tier 2 Notes are to be so redeemed or purchased or there is a perception that the Tier 2 Notes may be so redeemed or purchased, this may impact the market price of the Tier 2 Notes. In addition, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption or purchase at a rate that will provide the same rate of return as their investment in the Tier 2 Notes.

In certain circumstances, the Issuer can substitute or vary the terms of the Tier 2 Notes.

If at any time a Capital Disqualification Event or a Tax Event occurs the Issuer may, subject to Condition 6.11, either substitute all (but not some only) of the relevant Tier 2 Notes for, or vary the terms of the relevant Tier 2 Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, Qualifying Tier 2 Notes as further provided in Condition 6.10. The conditions of such substituted or varied Notes may have conditions that contain one or more provisions that are substantially different from the conditions of the original Tier 2 Notes, provided that the relevant Tier 2 Notes remain or, as appropriate, become, Qualifying Tier 2 Notes, in accordance with the Conditions.

No assurance can be given as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

The Senior Notes may be redeemed or purchased in certain circumstances

The Issuer may, subject as described below, redeem all, but not some only, of the Senior Notes of any Series at the price set out in the relevant Final Terms together with any outstanding interest in the event that as a result of a change in law in the United Kingdom, it or any Guarantor is obliged to pay additional amounts in respect of any present or future tax, duty or charge of whatever nature imposed or levied by or on behalf of the United Kingdom or any authority thereof or therein having the power to tax provided that the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

If the relevant Final Terms for Senior Notes of any Series specify that the Issuer has an option to redeem such Notes, the Issuer may opt to redeem all, or (if specified in the relevant Final Terms) some only, of such Senior Notes at the price set out in the relevant Final Terms together with any outstanding interest. The Senior Notes may also be purchased pursuant to Condition 6.7 (*Purchases*).

If such Senior Notes are to be so redeemed or purchased or there is a perception that the Senior Notes may be so redeemed or purchased, this may impact the market price of the Senior Notes. In addition, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption or purchase at a rate that will provide the same rate of return as their investment in such Senior Notes.

Remedies are limited for non-payment in respect of Tier 2 Notes

The sole remedy against the Issuer available to the Trustee or any Tier 2 Noteholder or Tier 2 Couponholder for recovery of amounts owing in respect of or arising under any Tier 2 Notes, will be the institution of proceedings for the winding up of the Issuer and/or proving in any Winding Up or Qualifying Procedure of the Issuer. As such, the remedies available to holders of these Tier 2 Notes are limited, which may make enforcement more difficult.

Mandatory write-down and conversion of capital instruments may affect the Tier 2 Notes

In addition to the powers granted under the SRR (as described under the risk factor titled "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company such as the Issuer*" below), the Banking Act 2009, as amended (the "**Banking Act**") requires the Bank of England (or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise a UK resolution power) (the "**resolution authority**") to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments (such as the Tier 2 Notes) and internal eligible liabilities at the point of non-viability of a UK bank such as Vanquis Bank or its financial holding company, such as the Issuer (each, a "**relevant entity**") and before, or together with, the exercise of any resolution powers conferred by the SRR (except in the case where the bail-in tool is to be utilised for other liabilities, in which case such capital instrument or internal eligible liabilities would be written down or converted into equity pursuant to the exercise of the bail-in tool, as described below, rather than the mandatory write-down and conversion power).

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which the relevant resolution authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or that the relevant entity will no longer be viable unless the relevant capital instruments or internal eligible liabilities are written down or converted or the relevant entity requires extraordinary public support without which, the relevant resolution authority determines that the relevant entity would no longer be viable.

Holders of Tier 2 Notes may be subject to write-down or conversion into equity on application of mandatory write-down and conversion powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment. The "no creditor worse off" safeguard would not apply in relation to an application of such powers to capital instruments (such as the Tier 2 Notes) in circumstances where resolution powers are not also exercised.

The exercise of such mandatory write-down and conversion power under the Banking Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders of Tier 2 Notes, the price or value of their investment in such Notes and/or the ability of the Issuer to satisfy its obligations under such Notes.

Waiver of set-off in respect of Tier 2 Notes

Holders of Tier 2 Notes and Tier 2 Coupons (if any) will be deemed to have waived any right of set-off in relation to such Notes, subject to applicable law. Therefore, such holders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future - including the phasing out of LIBOR after 31 December 2021 or 30 June 2023

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or the UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

As an example of such benchmark reforms, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021 or (in the case of certain tenors of USD LIBOR only) from 30 June 2023. On 5 March 2021, the administrator for LIBOR (the ICE Benchmark Administration or IBA) similarly announced that it would cease the publication of the relevant LIBOR settings on 31 December 2021 or 30 June 2023, unless the FCA exercises its proposed new powers (which are included in the current UK Financial Services Bill as proposed amendments to the UK Benchmarks Regulation) to require the IBA to continue publishing such LIBOR settings using a changed methodology (also known as a "synthetic" basis). Such announcements indicate that LIBOR will not continue in its current form and the UK Financial Conduct Authority announcement of 5 March 2021 indicated that it is currently contemplating that any "synthetic" basis, if adopted, would be limited to a small number of currencies and settings. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 4.3(g) (*Benchmark Replacement*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative rate may be adjusted (if required) in accordance with the Conditions (subject, in the case of Tier 2 Notes, to changes not prejudicing qualification of such Tier 2 Notes as Tier 2 Capital for the purposes of and in accordance with the Capital Regulations). Any such changes may result

in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used and, accordingly the effective application of a fixed rate for Floating Rate Notes. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and UK Benchmarks Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to risk-free-rates such as SONIA as a reference rate for Floating Rate Notes

The use of risk-free rates - including those such as the Sterling Overnight Index Average ("SONIA") - as a reference rate for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA.

SONIA differs from LIBOR in a number of material respects and has a limited history

Compounded Daily SONIA differs from LIBOR in a number of material respects, including that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA may behave materially differently as interest reference rates for the Notes.

Publication of SONIA (in its current form) began in April 2018 and it therefore has a limited history. The future performance of SONIA may therefore be difficult to predict based on the limited historical performance. The level of SONIA during the term of the Notes may bear little or no relation to the historical level of SONIA. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, the Interest Rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based Notes, if the Notes become due and payable as a result of an Event of Default under Condition 9 (*Events of Default and Enforcement*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

The administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA.

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Reset Reference Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Zero Coupon Notes may experience price volatility in response to changes in market interest rates

Zero Coupon Notes do not pay interest but are issued at a discount from their nominal value. Instead of periodic interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of Zero Coupon Notes is exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate. Prices of Zero Coupon Notes are more volatile than the prices of Fixed Rate Notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in lower interest return for Noteholders. Where the Notes convert 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. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on the Issuer's Notes and could affect the market value of an investment in the relevant Notes.

RISKS RELATED TO NOTES GENERALLY

The Notes are not protected by the Financial Services Compensation Scheme ("FSCS")

Unlike a bank deposit, the Notes are not protected by the FSCS. As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer and/or the Guarantors (as applicable). If the Issuer or any of the Guarantors (as applicable) go out of business or become insolvent, Noteholders may lose all or part of their investment in the Notes.

Risks relating to structural subordination of the Notes

The business of the Group is carried out through the operating subsidiaries of the Issuer and therefore the Issuer depends upon receipt of funds, via dividend or interest payments from its operating subsidiaries, to fund payments of principal and interest on the Notes.

Noteholders will have a direct claim against the Issuer based on the Notes or, in respect of Senior Notes only, as applicable, the Guarantors based on the Guarantee. Holders of Tier 2 Notes will not have a direct claim against the assets of any of the Issuer's operating subsidiaries, and Noteholders of Senior Notes will

not have a direct claim against the assets of the Issuer's operating subsidiaries, which are not themselves Guarantors. The assets of any such subsidiaries will in the first instance be used to pay their creditors.

As a result, the right of the Noteholders to receive payments under: (i) the Senior Notes and the Guarantee will be structurally subordinated to all liabilities of operating subsidiaries in the Group which are not themselves Guarantors; and (ii) the Tier 2 Notes will be structurally subordinated to all liabilities of all of the Issuer's operating subsidiaries (in addition to being contractually subordinated as described under the risk factor titled "*The Issuer's obligations under the Tier 2 Notes are subordinated*"). Structural subordination in this context means that, in the event of a winding up or insolvency of an operating subsidiary of the Issuer (or, in the case of the Senior Notes, an operating subsidiary of the Issuer that is not a Guarantor), any creditors of such subsidiary would have (i) preferential claims to the assets of that subsidiary ahead of the Issuer (or, in the case of the Senior Notes, a Guarantor) in respect of the Issuer's (or, as the case may be, such Guarantor's) holding of ordinary shares in such subsidiary and (ii) in respect of claims of the Issuer (or, as the case may be, such Guarantor) against such subsidiary that rank *pari passu* with any third party creditors' or preference shareholders' claims, *pari passu* claims to the assets of that subsidiary with those claims of the Issuer (or, as the case may be, such Guarantor).

Neither the Senior Notes nor the Tier 2 Notes are guaranteed by Vanquis Bank. Vanquis Bank accounted for 81 per cent. (on a pre-exceptional basis) and 41 per cent. (on a post-exceptional basis) of the profits before tax of the Group in the year ended 31 December 2020. The assets and the cash within Vanquis Bank would be used to repay retail depositors and other senior creditors within Vanquis Bank in the first instance. In addition, Vanquis Bank's ability to pay dividends, and the amount of any such dividends, to the Issuer at any time is subject to its compliance with applicable regulatory capital requirements. Such regulatory capital requirements are subject to change.

As well as the risk of losses in the event of a Group subsidiary's winding up or insolvency, the Issuer may suffer losses if any of its loans to, or investments in, such subsidiary are subject to write-down and conversion by statutory power or regulatory direction or if the subsidiary is otherwise subject to resolution proceedings. In particular, the Banking Act specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under the relevant Capital Regulations and which otherwise respects the hierarchy of claims in an ordinary insolvency. In general terms, the more junior the investments in, and loans made to, any Group subsidiary are, relative to third-party investors, the greater the losses likely to be suffered by the Issuer in the event that any Group subsidiary enters into resolution proceedings or is subject to write-down or conversion of its capital instruments or internal eligible liabilities. See the risk factor titled "*Mandatory write-down and conversion of capital instruments may affect the Tier 2 Notes*" above and the risk factor titled "*Regulatory action in the event Vanquis Bank is failing or likely to fail could materially adversely affect the value of the Notes*" below.

The Issuer has in the past made, and may continue to make, loans to, and investments in, Group subsidiaries. Such loans to, and investments made by, the Issuer in a subsidiary will generally be subordinated to depositors and other unsubordinated creditors and may be subordinated further to meet regulatory requirements and furthermore may contain mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary or upon regulatory direction would result in a write-down or conversion into equity of such loans and investments.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its Group subsidiaries, at any time and for any purpose including, without limitation, to provide different amounts or types of capital or funding to such subsidiary. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for a write-down and/or conversion into equity upon specified triggers or regulatory direction. Any restructuring of the Issuer's loans to, and investments in, any of the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the Noteholders.

Furthermore, if Vanquis Bank or any of the other Group subsidiaries were subject to resolution proceedings (i) the Noteholders would have no direct recourse against such subsidiary, (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the resolution proceedings of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and

preference shareholders (if any) of that subsidiary, and (iii) the Noteholders themselves may also be exposed to losses pursuant to the exercise by the relevant resolution authority of the resolution powers conferred by the SRR (as described below).

Regulatory action in the event Vanquis Bank is failing or likely to fail could materially adversely affect the value of the Notes

The existence of Vanquis Bank, a credit institution, in the Group means that the Group is subject to various powers granted under legislation aimed at, amongst other things, managing bank failures, safeguarding financial stability and strengthening depositor protection.

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company such as the Issuer.

Under the Banking Act, substantial powers are granted to the Authorities as part of a special resolution regime (the "SRR"). These powers can be exercised, as applicable, by the Authorities in respect of a relevant entity, in circumstances in which the Authorities consider it is failing or likely to fail.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The Banking Act also provides for additional insolvency and administration procedures for relevant entities and for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Notes), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the resolution authority to disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

There is a risk that such measures will be used in respect of the Issuer or Vanquis Bank, and if such measures were used, they may have an impact on the Issuer's ability to pay its principal and interest obligations on the Notes, or may directly impact Noteholders' rights by transferring, cancelling or modifying the rights of Noteholders under the Senior Notes or Tier 2 Notes or by writing down, bailing in or converting the Senior Notes or the Tier 2 Notes into equity, leading to the Noteholders losing some or all of the value of their investment in the Notes or being unable to receive interest or principal on the Notes.

Noteholders should assume that, in a resolution situation, public financial support will only be available to a relevant entity as a last resort after the relevant resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool.

The exercise of any resolution power or any suggestion of any such exercise could adversely impact the Issuer's ability to fulfil its obligations under the Notes, materially adversely affect the value of any Notes and could lead to Holders losing some or all of the value of their investment in the Notes.

If the Issuer becomes subject to modified insolvency proceedings, Noteholders may lose all or some of their investment in the Notes

As at the date of this Offering Circular, the resolution strategy for the Issuer set by the Bank of England is modified insolvency under Part 2 of the Banking Act on the basis that the Group has fewer than 40,000 'transactional accounts' (being those with at least nine withdrawals over the previous three months) and a failure by the Group is unlikely to cause disruption to the wider UK financial system. However, in accordance with the Bank of England's policy, the actual approach taken to resolve any institution will depend on the circumstances at the time of its failure. In addition, the Issuer's resolution strategy may change in the future.

Where the relevant statutory conditions for the commencement of modified insolvency proceedings under the Banking Act are met, the relevant UK resolution authority would be expected to apply to the court for

the Issuer to enter modified insolvency under Part 2 of the Banking Act at the point of failure. If the Issuer is so liquidated, Noteholders may lose all or some of their investment in the Notes. See "*Risks relating to structural subordination of the Notes*" and additionally, for Tier 2 Notes, "*The Issuer's obligations under Tier 2 Notes are subordinated*".

Resolution powers triggered prior to insolvency may not be anticipated and Noteholders may have only limited rights to challenge and/or seek a suspension or review of the exercise of such powers

The resolution powers conferred by the SRR are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the resolution powers is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers, it is uncertain how the relevant UK resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power.

The relevant UK resolution authority is also not required to provide any advance notice to Holders of its decision to exercise any resolution power. Therefore, Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the Notes. Furthermore, Noteholders may have only limited rights to challenge and/or seek a suspension of any decision of the relevant UK resolution authority to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness.

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

The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Notes, which may result in Noteholders losing some or all of their investment

Where the relevant statutory conditions for use of the bail-in tool have been met, the resolution authority would be expected to exercise these powers without the consent of the Holders. The Banking Act specifies the order in which the bail-in tool should be applied and otherwise respecting the hierarchy of claims in an ordinary insolvency. Any such exercise of the bail-in tool in respect of the Issuer and the Notes may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of the Notes into shares or other notes or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Notes.

The exercise of the bail-in tool in respect of the Issuer and the Notes or any suggestion of any such exercise could materially adversely affect the rights of the Holders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to Holders losing some or all of the value of their investment in such Notes. The bail-in tool contains an express safeguard (known as 'no creditor worse off') with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings. However, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution and there can be no assurance that Holders would recover such compensation promptly.

The Conditions contain provisions which may permit their modification without the consent of all Noteholders and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders, including the release of Guarantors

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), Prudential Trustee Company Limited (the "**Trustee**") shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number).

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

The Conditions also provide that (in respect of Tier 2 Notes only, subject to prior notice or consent of the PRA (if so required by the Capital Regulations)) the Trustee may subject as provided in the Trust Deed, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default, Enforcement Event or potential Event of Default shall not be treated as such. The Conditions also provide for the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in the Trust Deed and for the release of any of the Guarantors and/or the addition of other companies in the Group as additional guarantors of the Senior Notes as referred to in Condition 14. Under the Trust Deed, any of the Guarantors will be automatically released from its obligations to act as guarantor of the Notes if, under the terms of the Facilities Agreement, (i) it becomes a Regulated Subsidiary (as defined in the Conditions) or (ii) it becomes regulated by law and under the terms of such regulation the contingent liability resulting from a guarantee or indemnity by that Guarantor under the Facilities Agreement would result in a breach by the relevant Guarantor of such regulation or would be required to be taken into account in calculating applicable financial adequacy requirements, solvency ratios or any other test of similar nature to be applied to or satisfied by that Guarantor pursuant to such regulation. In addition, the Issuer may choose to release a Guarantor as a guarantor under the Notes if the lenders under the Facilities Agreement agree to the release of a guarantor under such agreement.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

In addition, any change in law or regulation that triggers a Tax Event would entitle the Issuer, at its option (subject to Condition 6.11, if applicable), to redeem any Notes, in whole but not in part as provided in Condition 6.2 or (in the case of Tier 2 Notes) to substitute the Tier 2 Notes or vary the terms of the Tier 2 Notes so that they remain or become Qualifying Tier 2 Notes as provided under Condition 6.10. Furthermore, any change in law or regulation that triggers a Capital Disqualification Event would entitle the Issuer, at its option (subject to Condition 6.11), to redeem the Tier 2 Notes, in whole but not in part, or to substitute the Tier 2 Notes or vary the terms of the Tier 2 Notes so that they remain or become Qualifying Tier 2 Notes as provided under Condition 6.3 and Condition 6.10.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's and any Guarantor's,

performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the Noteholders, which could be material. See also "*Regulatory action in the event Vanquis Bank is failing or likely to fail could materially adversely affect the value of the Notes*".

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

RISKS RELATED TO MARKETS GENERALLY

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and, in respect of Senior Notes only, the Guarantors will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes and the interest paid under Fixed Rate Notes will be less than the then applicable market interest rate.

The credit ratings may not be reliable, and changes to the credit ratings could affect the value of the Notes

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

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency which is certified under the UK CRA Regulation.

If the status of the rating agency rating the Notes changes, certain regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in certain regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event).

DOCUMENTS INCORPORATED BY REFERENCE

This section contains a description of the information that is incorporated by reference in this Offering Circular.

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

- (a) the auditor's reports and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020 (the "**2020 Group Financial Statements**") appearing on pages 173 to 244 of the Issuer's Annual Report and Financial Statements 2020 available at https://www.providentfinancial.com/download_file/force/649/254/;
- (b) pages 25, 245 and 246 of the Issuer's Annual Report and Financial Statements 2020 available at https://www.providentfinancial.com/download_file/force/649/254/;
- (c) the auditor's review report and the unaudited consolidated reviewed interim financial statements of the Issuer in respect of the six months ended 30 June 2021 (the "**2021 Group Interim Financial Statements**") (set out on pages 19 to 43 of the half year interim results announcement of the Issuer) available at https://www.providentfinancial.com/download_file/force/726/253/;
- (d) pages 8 to 18 of the half year interim results announcement of the Issuer available at https://www.providentfinancial.com/download_file/force/726/253/;
- (e) the auditor's reports and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 appearing on pages 170 to 236 of the Issuer's Annual Report and Financial Statements 2019 available at https://www.providentfinancial.com/download_file/force/96/253/;
- (f) the Pillar 3 Disclosures of the Issuer for the financial year ended 31 December 2020 (the "**Pillar 3 Disclosures**") available at https://www.providentfinancial.com/download_file/force/622/254/;
- (g) the auditor's reports and audited annual financial statements of Moneybarn No.1 Limited for the financial year ended 31 December 2020 appearing on pages 12 to 43 of Moneybarn No.1 Limited's Annual Report 2020 available at https://www.providentfinancial.com/download_file/view/720/;
- (h) the auditor's reports and audited annual financial statements of Moneybarn No.1 Limited for the financial year ended 31 December 2019 appearing on pages 10 to 38 of Moneybarn No.1 Limited's Annual Report 2019 available at https://www.providentfinancial.com/download_file/view/119/; and
- (i) the terms and conditions set out on pages 72 to 100 of the base prospectus dated 16 May 2018 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2018 Conditions**") available at https://www.rns-pdf.londonstockexchange.com/rns/30960_-2018-5-16.pdf.

Copies of documents specified above as containing information incorporated by reference in this Offering Circular may be inspected free of charge at the registered office of the Issuer and on the Issuer's website at www.providentfinancial.com.

Any information contained in or incorporated by reference in any of the documents specified above which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular and, for the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements

contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

FINAL TERMS AND DRAWDOWN OFFERING CIRCULAR

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantors and the Group and of the rights attaching to the Notes and the reasons for the issuance and the impact of such issuance on the Issuer, the Guarantors and the Group, as required by the UK Prospectus Regulation. In relation to the different types of Notes which may be issued under the Programme, the Issuer and the Guarantors have included in this Offering Circular all of the necessary information except for information relating to the Notes which is not known at the date of this Offering Circular and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Offering Circular.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Offering Circular and must be read in conjunction with this Offering Circular in order to obtain all necessary information. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Offering Circular will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Offering Circular. In the case of a Tranche of Notes which is the subject of a Drawdown Offering Circular, each reference in this Offering Circular to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Offering Circular unless the context requires otherwise.

Each Drawdown Offering Circular will be constituted by a single document containing the necessary information relating to the Issuer and the Guarantors and the relevant Notes.

DESCRIPTION OF THE NOTES

Each Tranche of notes (the "**Notes**") issued under this £2,000,000,000 Euro Medium Term Note Programme (the "**Programme**") will be in bearer form and will be initially issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the relevant Final Terms, a permanent global note (a "**Permanent Global Note**") which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the relevant Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the "**Common Depository**") for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria and, as at the date of this Prospectus, pursuant to the additional eligibility criteria set out in Article 81a(3) of Guideline (EU) 2015/510 (as amended), the Notes do not satisfy the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the relevant Final Terms.

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

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

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

The relevant Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) the expiry of such period of notice as may be specified in the Final Terms (b) at any time, if so specified in the Final Terms or (c) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject

to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), and interest coupons relating to such Notes where TEFRA D is specified in the relevant Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

Pursuant to the Agency Agreement (as defined in the Conditions), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche unless the distribution compliance period applicable to the existing Tranche of Notes has been extended.

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

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantors (as applicable) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing. No Noteholder or Couponholder of such Series shall be entitled to institute proceedings for the winding up of the Issuer and/or any Guarantor (as applicable), or to prove in a Winding Up or Qualifying Procedure, except that if the Trustee, having become bound to proceed directly against the Issuer and/or any Guarantor (as applicable) fails so to do within a reasonable period and the failure shall be continuing, then any Noteholder or Couponholder of such Series may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise) himself institute proceedings for the winding up of the Issuer and/or any Guarantor (as applicable) and/or prove in such Winding Up or Qualifying Procedure to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.

FORM OF FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[EU MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**")/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products "]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [Date]

PROVIDENT FINANCIAL PLC

Legal entity identifier (LEI): 213800U93SZC44VXN635

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Duncton Group Limited, Moneybarn Group Limited, Moneybarn No.1 Limited
and Provident Financial Holdings Limited]¹
under the £2,000,000,000 Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 23 September 2021 [and the supplemental Offering Circular dated [•]] which [together] constitute[s] a base prospectus for the purposes of Regulation EU 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Prospectus Regulation**") (the "**Offering Circular**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Offering Circular [as so supplemented] in order to obtain all relevant information. Full information on the Issuer[, the Guarantors] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular [as so supplemented]. The Offering Circular [and the supplement[s] to it] [is] [are] published on [www.providentfinancial.com].]

[Terms used herein shall be deemed to be defined as such for the purposes of the 2018 Conditions (the "**Conditions**") set forth in the Offering Circular dated 16 May 2018 which are incorporated by reference in the Offering Circular dated 23 September 2021. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation EU 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Prospectus Regulation**") and must be read in conjunction with the Offering Circular dated 23 September 2021 [and the supplement[s] to it dated [•] [and [•]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "**Offering Circular**"), including the Conditions in order to obtain all relevant information. 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, the Conditions and the Offering Circular [as so supplemented]. The Offering Circular [and the supplement[s] to it] [is] [are] published on [www.providentfinancial.com].]

- | | | | |
|----|-----|---|--|
| 1. | (a) | Issuer: | Provident Financial plc |
| | (b) | [Guarantors: | [Duncton Group Limited
Moneybarn Group Limited
Moneybarn No.1 Limited
Provident Financial Holdings Limited] / [Not Applicable] |
| 2. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | [] |
| | (c) | [Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [22] below, which is expected to occur on or about []][Not Applicable] |
| 3. | | Specified Currency or Currencies: | [] |
| 4. | | Aggregate Nominal Amount | |

¹ To be deleted for Tier 2 Notes.

- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []]
6. (a) Specified Denominations: [] [and integral multiples of [•] in excess thereof up to and including [•]]
- (b) Calculation Amount: []
7. (a) Issue Date: []
- (b) Interest Commencement Date: [[]/Issue Date/Not Applicable]]
8. Maturity Date: [[]/Interest Payment Date falling in or nearest to []]
9. (a) Interest Basis: [[] per cent. Fixed Rate]
[[Reset Notes]
[[[] month [LIBOR/EURIBOR] +/- [] per cent. Floating Rate] [Floating Rate [SONIA] Zero Coupon]
- (see paragraph 14/15/16 below)
- (b) Interest Rate Adjustment: [Applicable/Not Applicable]
- (c) [Step-Up Margin: [] per cent. per annum]]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount.
11. Change of Interest Basis: [] [Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph [18]/[19] below)]
13. (a) Status of the Notes: [Senior Notes]/[Tier 2 Notes]
- (b) Status of the Guarantee: [Senior]/[Not Applicable]
- (c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [[] per cent., per annum payable on each Interest Payment Date in arrear / Initial Rate of Interest]

- (b) Initial Rate of Interest: [[]/Not Applicable]²
- (c) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]
- (d) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (e) Broken Amount(s): (Applicable to Notes in definitive form.) [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []] [Not Applicable]
- (f) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (g) [Determination Date(s): [[] in each year] [Not Applicable]
- (h) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/]
15. **Reset Note Provisions** [Applicable/Not Applicable]
- (a) Initial Rate of Interest: [•] per cent. per annum payable in arrear [on each Interest Payment Date]
- (b) First Margin: [+/-][•] per cent. per annum
- (c) Subsequent Margin: [[+/-][•] per cent. per annum] [Not Applicable]
- (d) Interest Payment Date(s): [•] [and [•]] in each year up to and including the Maturity Date[[in each case,] subject to adjustment in accordance with paragraph 15(p)]
- (e) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[•] per Calculation Amount][Not Applicable]
- (f) Broken Amount(s): [[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
- (g) Reset Reference Rate: [Reference Bond Rate] [Mid-Swap Rate [and Reference Bond Rate as the fallback Reset Reference Rate to the Mid-Swap Rate]]
- (h) First Reset Date: [•][subject to adjustment in accordance with paragraph 15(p)]
- (i) Subsequent Reset Date(s): [•] [and [•]] [subject to adjustment in accordance with paragraph 15(p)]
- (j) Relevant Screen Page: [•]
- (k) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (l) Mid-Swap Maturity: [•]
- Mid-Swap Floating Leg Benchmark Rate: []

² Only applicable where there is an Interest Rate Adjustment

- (m) Reference Bond Rate: [Applicable]/[Not Applicable]/[Applicable as fallback]
- (n) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (o) Determination Dates: [•] in each year
- (p) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (q) Business Centre(s): [•]
- (r) Calculation Agent: [•] / [Not Applicable]
- (s) Original Mid-Swap Rate Basis: [Annual/Semi-annual/Quarterly/Monthly]
- (t) Initial Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
 [- Initial Mid-Swap Rate [•] per cent.]
- (u) Reset Period Maturity Initial Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
 [- Reset Period Maturity Initial Mid-Swap Rate: [•] per cent.]
- (v) Last Observable Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- (w) Subsequent Reset Rate Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
- (x) Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback: [Applicable/Not Applicable]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (a) Specified Period(s)/ Specified Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Calculation Agent): []
- (f) Screen Rate Determination:

- Reference Rate: Reference Rate: [[] month
[LIBOR/EURIBOR][SONIA]
 - Interest Determination Date(s): []
 - "p": []
 - Relevant Screen Page: []
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (h) Linear Interpolation [Not Applicable/Applicable – the Rate of Interest for the [long/short]/[first/last] Interest Period shall be calculated using Linear Interpolation]
- (i) Margin(s): [[+/-] [] per cent. per annum] [Not Applicable]
- (j) Minimum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (k) Maximum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (l) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (a) Accrual Yield: [] per cent. per annum
 - (b) Reference Price: []
 - (c) Any other formula/basis of determining amount payable: []
 - (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 6.2: Minimum period: [[5]/[•] Business Days
Maximum period: [] days
19. Notice periods for Condition 6.3: [Minimum period: [[5]/[•] Business Days
Maximum period: [] days]
20. Notice periods for Condition 6.10: [Minimum period: [[5]/[•] Business Days
Maximum period: [] days]
21. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[•] per Calculation Amount]/[Make Whole Redemption Amount]

[If the Optional Redemption Date falls before the date falling [•] days/months prior to the Maturity Date: [[•] per Calculation Amount]/[Make Whole Redemption Amount]

If the Optional Redemption Date falls on or after the date falling [•] days/months prior to the Maturity Date: [•] per [Calculation Amount]/[Make Whole Redemption Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [[5]/[•]] Business Days
Maximum period: [] Business Days

Minimum period for publication of serial numbers of Redeemed Notes if Notes in definitive form: [[] days/Not Applicable]
- (e) Calculation Date: [•], being the date set out in the notice of redemption
- (f) Make-Whole Redemption Margin: [•]/Not Applicable
- (g) Reference Security: [•]/Not Applicable
- (h) Quotation Time: [•]/Not Applicable
- (i) Calculation Agent: [•]
22. Investor Put: [Applicable/Not Applicable]³

³ Note that the "Not Applicable" option should always be selected for Tier 2 Notes.

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[]/[Par] per Calculation Amount/Make-Whole Amount]
- (c) Notice periods: Minimum period: [15] Business Days
Maximum period: [] Business Days
23. Final Redemption Amount: [[] per Calculation Amount]
24. Early Redemption Amount payable on redemption (a) following the occurrence of a Tax Event or (b) following the occurrence of a Capital Disqualification Event (in the case of Tier 2 Notes) or (c) on an event of default (in the case of Senior Notes) or enforcement event (in the case of Tier 2 Notes): [[] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes on [[] days' notice/at any time/only upon an Exchange Event]
[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for definitive Notes on [[] days' notice/at any time/only upon an Exchange Event]
- (b) New Global Note: [Yes] [No]
26. Additional Financial Centre(s): [Not Applicable/[TARGET 2 System/New York]
27. Relevant Benchmark[s]: [*specify benchmark*] is provided by [*administrator legal name*][*repeat as necessary*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by the FCA pursuant to [Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA] [As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA.]/[As far as the Issuer is

aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA)/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA, as amended apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence)]/[Not Applicable]

28. Talons for future Coupons to be attached [Yes/No]
to definitive Notes:

THIRD PARTY INFORMATION

[[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Provident Financial plc

[Signed on behalf of Duncton Group Limited,
Moneybarn Group Limited, Moneybarn No.1
Limited and Provident Financial Holdings Limited

By:
Duly authorised

By:
Duly authorised]

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Main Market and admission to the Official List of the United Kingdom Financial Conduct Authority with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's Main Market and admission to the Official List of the United Kingdom Financial Conduct Authority with effect from [].]
- (ii) Estimate of total expenses related to admission to trading: []
- (iii) Reasons for the offer [[•]/See "Use of Proceeds" in the Offering Circular]
- (iv) Estimated net proceeds: [•]

2. RATINGS

Ratings: [The Notes to be issued [have been]/[are expected to be] rated] [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [] by [].

[Insert legal name of particular credit rating agency entity providing rating] is [established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation")]/[•].

[Insert legal name of particular credit rating agency entity providing rating] is [established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "UK CRA Regulation")]/[•].

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

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

[Save for any fees payable to the [Managers/Dealers] by the Issuer, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantors] and [its/their] affiliates in the ordinary course of business.]

4. **YIELD (Fixed Rate and Reset Notes Only)**

Indication of yield: []

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

5. **OPERATIONAL INFORMATION**

(i) ISIN: []

(ii) Common Code: []

[(iii) 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 European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

[Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(iv) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [[Not Applicable/[]]

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

6. **DISTRIBUTION**

(i) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

(ii) Stabilisation Manager(s) (if any): [[•]/Not Applicable]

TERMS AND CONDITIONS OF THE SENIOR AND TIER 2 NOTES

The following are the Terms and Conditions of the Senior and Tier 2 Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The relevant Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to the 'Form of the Notes' section for a description of the form of the Notes as specified in the Final Terms as to which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Provident Financial plc (the "**Issuer**") constituted by an amended and restated trust deed (as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 23 September 2021 made between the Issuer, Duncton Group Limited, Moneybarn Group Limited, Moneybarn No.1 Limited and Provident Financial Holdings Limited (in respect of Senior Notes only (as defined below)), (each a "**Guarantor**" and together, the "**Guarantors**") and Prudential Trustee Company Limited (the "**Trustee**," which expression shall include any successor as Trustee).

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

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

The Notes, and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 23 September 2021 and made between the Issuer, the Guarantors (in respect of Senior Notes only), The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the "**Agent**" or "**Paying Agent**", which expression shall include any successor agent or paying agent) and the other parties named therein.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**"). References to the "**relevant Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement (and, where relevant, a copy of the certificate of the Issuer provided to the Trustee under Conditions 6.2 and 6.3) are available (a) for inspection and collection by Noteholders during normal business hours at the principal office for the time being of the Trustee being at Prudential Trustee Company Limited, 10 Fenchurch Avenue, London EC3M 5AG, United Kingdom and

at the specified office of any Paying Agent or (b) electronically on request by emailing the Trustee at trustees@mandg.co.uk (or such other email address as may be notified by the Trustee to the Issuer and the Noteholders). Copies of the relevant Final Terms will be published on the website of the London Stock Exchange plc through its Regulatory News Service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the relevant Final Terms and the terms of the Agency Agreement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denominations(s)**") specified in the relevant Final Terms (save that the minimum denomination of each Note will be €100,000 (or the equivalent in any other currency)). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms.

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

In addition, the Notes will provide that the rights of Noteholders with regard to payments in respect thereof of principal or interest will either be (i) unsubordinated ("**Senior Notes**") or (ii) subordinated in the manner described under Condition 2.2(b) below and, on issue, with terms capable of qualifying as Tier 2 Capital (the "**Tier 2 Notes**"). The term "**Tier 2 Capital**" means tier 2 capital for the purposes of the Capital Regulations (as defined in Condition 6.12).

Only the Senior Notes have the benefit of the Guarantees as described in Condition 2.1 and all references in these Conditions to the Guarantees and the Guarantors shall be construed accordingly.

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, each of the Guarantors (in respect of Senior Notes only), the Paying Agent and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, each of the Guarantors (in respect of Senior Notes only), the Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular

nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2. STATUS OF THE NOTES AND THE GUARANTEE

The Notes are either Senior Notes or Tier 2 Notes, as specified in the relevant Final Terms.

2.1 Status of the Senior Notes and the Guarantee in respect of the Senior Notes

(a) *Status of the Senior Notes*

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

(b) *Status of the Guarantee in respect of Senior Notes*

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

2.2 Status of the Tier 2 Notes

(a) *Status of the Tier 2 Notes*

The Tier 2 Notes and any relative Coupons are direct, unsecured and, in accordance with Condition 2.2(b) below, subordinated obligations of the Issuer and rank *pari passu* among themselves.

(b) *Subordination*

In the event of the Winding Up or a Qualifying Procedure (each as defined below) of the Issuer, the rights and claims of the holders of the Tier 2 Notes (the "**Tier 2 Noteholders**"), of the holders of the Coupons (if any) relating thereto (such Coupons, the "**Tier 2 Coupons**" (which expression includes, where the context so admits, the Talons (if any) relating to such Coupons (the "**Tier 2 Talons**") and such holders, the "**Tier 2 Couponholders**", which expression includes, where the context so admits, the holders of the Tier 2 Talons) and the Trustee (on behalf of Tier 2 Noteholders and/or Tier 2 Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed) against the Issuer in respect of or arising under the Tier 2 Notes and the relative Tier 2 Coupons and the Trust Deed (including any amounts attributable to the Tier 2 Notes and the relative Tier 2 Coupons and the Trust Deed and any damages awarded for breach of any obligations (if payable)) will (i) be subordinated in the manner provided in this paragraph (b) and in the Trust Deed to the claims of all Senior Creditors; (ii) rank at least *pari passu* with the claims of Parity Creditors; and (iii) rank in priority to the claims

of Junior Creditors and, accordingly, no amount shall be payable to the Tier 2 Noteholders or the Tier 2 Couponholders in respect of the Tier 2 Notes and the relative Tier 2 Coupons (if any) until the claims of all Senior Creditors admitted in the Winding Up or Qualifying Procedure have been satisfied.

(c) *No set-off*

Subject to applicable law, no Tier 2 Noteholder or Tier 2 Couponholder nor the Trustee (on behalf of Tier 2 Noteholders and/or Tier 2 Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed) may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Tier 2 Notes or the Tier 2 Coupons and each Tier 2 Noteholder and Tier 2 Couponholder shall, by virtue of its subscription, purchase or holding of any Tier 2 Note or Tier 2 Coupon, be deemed to have waived all such rights of set-off. To the extent that any set-off takes place, whether by operation of law or otherwise, between: (a) any amount owed by the Issuer to a Tier 2 Noteholder or Tier 2 Couponholder arising under or in connection with the Tier 2 Notes or the Tier 2 Coupons and (b) any amount owed to the Issuer by such Tier 2 Noteholder or, as the case may be, Tier 2 Couponholder, such Tier 2 Noteholder or, as the case may be, Tier 2 Couponholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its Winding Up or Qualifying Procedure (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer to be held on trust for the Senior Creditors.

As used in these Conditions:

"Junior Creditors" means (A) creditors of the Issuer in respect of (i) any additional tier 1 capital (within the meaning of the Capital Regulations (as defined in Condition 6.12)) issued by the Issuer, (ii) all undated or perpetual, junior subordinated obligations (including guarantee credit support or similar obligations) of the Issuer and (iii) any other obligations of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Tier 2 Notes and (B) holders of all classes of share capital of the Issuer and, in each case, creditors of the Issuer in respect of any other obligations of the Issuer which by law rank, or by their terms are expressed to rank, *pari passu* with any of such obligations;

"Parity Creditors" means creditors of the Issuer in respect of subordinated obligations (including guarantee credit support or similar obligations) of the Issuer which by law rank, or by their terms are expressed to rank, *pari passu* with the claims of Tier 2 Noteholders and/or Tier 2 Couponholders;

"Qualifying Procedure" means (i) that an administrator has been appointed in respect of the Issuer and has given notice that he/she intends to declare and distribute a dividend or (ii) a liquidation or dissolution of the Issuer or any procedure similar to a Winding Up or that procedure described in (i) that is commenced in respect of the Issuer;

"secondary non-preferential debts" shall have the meaning given to it in the Banks and Building Societies (Priorities on Insolvency) Order 2018 and any other law or regulation applicable to the Issuer which is amended by such Order, as each may be amended or replaced from time to time;

"Senior Creditors" means creditors of the Issuer whose claims are admitted to proof in a Winding Up or Qualifying Procedure and (i) who are unsubordinated creditors of the Issuer; (ii) who are creditors in respect of any secondary non-preferential debts; or (iii) who are subordinated creditors of the Issuer (whether in the event of a Winding Up or Qualifying Procedure or otherwise) other than (x) those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the Tier 2 Noteholders and/or Tier 2 Couponholders or (y) those who are Parity Creditors or Junior Creditors; and

"Winding Up" means any winding up of the Issuer excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Notes of the relevant Series.

3. **NEGATIVE PLEDGE IN RESPECT OF SENIOR NOTES**

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

In this Condition 3:

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

4. **INTEREST**

The relevant Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

4.1 **Interest on Fixed Rate Notes**

This Condition 4.1 applies to Fixed Rate Notes only. The relevant Final Terms contain provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the relevant Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

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

As used in these Conditions:

"Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

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

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

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

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

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

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

4.2 **Interest on Reset Notes**

This Condition 4.2 applies to Reset Notes only. The relevant Final Terms contain provisions applicable to the determination of Rate of Interest and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Reset Notes. In particular, the relevant Final Terms will identify the Interest Commencement Date, the First Reset Date, the Initial Rate of Interest, any Subsequent Reset Date, the Maturity Date, the First Margin, the Reset Period Maturity Initial Mid-Swap Rate, the Subsequent Margin, the Initial Mid-Swap Rate, the Initial Rate of Interest, the Reference Bond Rate and the Original Mid-Swap Rate Basis.

(a) **Rate of Interest and Interest Payment Dates**

Each Reset Note bears interest:

- (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if no Subsequent Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the date(s) so specified in the relevant Final Terms on which interest is payable in each year (each an "**Interest Payment Date**") and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the amount of interest (the "**Interest Amount**") payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4.1.

As used in these Conditions:

"First Margin" means the margin specified as such in the relevant Final Terms;

"First Reset Date" means the date specified in the relevant Final Terms;

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if no Subsequent Reset Date is specified in the relevant Final Terms, the Maturity Date;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to Condition 4.2(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the First Margin;

"Initial Mid-Swap Rate" has the meaning specified in the relevant Final Terms;

"Initial Rate of Interest" has the meaning specified in the relevant Final Terms;

"Mid-Market Swap Rate" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Mid-Swap Rate Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"Mid-Swap Floating Leg Benchmark Rate" means either (i) the Reference Rate specified in the relevant Final Terms or (ii) if no such Reference Rate is specified, either EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to Condition 4.2(b)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:
 - (A) with a term equal to the relevant Reset Period; and
 - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
 - (A) with a term equal to the relevant Reset Period; and
 - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt) on such Reset Determination Date, all as determined by the Calculation Agent;

"Original Mid-Swap Rate Basis" has the meaning given in the relevant Final Terms. The Original Mid-Swap Rate Basis shall be annual, semi-annual, quarterly or monthly;

"Rate of Interest" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"Reference Bond Price" means, with respect to any Reset Determination Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations. If the relevant Final Terms specifies that the Reset Reference Rate shall be the Reference Bond Rate (but not as the fallback Reset Reference Rate to the Mid-Swap Rate): (x) if only one Reference Government Bond Dealer Quotation is received the Reference Bond Price shall be equal to such quotation, or (y) if no Reference Government Bond Dealer Quotations are received, the First Reset Rate of Interest shall be the Initial Rate of Interest and any Subsequent Reset Rate of Interest shall be determined to be the Rate of Interest as at the last preceding Reset Date;

"Reference Bond Rate" means, with respect to any Reset Period, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for the relevant Reset Determination Date;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer (following, where practicable, consultation with the Calculation Agent), or the affiliates of such banks, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any Reset Determination Date, the arithmetic average, as determined by the Issuer or the Calculation Agent of the bid and offered prices for the Reset Reference Bond (expressed in each case as a percentage of its principal amount) as at 11.00 a.m. in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt) on the Reset Determination Date and, if relevant, on a dealing basis for settlement that

is customarily used at such time and quoted in writing to the Issuer by such Reference Government Bond Dealer;

"Relevant Screen Page" means, in respect of a Reference Rate, such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms and any successor thereto as determined by the Calculation Agent in consultation with the Issuer;

"Reset Date" means the First Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final Terms) in accordance with Condition 4.1 as if the relevant Reset Date was an Interest Payment Date;

"Reset Determination Date" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"Reset Period" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"Reset Period Maturity Initial Mid-Swap Rate" has the meaning specified in the relevant Final Terms;

"Reset Reference Bond" means for any Reset Period, a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer (after consultation with an investment bank or financial institution determined to be appropriate by the Issuer, which, for avoidance of doubt, could be the Calculation Agent, if applicable) as having the nearest actual or interpolated maturity date on or about the last day of the relevant Reset Period and that (in the opinion of the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

"Reset Reference Rate" means either (i) the Mid-Swap Rate or (ii) the Reference Bond Rate, as specified in the relevant Final Terms;

"Subsequent Margin" means the margin specified as such in the relevant Final Terms;

"Subsequent Reset Date" means the date or dates specified in the relevant Final Terms;

"Subsequent Reset Period" means the period from (and including) the first Subsequent Reset Date to (but excluding) the next Subsequent Reset Date (or, if none, the Maturity Date), and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (or, if none, the Maturity Date); and

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period and subject to Condition 4.2(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Margin.

(b) ***Fallbacks***

Where the Reset Reference Rate is specified in the relevant Final Terms as Mid-Swap Rate, if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page (subject to Condition 4.3(g)), then (i) if the Issuer has specified in the relevant Final Terms that the Reference Bond Rate is applicable as the fallback to the Mid-Swap Rate, the Reset Reference Rate shall be the Reference Bond Rate, calculated by the Calculation Agent in accordance with these Conditions and subject (if applicable) to the relevant Capital Regulations or (ii) (A) if the Reference Bond Rate has not been specified as the fallback to the Mid-Swap Rate, or (B) if the Reference Bond Rate has been specified as the fallback to the Mid-Swap Rate and only one or no Reference Government Bond Dealer Quotation is received for the purpose of calculating the Reference Bond Price applicable to the Reset Reference Bond, the Issuer shall request each of the Reference Banks (as defined below) to provide

the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt) on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the sum of the relevant Mid-Market Swap Rate Quotation provided and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph:

- (i) in the case of the first Reset Determination Date only, the First Reset Rate of Interest will be equal to the sum of:
 - (A) if Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (i) the Initial Mid-Swap Rate and (ii) the First Margin;
 - (B) if Reset Period Maturity Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (i) the Reset Period Maturity Initial Mid-Swap Rate and (ii) the First Margin; or
 - (C) if Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (i) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (ii) the First Margin; or
- (ii) in the case of any Reset Determination Date other than the first Reset Determination Date, the Subsequent Reset Rate of Interest shall be equal to the sum of:
 - (A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (i) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (ii) the Subsequent Margin; or
 - (B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (i) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (ii) the Subsequent Margin,

all as determined by the Calculation Agent taking into consideration all available information that it in good faith deems relevant.

For the purposes of this Condition 4.2(b)(ii) "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely

connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(c) ***Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount***

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Agent and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day (where a "London 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) thereafter.

(d) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Agent, the Calculation Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence of bad faith and wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 **Interest on Floating Rate Notes**

This Condition 4.3 applies to Floating Rate Notes only. The relevant Final Terms contain provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.3 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the relevant Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the relevant Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the relevant Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(a) ***Interest Payment Dates***

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

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

Such interest will be payable in respect of each Interest Period. In the Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Unless stated otherwise, in these Conditions, "**Business Day**" means a day which is both:

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

(b) **Rate of Interest**

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

(i) **ISDA Determination for Floating Rate Notes**

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

updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") (including, if specified in the relevant Final Terms, the ISDA Benchmarks Supplement) and under which:

- (A) the Floating Rate Option is as specified in the relevant Final Terms;
- (B) the Designated Maturity is a period specified in the relevant Final Terms; and
- (C) the relevant Reset Date is the day specified in the relevant Final Terms.

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

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

- (ii) *Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes which reference SONIA)*

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will (other than in respect of Floating Rate Notes for which SONIA is specified as the Reference Rate in the relevant Final Terms), subject as provided below, be either:

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

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

Subject to Condition 4.3 (g) (*Benchmark Replacement*), the Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

As used in these Conditions:

"**ISDA Benchmarks Supplement**" means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc;

"**Reference Rate**" means EURIBOR, LIBOR or SONIA as specified in the relevant Final Terms.

- (iii) *Screen Rate Determination for Floating Rate Notes which reference SONIA*

- (A) This Condition 4.3(b)(iii) is applicable to Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".
- (B) Where "SONIA" is specified as the Reference Rate in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA with respect to such Interest Period plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.
- (C) For the purposes of this Condition 4.3(b)(iii):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" means, for any Observation Period, the number of calendar days in such Observation Period;

"**d_o**" means, for any Observation Period, the number of London Banking Days in such Observation Period;

"**i**" means, for any Observation Period, a series of whole numbers from one to **d_o**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Observation Period to, and including, the last London Banking Day in such Observation Period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling **p** London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling **p** London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**ni**" for any London Banking Day "**i**" in the relevant Observation Period, means the number of calendar days from, and including, such London Banking Day "**i**" up to, but excluding, the following London Banking Day;

"**p**" for any Interest Period, means the number of London Banking Days specified in the relevant Final Terms;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "**p**" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is **p** London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling **p** London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA_i**" means, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA Reference Rate.

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

- (D) If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:
- (1) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
 - (2) subject to Condition 4.3(g), if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (E) If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 4.3(b)(iii), the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest applicable to the first Interest Period).

- (F) If the Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding the definition specified above, be deemed to be the date on which the Notes became due and payable and the Interest Rate on the Notes shall, for so long as the Notes remain outstanding, be the rate determined on such date

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

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

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

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

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined determine the Rate of Interest for the relevant Interest Period.

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

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

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

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.3:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 360;

- (v) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall appoint an Independent Adviser to determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) ***Notification of Rate of Interest and Interest Amounts***

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) ***Benchmark Replacement***

Notwithstanding the provisions in Condition 4.3 (*Interest on Floating Rate Notes*) above but subject, in the case of Notes linked to SONIA to Condition 4.3(b)(iii)(D)(1) above taking precedence, if the Issuer determines that a Benchmark Event (as defined below) has occurred or the Issuer considers that there may be a Successor Rate (as defined below) in each case in relation to a Mid-Swap Floating Leg Benchmark Rate or Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by

reference to such Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable), then the following provisions shall apply:

- (i) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine, no later than 5 Business Days prior to the relevant Reset Determination Date or Interest Determination Date (as applicable) relating to the next succeeding Reset Period or Interest Period (as applicable) (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Rate (as defined below) and (in either case) any Adjustment Spread for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.3(g) prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread;
- (iii) if a Successor Rate or, failing which, an Alternative Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Rate (as applicable) shall be the Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable) for each of the future Reset Periods or Interest Periods (as applicable) (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.3(g)); *provided however*, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Rate prior to the relevant Reset Determination Date or Interest Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Reset Period or Interest Period (as applicable) shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Reset Period or Interest Period (as applicable) (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin that applied to such preceding Reset Period or Interest Period (as applicable) for the Margin that is to be applied to the relevant Reset Period or Interest Period (as applicable)); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Reset Period or Interest Period (as applicable) only and any subsequent Reset Periods or Interest Periods (as applicable) are subject to the subsequent operation of and to adjustment as provided in, this Condition 4.3(g);
- (iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also (without the consent or approval of Noteholders) specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Reset Determination Date, Interest Determination Date, and/or the definition of Mid-Swap Floating Leg Benchmark Rate and Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to ensure the proper operation of such Successor Rate or Alternative Rate (as the case may be) and (in either case) any Adjustment Spread. If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread (as defined below) is required to be applied to the Successor Rate or the Alternative Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such

Adjustment Spread, then such Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread;

- (v) if any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3(g) and the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines (i) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.3(g)(vi) below, without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice. At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer as set out below, the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and, if required, the Agency Agreement), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way; and
- (vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Rate (as applicable) or Adjustment Spread and the specific terms of any Benchmark Amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement, promptly give notice thereof to the Trustee, the Principal Paying Agent, the Calculation Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any,

provided that the determination of any Successor Rate or Alternative Rate or Adjustment Spread, and any other related changes to the Notes intended to qualify as Tier 2 Notes, shall be made in accordance with the Capital Regulations (if applicable) and shall not prejudice qualification of such Tier 2 Notes as Tier 2 Capital for the purposes of and in accordance with the Capital Regulations.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.3(g); and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the

Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents and the Noteholders.

An Independent Adviser appointed pursuant to this Condition 4.3(g) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.3(g).

For the purposes of this Condition 4.3(g):

"Adjustment Spread" means either a spread (which may be positive or negative) or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made or option provided, or in the case of an Alternative Rate), the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry accepted replacement for the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable); or
- (iii) (if the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that no such spread is customarily applied), the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (iv) (if the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that no such industry standard is recognised or acknowledged) the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) with the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines in accordance with this Condition 4.3(g) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

"Benchmark Event" means:

- (i) the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable)) it has

ceased publishing such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) that such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) that means that such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) that such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) is or will, by a specified future date (the "**Specified Future Date**"), no longer be representative of its relevant underlying market; or
- (vi) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

- (h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.3, whether by the Agent or the Trustee, shall (in the absence of manifest error)

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

4.4 **Interest Rate Adjustment**

This Condition 4.4 shall apply to Notes which are Fixed Rate Notes or Floating Rate Notes only where the Final Terms state that the Notes will be subject to adjustment (each such adjustment an "**Interest Rate Adjustment**") in the event of a Step Up Event or a Step Down Event. Following a Step Up Event or a Step Down Event, the Interest Rate Adjustment will be made in accordance with the Interest Ratchet.

Any Interest Rate Adjustment shall be effective from the Interest Period commencing on the Interest Payment Date immediately following the date of the relevant Step Up Event or the relevant Step Down Event until the date on which either a further Interest Rate Adjustment becomes effective or the Notes cease to bear interest, as the case may be (and, in the case of Fixed Rate Notes, the relevant Fixed Coupon Amount shall be adjusted accordingly). For the avoidance of doubt, if a Step Up Event and a Step Down Event occur during the same Interest Period, there shall be no adjustment to the rate of interest applicable to the next following Interest Period or thereafter by reason of those two events. There shall be no limit on the number of times that an Interest Rate Adjustment may be made pursuant to this Condition during the term of the Notes, **provided always that** at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Rate of Interest and in the case of Floating Rate Notes only, any Minimum Rate of Interest specified or more than the Initial Rate of Interest plus the Step Up Margin and in the case of Floating Rate Notes only, any Maximum Rate of Interest specified.

The Issuer, failing which any of the Guarantors, will cause the occurrence of an event giving rise to an Interest Rate Adjustment to be notified to the Trustee, the Principal Paying Agent and (in accordance with Condition 13) the Noteholders as soon as reasonably practicable after the occurrence of the Step Up Event or the Step Down Event (as the case may be) but in no event later than the tenth London Business Day thereafter.

If the rating designations employed by a Rating Agency are changed from those which are ascribed to any Notes at the time of issuance, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of such Rating Agency (or of the Substitute Rating Agency, if such Substitute Rating Agency subsequently changes its rating designations) and this Condition 4.4 shall be read accordingly.

The Trustee is under no obligation to ascertain whether a Step Down Event or a Step Up Event or any event which could lead to the occurrence of or could constitute a Step Down Event or a Step Up Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Step Down Event or Step Up Event or other such event has occurred.

As used in these Conditions:

"Initial Rate of Interest" means (a) in the case of Fixed Rate Notes, the Rate of Interest (expressed as a percentage per annum) initially payable in respect of the Notes specified in the relevant Final Terms; (b) in the case of Floating Rate Notes, the Rate of Interest that is payable in respect of the Notes as calculated in accordance with Condition 4.3 (*Interest on Floating Rate Notes*);

"Interest Ratchet" means the following rates of interest:

- (a) in respect of any Interest Period commencing on or after the Interest Payment Date immediately following the date of the relevant Step Up Event: the Initial Rate of Interest plus the Step Up Margin per annum; and

- (b) in respect of any Interest Period commencing on or after the Interest Payment Date immediately following the date of the relevant Step Down Event: the Initial Rate of Interest;

"Minimum Rating Requirement" means that there shall be in existence a Rating equal to or higher than the Specified Threshold from at least one Rating Agency at any particular time;

"Rating" means the rating of the Notes;

"Rating Agency" means, to the extent that a rating of any Notes is solicited by the Issuer from such rating agency, Fitch Ratings Limited ("**Fitch**"), Moody's Investors Service Limited ("**Moody's**") or S&P Global Ratings UK Limited ("**S&P**") or their successors or any rating agency (a "**Substitute Rating Agency**") substituted for any of them by the Issuer from time to time;

"Specified Threshold" means BBB– or above in relation to Fitch, BBB– or above in relation to S&P or Baa3 or above in relation to Moody's or, where a Substitute Rating Agency has been designated by the Issuer, the equivalent rating designation of any Rating Agency or such other threshold as is specified in the relevant Final Terms;

"Step Down Event" means the satisfaction of the Minimum Rating Requirement following the occurrence of a Step Up Event;

"Step Up Event" means a failure to meet the Minimum Rating Requirement at any time; and

"Step Up Margin" has the meaning given to it in the Final Terms.

4.5 **Accrual of interest**

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

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

5. **PAYMENTS**

5.1 **Method of payment**

Subject as provided below:

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

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

5.3 **Payments in respect of Global Notes**

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

5.4 **General provisions applicable to payments**

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

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or

interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantors, adverse tax consequences to the Issuer or the Guarantors.

5.5 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

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

5.6 **Interpretation of principal and interest**

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

- (a) in the case of Senior Notes, any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. **REDEMPTION AND PURCHASE**

6.1 **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Final Terms in the relevant Specified Currency on the Maturity Date specified in the relevant Final Terms.

6.2 **Redemption for tax reasons**

The Notes of any Series may (subject to the provisions of Condition 6.11 in the case of Tier 2 Notes) be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the relevant Final Terms to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee (immediately before the giving of such notice) that a Tax Event has occurred.

A "**Tax Event**" shall occur if:

- (a) on the occasion of the next payment due under the Notes, the Issuer (or, in respect of Senior Notes only, if the Guarantee were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7; or
- (b) in respect of Tier 2 Notes only:
 - (i) the payment of interest in respect of any of the Notes of such Series would be a "distribution" or would otherwise not be deductible (in whole, or to a material extent) for United Kingdom tax purposes (or the deduction would be materially deferred);
 - (ii) the Issuer would not, as a result of the Notes of such Series being in issue, be able, to any material extent, to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date on which agreement is reached to issue the first Tranche of Notes of such Series or any similar system or systems having like effect as may from time to time exist); or
 - (iii) a future conversion into equity or write-down of the principal amount of the Notes of such Series would result in a United Kingdom tax liability, or the receipt of income or profit which would be subject to United Kingdom tax,

in each such case, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue (or, in the case of Tier 2 Notes, on or after the Issue Date of) the first Tranche of Notes of that Series and provided that:

- (i) the effect of such change or amendment cannot be avoided by the Issuer or, as the case may be, the Guarantors (as applicable) taking reasonable measures available to it; and
- (ii) such notice of redemption shall not be given earlier than 90 days prior to the earliest date on which the relevant circumstances described in paragraphs (a) or (b) above would occur.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (A) a certificate signed by two authorised signatories of the Issuer or, in respect of Senior Notes only, as the case may be, two authorised signatories of the relevant Guarantor stating that the event referred to in this Condition 6.2 has occurred and is continuing as at the date of the certificate and that the effect of the relevant change or amendment cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor(s) (as applicable) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of such matters, in which event it shall be conclusive and binding on the Noteholders and the Couponholders; and (B) an opinion of independent legal advisers or accountants of recognised standing to the effect that a Tax Event exists.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 **Redemption due to Capital Disqualification Event**

Any Series of Tier 2 Notes may, subject to the provisions of Condition 6.11, be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) on giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer determines that a Capital Disqualification Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the relevant circumstance referred to under this Condition 6.3 does exist and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction thereof, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiration of such notice, the Issuer shall be bound to redeem such Notes at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

This Condition 6.3 shall only apply in the case of Tier 2 Notes and only to the extent not prohibited by the Capital Regulations.

As used in this Condition 6.3, a "**Capital Disqualification Event**" shall occur if, as a result of any amendment to, or change in the regulatory classification of the Notes of any Series of Tier 2 Notes under, the Capital Regulations (or official interpretation thereof), in any such case becoming effective on or after the Issue Date of the first Tranche of Notes, the whole or any part of the Notes of such Series of Tier 2 Notes are, or are likely to be at any time, excluded from, or cease to count towards, the Tier 2 Capital of the Issuer and/or the Regulatory Group (as defined in Condition 6.12).

6.4 **Redemption at the option of the Issuer (Issuer Call)**

This Condition 6.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an "**Issuer Call**". The relevant Final Terms contain provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.4 for full information on any Issuer Call. In particular, the relevant Final Terms will identify the Optional Redemption Date(s), Optional Redemption Amount and any minimum or maximum amount of Notes which must or can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the relevant Final Terms, the Issuer may, subject to Condition 6.11 in the case of Tier 2 Notes, having given not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Final Terms together,

if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the relevant Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than the minimum period specified in the relevant Final Terms prior to the date fixed for redemption.

As used in these Conditions:

"**Calculation Agent**" means the Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest, Interest Amount(s), the Make-Whole Amount, Gross Redemption Yield and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Date**" means the date set out in the relevant notice of redemption;

"**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and Trustee by the Calculation Agent specified in the relevant Final Terms;

"**Make-Whole Amount**" means the principal amount of the Notes to be redeemed multiplied by the price (expressed as a percentage and rounded to four decimal places with 0.00005 being rounded upwards) at which the Gross Redemption Yield on such Notes on the relevant Calculation Date is equal to the Gross Redemption Yield at the Quotation Time on the relevant Calculation Date of the Reference Security, plus the Make-Whole Redemption Margin, all as determined by the Calculation Agent specified in the relevant Final Terms;

"**Make-Whole Redemption Amount**" means the higher of (x) the principal amount of the Notes and (y) the Make-Whole Amount, plus accrued interest (if any) to (but excluding) the date fixed for redemption;

"**Make-Whole Redemption Margin**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount**" means, in respect of any Note, its principal amount, the Make-Whole Redemption Amount and/or such other amount as may be specified in the relevant Final Terms and in each case the Optional Redemption Amount shall be specified in the Final Terms and may constitute different amounts which depend on the date that the Issuer Call is exercised;

"**Quotation Time**" has the meaning given in the relevant Final Terms; and

"**Reference Security**" shall be the security as specified in the relevant Final Terms or, where the Calculation Agent advises the Issuer and Trustee that, for reasons of illiquidity or otherwise, such security is not appropriate for such purpose, such other government stock as the Calculation Agent may recommend.

6.5 **Redemption at the option of the Noteholders (Investor Put)**

This Condition 6.5 applies only to Senior Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "**Investor Put**". The relevant Final Terms contain provisions applicable to any Investor Put and must be read in conjunction with this Condition 6.5 for full information on any Investor Put. In particular, the relevant Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the relevant Final Terms in respect of any Series of Senior Notes, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms, the Issuer will redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5.

6.6 **Early Redemption Amounts**

For the purpose of Conditions 6.2 and 6.3 above and Condition 9 below the references therein to "Early Redemption Amount" shall mean for:

- (a) each Note (other than a Zero Coupon Note), that it will be redeemed at its Early Redemption Amount (as specified in the relevant Final Terms); and
- (b) each Zero Coupon Note, that it will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

^y is the Day Count Fraction specified in the relevant Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but

excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.7 **Purchases**

The Issuer, the Guarantors or any Subsidiary of the Issuer or the Guarantors may, subject to the provisions of Condition 6.11 in the case of Tier 2 Notes, at any time purchase Notes (**provided that**, in the case of definitive Notes, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantors, surrendered to any Paying Agent for cancellation.

This Condition 6.7 shall apply to the extent purchases of Tier 2 Notes are not prohibited by the Capital Regulations.

Any Notes so purchased, while held by or on behalf of the Issuer, the Guarantors or any Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quora at meetings of the Noteholders for the purposes of Conditions 6, 9 and 14.

6.8 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.9 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.10 **Substitution or Variation of Tier 2 Notes**

If at any time a Capital Disqualification Event or a Tax Event occurs in respect of a series of Tier 2 Notes, the Issuer may, subject to the provisions of Condition 6.11 on giving not less than the minimum period nor the maximum period of notice specified in the relevant Final Terms to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, Qualifying Tier 2 Notes (as defined below), provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that is inconsistent with the redemption provisions of the Notes.

The Trustee shall be obliged (at the request and expense of the Issuer) to agree with the Issuer without the consent of the Noteholders to any substitution of the Notes for, or the variation of the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Notes as aforesaid, provided that (i) the Trustee receives the certificate in the form described in the definition of Qualifying Tier 2 Notes in accordance with the provisions thereof, and (ii) the terms of the proposed Qualifying Tier 2 Notes, the amended terms of the Trust Deed or the agreement to such substitution or variation, as the case may be, would not, in the Trustee's opinion, impose more

onerous obligations upon it or expose it to any additional liabilities, responsibilities or duties or reduce or amend the rights and/or protections afforded to it.

"**Qualifying Tier 2 Notes**" means securities issued directly or indirectly by the Issuer that:

- (a) have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing which in either case is independent of the Issuer, and provided that a certification to such effect of two authorised signatories of the Issuer shall have been delivered to the Trustee not less than five Business Days prior to (i) in the case of a substitution of the Notes, the issue of the relevant securities or (ii) in the case of a variation of the Notes, such variation, as the case may be), and, subject thereto, they shall (1) have a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights for Noteholders as the Notes prior to such substitution or variation, as the case may be, (4) comply with the then current requirements of the Capital Regulations in relation to Tier 2 Capital, (5) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, (6) do not contain terms which provide for interest cancellation or deferral, (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares, and (8) where Notes which have been substituted or varied had a published solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Notes; and
- (b) are listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (as the same may be amended, supplemented or replaced from time to time) (the "**Income Tax Act**") for the purposes of section 987 of the Income Tax Act) or admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange (within the meaning of section 987 of the Income Tax Act), if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer and notified to the Trustee.

6.11 **Conditions to Purchase, Redemption and Substitution or Variation of Tier 2 Notes**

Tier 2 Notes may only be purchased pursuant to Condition 6.7, (in the case only of redemption prior to the relevant Maturity Date) redeemed by the Issuer pursuant to Condition 6.2, Condition 6.3 or Condition 6.4 or substituted or varied pursuant to Condition 6.10, in each case, provided that (except to the extent that the Capital Regulations no longer so require):

- (a) the Issuer has given such notice to the PRA as the PRA may then require before it becomes committed to such a purchase, redemption or substitution or variation and the PRA has granted permission for the Issuer to make such redemption, repurchase or substitution or variation and any other requirements of the Capital Regulations and/or the PRA applicable to such purchase, redemption or substitution or variation at the time have been complied with by the Issuer; and
- (b) in respect of any redemption proposed to be made pursuant to Condition 6.2 or 6.3 or purchase proposed to be made pursuant to Condition 6.7 only, and except to the extent that the Capital Regulations no longer so require, the Issuer may only redeem or purchase the Notes before five years after the Issue Date of the first Tranche of such Notes if, in addition to the condition set out in (a) above, the Issuer demonstrates to the satisfaction of the PRA that (x) in the case of a redemption, the circumstance that entitles it to exercise such right of redemption (i) was not reasonably foreseeable as at the Issue Date of the first Tranche of the Notes; (ii) in the case of any redemption under Condition 6.2, is a result of a material change in the applicable tax treatment; and (iii) in the case of any redemption under Condition 6.3, is a result of a change in the regulatory classification of

the Notes which the PRA considers to be sufficiently certain; and (y) in the case of a purchase pursuant to Condition 6.7, the Issuer having demonstrated to the satisfaction of the PRA that the Issuer has (or will have), before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the PRA having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances.

6.12 Definitions

As used in these Conditions:

"Capital Regulations" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy (including, without limitation, as to leverage) then in effect in the United Kingdom including, without limitation to the generality of the foregoing, the UK CRD, and any regulations, requirements, guidelines and policies relating to capital adequacy adopted by the PRA from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer or to the Regulatory Group (as defined below));

"EU CRD" means:

- (a) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms, as amended before IP completion day; and
- (b) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended before IP completion day;

"IP completion day" has the meaning given in the European Union (Withdrawal Act) 2020;

"PRA" means the Prudential Regulation Authority or such other governmental authority in the United Kingdom (or, if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Issuer;

"Regulatory Group" means the Issuer, its subsidiary undertakings, participations, participating interests and any subsidiary undertakings, participations or participating interests held (directly or indirectly) by any of its subsidiary undertakings from time to time and any other undertakings from time to time consolidated with the Issuer for regulatory purposes, in each case in accordance with the rules and guidance of the PRA then in effect;

"UK CRD" means the legislative package consisting of:

- (a) UK CRR;
- (b) the law of the UK or any part of it (as amended or replaced in accordance with domestic law from time to time), which immediately before IP completion day implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures, such Directive as amended before IP completion day; and
- (c) direct EU legislation (as defined in the EUWA), which immediately before IP completion day implemented EU CRD as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as the same may be amended or replaced in accordance with domestic law from time to time; and

"UK CRR" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (including as amended by Regulation (EU) 2019/876 of the European

Parliament and of the Council of 20 May 2019 to the extent then in application), as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons (or, as applicable, under the Guarantee, as the case may be) by the Issuer or the Guarantors (as applicable) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within any Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantors (as applicable) will pay such additional amounts (in the case of Tier 2 Notes and/or Tier 2 Coupons, in respect of the payment of any interest in respect of such Tier 2 Notes and/or Tier 2 Coupons only (but not in respect of the payment of any principal in respect of such Tier 2 Notes)) as shall be necessary in order that the net amounts received by the Noteholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons (or under the Guarantee (as applicable)), as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5).

As used in these Conditions:

"Tax Jurisdiction" means any jurisdiction under the laws of which the Issuer or any Guarantor (as applicable), or any successor to the Issuer or the Guarantor(s) (as applicable), or any entity which becomes an additional guarantor under Condition 14, is organised or in which it is resident for tax purposes; and

the **"Relevant Date"** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

Notwithstanding any other provision in these Conditions, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such withholding or deduction, a **"FATCA Withholding"**), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. **EVENTS OF DEFAULT AND ENFORCEMENT**

9.1 **Events of Default and Enforcement Events**

(a) **Events of Default**

The provisions of this Condition 9.1(a) shall apply in relation to any Series of Senior Notes only.

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

- (i) the Issuer fails to pay the principal or any interest on any of the Notes when due and such failure continues for a period of five Business Days; or
- (ii) the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 25 days after notice of such default shall have been given to the Issuer or the relevant Guarantor(s) by the Trustee; or
- (iii) (A) any other present or future Financial Indebtedness of the Issuer or a Guarantor or any of their respective Subsidiaries become due and payable prior to their stated maturity by reason of default, event of default or the like (howsoever described), or (B) any such Financial Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or a Guarantor or any of their respective Subsidiaries fails to pay, when due any amount payable by it under any present or future guarantee for, or indemnity in respect of Financial Indebtedness **provided that** the aggregate amount of the relevant Financial Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9.1(a)(iii) have occurred equals or exceeds £5,000,000 or its equivalent (as determined by the Trustee); or
- (iv) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or a Guarantor or any Material Subsidiary and remains undischarged for 60 days; or
- (v) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or a Guarantor or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (vi) the Issuer or a Guarantor or any Material Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into

effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or a Guarantor or any Material Subsidiary; or

(vii) (A) an administrator is appointed, an order is made or an effective resolution passed for the winding up or dissolution or administration of the Issuer or a Guarantor or any Material Subsidiary; or

(B) the Issuer or a Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations,

except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (y) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or a Guarantor (as the case may be) or another of its Subsidiaries; or

(viii) in the opinion of the Trustee, any material obligations of the Issuer or any Guarantor are not or cease to be legal, valid and enforceable; or

(ix) any of the Guarantors is not or ceases to be a Subsidiary of the Issuer; or

(x) a Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect.

(b) **Enforcement Events**

The provisions of this Condition 9.1(b) shall apply in relation to any Series of Tier 2 Notes only.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the relevant Series of Tier 2 Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), without further notice:

(i) if the Issuer fails to pay the principal of or interest on any of the Tier 2 Notes when due and such failure continues for a period of five Business Days, institute proceedings for the winding up of the Issuer in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere) and/or prove in any Winding Up or Qualifying Procedure of the Issuer, but may take no other action in respect of such default;

(ii) if an order is made or an effective resolution is passed for the Winding Up or a Qualifying Procedure of the Issuer, give notice to the Issuer that the Tier 2 Notes of such Series are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together with accrued but unpaid interest (subject to Condition 2.2(b)) and the Trustee may prove and/or claim in such Winding Up or Qualifying Procedure of the Issuer; or

For the avoidance of doubt, any resolution action or moratorium pursuant to the Banking Act 2009, as amended, which does not constitute a Winding Up or Qualifying Procedure, shall not permit the Trustee or the Noteholders to declare the Tier 2 Notes due and payable.

(iii) without prejudice to paragraph (i) or (ii) above, if the Issuer breaches any of its obligations under the Trust Deed or the Tier 2 Notes or Tier 2 Coupons of the relevant Series (other than any payment obligation of the Issuer under or arising from the Trust Deed or the Tier 2 Notes or Tier 2 Coupons of the relevant Series, including, without limitation, payment of any principal or interest in respect of the Tier 2 Notes and Tier 2 Coupons and any damages awarded for breach of any obligations) subject as provided below, at its discretion and without further notice, institute such steps, actions or proceedings as it may think fit to enforce the obligation in question **provided always that** the Trustee (acting on behalf of the

Noteholders but not the Trustee acting in its personal capacity under the Trust Deed) and the Noteholders may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving such Monetary Judgment in a winding up of the Issuer and/or claiming such Monetary Judgment in an administration of the Issuer and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 9.1(b) shall, however, prevent the Trustee acting in its personal capacity under the Trust Deed instituting proceedings for the winding up of the Issuer in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere) and/or proving in any Winding Up or Qualifying Procedure of the Issuer in respect of any payment obligations of the Issuer arising from such Tier 2 Notes, Tier 2 Coupons or the Trust Deed (including any damages awarded for breach of any such obligations),

(each, an "**Enforcement Event**").

No remedy against the Issuer other than the institution of the proceedings referred to in this Condition 9.1(b) or proving in a Winding Up or Qualifying Procedure of the Issuer, shall be available to the Trustee or the Tier 2 Noteholders or the Tier 2 Couponholders whether for the recovery of amounts owing in respect of the Tier 2 Notes or Tier 2 Coupons or under the Trust Deed in relation thereto (other than in the case of any amounts due to the Trustee in respect of its costs, charges, expenses, liabilities or remuneration or the rights and remedies of the Trustee in respect thereof) or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Tier 2 Notes or Tier 2 Coupons or under the Trust Deed in relation thereto.

For the purposes of this Condition 9:

"**Base IFRS**" means United Kingdom adopted international accounting standards within the meaning of section 474(1) of the Companies Act 2006 as applied by the Issuer in connection with the preparation of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2020.

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

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

- (a) after adding back (to the extent otherwise deducted) interest payable;
- (b) before any deduction for or on account of taxation;
- (c) after adding back (to the extent otherwise deducted) any amount attributable to the impairment of goodwill;
- (d) after adding back (to the extent otherwise deducted) any amount attributable to the amortisation or impairment of intangible assets (excluding any deferred acquisition costs in respect of any of the Regulated Subsidiaries);
- (e) excluding any item of income or expense that is material (either individually or in aggregate) and either of an unusual or a non-recurring nature including, without limitation, any such item:
 - (i) in relation to:
 - (A) the restructuring of the activities of an entity;

- (B) disposals, revaluations or impairment of non-current assets; or
- (C) disposals of assets associated with discontinued operations; or
- (ii) which is a reversal of any item falling within this paragraph (e); and
- (f) excluding the effect under IAS 32 and IAS 39 of the fair valuation of derivative assets and liabilities,

all as determined in accordance with Base IFRS.

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

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

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

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

as determined in accordance with Base IFRS.

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

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

- (a) whose Gross Tangible Assets represents 7.5 per cent. or more of the Gross Tangible Assets of the Group, immediately before the relevant company becomes a Subsidiary of the Issuer in the case of an acquired Subsidiary; or

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

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

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

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

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

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

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

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

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

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

9.2 **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer and/or the Guarantors (as applicable) as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantors (as applicable) or take any of the steps or actions referred to in Condition 9 or prove in any Winding Up or Qualifying Procedure of the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing and then only in the name of the Trustee and on giving an indemnity and/or security and/or prefunding satisfactory to the Trustee, and only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

10. **REPLACEMENT OF NOTES, COUPONS AND TALONS**

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

11. **PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the relevant Final Terms.

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

- (a) there will at all times be an Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer, failing which any of the Guarantors, shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer, failing which the Guarantors shall maintain a Paying Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

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

12. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. **NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and such notices shall be deemed to have been given on the date of delivery to Euroclear and/or Clearstream Luxembourg.

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

14. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings (including to be held by way of audio or video conference call) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantors (in respect of Senior Notes only) or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than half in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing, altering or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, or the Coupons but excluding any modification or amendment made in accordance with Condition 4.3(g)), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-quarter in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at such meeting, and on all Couponholders.

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed (except as set out in the Trust Deed) including any substitution or variation pursuant to Condition 6.10 in respect of Tier 2 Notes, where applicable,

or determine, without any such consent as aforesaid, that any Event of Default, Enforcement Event, potential Event of Default or potential Enforcement Event shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter. No modification of these Conditions insofar as it relates to the Conditions of any Series of Tier 2 Notes or substitution or variation in respect of any Series of Tier 2 Notes shall be effected without prior notification to, and receiving no objection from and/or receiving the consent of, the PRA (in each case solely to the extent then required by the Capital Regulations).

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination, variation or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantors (in respect of Senior Notes only), the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

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

In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. No such substitution or change in governing law shall be effected in relation to any Series of Tier 2 Notes without prior notification to, and receiving no objection from and/or receiving the consent of, the PRA (solely to the extent then required by the Capital Regulations).

In addition, pursuant to Condition 4.3(g), certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Reset Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Trustee or the Noteholders.

In respect of Senior Notes only, the Trust Deed also contains provisions requiring the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the resignation of a guarantor, or to the addition of a new guarantor. Any such resignation or addition will occur if there is a resignation of a Guarantor, or the addition of a new guarantor, under the terms of the Facilities Agreement, and will take effect on the same date that any such resignation or addition takes effect under the Facilities Agreement. In the case of such a resignation or addition the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders. The Issuer will provide to the Trustee 30 days' notice of any planned change of guarantor under the Facilities Agreement before any such change is to take effect under the Facilities Agreement.

The Issuer will notify Noteholders in the event of any substitution of the Issuer, or of any previous substituted company, or, in respect of Senior Notes only, of any resignation of a Guarantor or addition of a new guarantor, pursuant to this Condition 14.

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

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

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

16. **FURTHER ISSUES**

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

17. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

18. **GOVERNING LAW**

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

BUSINESS DESCRIPTION

INTRODUCTION

Established in 1880, Provident Financial plc (the "**Issuer**") and its subsidiaries and its subsidiary undertakings from time to time (together, the "**Group**") is one of the leading providers of personal credit products to the non-standard credit market in the UK, as at 30 June 2021 servicing approximately 1.8 million customers.

The Issuer was incorporated as a public limited company in England and Wales on 31 August 1960 with registered number 00668987. It has its principal place of business and registered office at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 135.

Until 10 May 2021, the Group operated through three business divisions which provided specialised products to meet the needs of the non-standard credit market: (i) Vanquis Bank Limited division ("**Vanquis Bank**"), which offers a range of credit card products, unsecured personal loans for its existing customers and savings products; (ii) the Moneybarn division ("**Moneybarn**"), which offers secured motor finance on a range of asset classes, including cars, motorbikes and light commercial vehicles, and (iii) the Consumer Credit Division ("**CCD**"), which offered unsecured personal loans through Provident home-collected credit and Satsuma online loans. The CCD division is now in managed run-off ahead of closure, as more particularly described in "*Business Description – CCD – Scheme of Arrangement and managed run-off*".

The Group's driving social purpose is 'helping to put people on a path to a better everyday life' which is inherently linked with its focus on providing consumers otherwise not well served by the mainstream credit market with a broad range of products suited to their individual needs.

The Group's strategy is to build on its leading and diversified position by continuing to responsibly lend in the attractive UK non-standard credit market. The Group's strategic and operational initiatives include: (i) investing in IT and talent; (ii) expanding its customer offering with new products and digital enhancements; (iii) optimising its operational and governance structures; and (iv) growing through selective merger and acquisition opportunities as the UK non-standard credit market consolidates and evolves.

RECENT DEVELOPMENTS

The Group's adjusted ongoing profit before tax ("**PBT**"), excluding CCD, for the six months ending 30 June 2021 was £63.5 million (six months ended 30 June 2020 restated PBT: £4.9 million) and reflects a reduction in impairment and costs year-on-year which combined to offset the fall in revenue. The Group's statutory loss before tax ("**LBT**") for the six months ended 30 June 2021 was £44.2 million (six months ending 30 June 2020 restated LBT: £28.1 million), which includes £46.3 million of exceptional costs related to the wind-down of the CCD businesses.

Vanquis Bank and Moneybarn were profitable for the six months ended 30 June 2021, including and excluding the impact of provision releases triggered by an improvement in macroeconomic outlook. The Group remains conscious of potential macroeconomic shocks that may arise during H2'21 as government support schemes come to an end.

At the end of June 2021, the Group held regulatory capital of approximately £585 million, which equated to a CET1 ratio of 32.5 per cent. (as at 30 June 2020: 35.4 per cent.). The reduction year-on-year predominantly reflects the performance in the period and the transitional impact of IFRS 9.

Total Group liquidity at the end of June 2021 stood at approximately £510 million (30 June 2020: £1.2 billion) including approximately £280 million held by Vanquis Bank, which represents a more normalised level of liquidity for it.

Shortly after 30 June 2021 the Group successfully refinanced its Revolving Credit Facility and Moneybarn's securitisation facility to at least the second half of 2023, increasing its net committed funding by approximately £120 million since 31 December 2020.

The Board has not proposed a dividend with respect to the six months ended 30 June 2021 (six months ended 30 June 2020: nil) as the focus remains on preserving capital during the period of closure of the CCD business. The Group will revisit its policy at the end of 2021, allowing time for the Board to assess the impact of the end of furlough, and any future lockdown restrictions, on the Group's customers.

On an operational basis, it is important to note the following:

Credit card customer expenditure improved during the six months ended 30 June 2021; delinquency trends remain favourable

- The Group's credit card and personal loans business, Vanquis Bank, reported an adjusted PBT for the first six months of 2021 of £57.1 million (six months ended 30 June 2020: £11.8 million), driven by lower impairments as a result of more favourable macroeconomic conditions.
- New customer bookings for the six months ended 30 June 2021 were 97,000 (six months ended 30 June 2020: 147,000) as the business retained a cautious approach to risk appetite and as lockdown restrictions reduced customer demand.
- Customer expenditure trends improved progressively throughout the first six months of 2021 as lockdown restrictions were lifted. At the end of June 2021, expenditure levels were up by 17 per cent. year-on-year and were in-line with levels seen in June 2019 on a per customer basis.
- Customer receivables as at 30 June 2021 were £994 million (as at 30 June 2020: £1,202 million), including unsecured personal loan receivables of approximately £16 million. The overall reduction year-on-year reflects lower customer acquisition and a reduction in customer expenditure during lockdown.
- The take-up of payment holidays amounted to approximately 0.4 per cent. as at 30 June 2021 (30 June 2020: 2 per cent.) of customers and 0.1 per cent. (30 June 2020: 4 per cent.) of receivables at 30 June 2021.
- The annualised impairment rate at 30 June 2021 was 6.1 per cent. (30 June 2020: 22.3 per cent.) and reflects a significant reduction in the impairment charge year-on-year to £30.8 million (30 June 2020: £149.9 million) and the fall in receivables. The coverage ratio (impairment provision as a proportion of gross receivables) increased by 1.3 per cent. to 31.5 per cent. as at 30 June 2021, as the impact of the improved unemployment outlook has been more than offset by the lower than usual charge offs observed over the last 12 months as customers have been supported by government support on a reduced receivables book.

Vehicle finance receivables passed £600 million for the first time of 30 June 2021 and customer demand remains buoyant

- The Group's vehicle finance business, Moneybarn, delivered an adjusted PBT for the six months ended 30 June 2021 of £15.5 million (six months ended 30 June 2020 restated: £2.3 million) driven by higher revenue year-on-year, as a result of the growth in the receivables book, and lower impairment.
- For the first six months of 2021, customer demand for used vehicles improved progressively as lockdown restrictions were eased and this resulted in credit issued increasing by nearly 30 per cent. to approximately £150 million (six months ended 30 June 2020: £121 million).
- Customer receivables were £602 million at the end of June 2021 (30 June 2020 restated: £516 million), representing the first time that receivables have exceeded £600 million, compared with the £130 million of receivables the business had when it was acquired in August 2014.
- Payment holiday take-up by Moneybarn customers remains extremely low and as at 30 June 2021 was just 0.1 per cent. of customers (30 June 2020: 3.5 per cent.).
- The annualised impairment rate improved to 6.8 per cent. at 30 June 2021 (30 June 2020: 14.1 per cent.) following Moneybarn's inability to repossess vehicles during 2020 and due to an improved arrears picture across the book.
- Shortly after 30 June 2021, the Group signed a new warehouse securitisation facility for Moneybarn. This increases its committed funding to £325 million (from £150 million at 31 December 2020) over a new 24 month period (plus any amortisation thereafter) and will increase

the weighted average duration of the Group's funding sources and decrease its weighted average cost of funds to Moneybarn.

Managed run-off of CCD is progressing well; Scheme of Arrangement sanctioned by the High Court

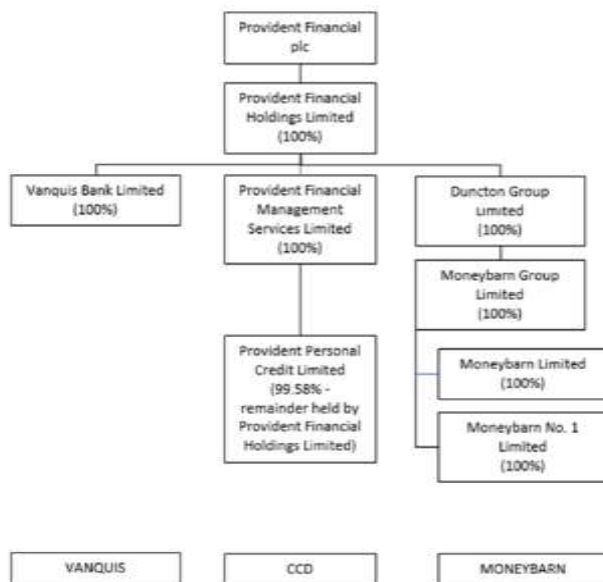
- On 10 May 2021, the Group announced the regrettable decision to withdraw from the home credit market and subsequently placed the home credit business into a managed run-off, with the expectation that the managed run-off will be completed in 2022.
- The Scheme received creditor approval of approximately 98 per cent. (by value and number) of those creditors who attended and voted at the meeting of Scheme creditors and was sanctioned by the High Court on 4 August 2021, following a hearing on 30 July 2021. The Scheme became effective on 5 August 2021, and the Issuer advanced £50 million to Provident SPV Limited on 27 August 2021 (with the effect that CCD was released of its liabilities in respect of the liabilities subject to the Scheme).
- As at the end of July 2021, the CCD receivables book stood at approximately £21 million and, as previously announced, the Group expects the closure of CCD to lead to losses of up to £100 million.

The Group is intending to leverage its existing expertise to expand its unsecured personal loan products. The new loan offering will be a 'mid-term, mid-cost' product and will take into account the most recent sector regulation whilst catering much more closely to modern customer requirements.

BUSINESS OVERVIEW

Group structure

The Issuer is the ultimate holding company of the Group. The full list of the subsidiary undertakings of the Issuer is outlined in Note 34 (*Details of subsidiary undertakings*) of the 2020 Group Financial Statements. A summary of the Group's structure is set out below:



Vanquis Bank

Overview

Established in 2003, Vanquis Bank is a leading issuer of credit cards in the non-standard credit market in the UK, promoting financial inclusion by bringing credit cards to people who may typically be declined by mainstream credit card providers. The Group's analysis of TransUnion's credit data suggests Vanquis Bank

held approximately a 25 per cent. market share of all UK debt outstanding in the non-standard credit card market at December 2020.

The following table sets out summary information relating to the Vanquis Bank business for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021.

	For the year ended 31 December (audited)		For the six months ended 30 June (unaudited)	
	2020	2019	2021	2020
	<i>(£m's except customer numbers and percentages)</i>		<i>(£m's except customer numbers and percentages)</i>	
Number of customers ('000).....	1,667	1,720	1,537	1,694
Period end amounts receivable from customers	1,094.3	1,461.5	993	1,202
Average receivables	1,233.9	1,459.9	1,004	1,341
Return on Assets	4.6 per cent.	10.4 per cent.	10.8 per cent.	9.0 per cent.

Products

Credit cards

Vanquis Bank offers a range of own-brand credit cards (Vanquis Classic, Chrome, Origin, Aquis and Chrome Balance Transfer Card), each of which is designed to appeal to the varying profiles and credit needs of Vanquis Bank's customers. An overview of Vanquis Bank's credit card offerings as at 30 June 2021 is set out below:

Product	Initial Credit Limit	Credit Limit	Rep APR Range (per cent.)	per cent. total customer base
Vanquis Classic Card	£150-£1,500	£150-£4,000	39.9	70 per cent.
Chrome Card	£250-£1,500	£250-£4,000	29.5	20 per cent.
Origin Card	£150-£1,500	£150-£3,500	59.9	5 per cent.
Aquis Card	£250-£1,500	£250-£4,000	29.8	4 per cent.
Chrome Balance Transfer Card	£1,500	£1,500-£4,000	29.5	1 per cent.

(1) Most of the revenue generated is interest income but there are also some standard credit card fees & charges (i.e. cash withdrawal fees). Historically, income was also generated through Vanquis Bank's ROP which is in run off (a legacy product), though as at the date of this Offering Circular the potential sale of a new ROP product is being considered.

Vanquis Bank uses a methodology which has been developed over time and which balances business growth with risk management (i.e. higher risk customers are left on lower credit limits). This approach is a central pillar of its lending strategy; responsibly giving the customer the amount they need and offering further credit line increases where good repayment performance is displayed. Across all products, 92 per cent. of customers who responded to Vanquis Bank's 2020 customer satisfaction survey reported that they were satisfied with their Vanquis card. The average utilisation of credit card limits is around 50 per cent.

Vanquis Bank launched the thimbl. credit card, a white label partnership with Digitonomy, in late 2020.

Unsecured personal loans

Following a successful pilot in 2016 of Vanquis Bank's unsecured personal loan product, it was rolled out to all qualifying existing customers from January 2018. Vanquis Bank has taken a measured approach to developing its loans proposition, observing the results from the loans provided to existing credit card customers and then refining its underwriting and loans proposition. The loans currently offered range between £1,000 and £5,000 with a term of one to three years and a representative APR of 24.9 per cent. to 49.9 per cent. As at 31 December 2020, Vanquis Bank had a net unsecured personal loan book of £19.1 million with 18,500 customers.

Fixed term retail bond deposit products

Vanquis Bank offers fixed rate bond deposit products to UK depositors ranging from six months to five years via internet only applications. The minimum opening deposit for a bond deposit is £1,000 and the maximum is £250,000.

The deposit taking platform and operation is outsourced to Newcastle Strategic Solutions, a specialist subsidiary of Newcastle Building Society, which has established a reputation in the outsourced savings market and provides outsourcing to a number of other PRA regulated banks and building societies. By virtue of the outsourcing agreement, the Group is able to offer competitive rates and to date has been successful in attracting high volumes of deposits, particularly in short timescales, from a wide range of customers. This provides a funding profile which offers additional financial security to the business.

As at 30 June 2021, retail deposits were Vanquis Bank's primary source of funding representing 107 per cent. of Vanquis Bank's reported receivables at that date, reflecting a managed return to normalised levels of retail deposits from 2020. Throughout the first half of 2021, Vanquis paid a blended interest rate of 1.97 per cent. on this funding source, slightly down from 2.09 per cent. for the year in 2020. The AAA-rated notes issued by the Vanquis Bank credit card securitisation have been accepted as eligible collateral for the Bank of England funding and liquidity schemes, including the Term Funding Scheme.

Distribution channels

Customer recruitment is primarily carried out through a combination of marketing by internet advertising (including using social media platforms), television advertising and introducer partners ("**Introducer Partners**") using price comparison websites. Introducer Partner marketing is currently the primary channel of customer recruitment for Vanquis Bank.

Customer profile

Vanquis Bank's credit cards are targeted at customers building or re-building their credit history. Customers fall into three broad categories:

- New to credit (no or thin credit history).
- Near prime (lower risk, thick credit history).
- Poor credit history (higher risk on a credit basis).

Based on management estimates derived from third-party industry information, Vanquis Bank's customers are much more likely to be tenants, have higher credit utilisation (by virtue of a lower credit limit) and be more regular users of their credit card than a mainstream credit card user.

IT and infrastructure

Investment in technology capability is fundamental to Vanquis Bank's strategy. Vanquis' IT advancements can be broken down in four main categories (with examples provided):

- *Customer experience enhancements:* The ongoing development of its award-winning app that has over 1 million users, launched in 2017.
- *Operational improvements:* A two-way SMS chatbot that typically handles more customer payments per month than customers contacting Vanquis Bank by telephone.
- *Platform development:* The development of the Vanquis Customer Analytics Platform which provides strong analytical capabilities, including supporting the launch of new products and improving the effectiveness of marketing strategies for new and existing customers.
- *New product development:* The creation of the Vanquis Bank personal loan platform and the development of additional features for credit card customers (e.g. virtual wallets).

Funding

For further detail on the funding arrangements for Vanquis Bank and the wider Group see "*Business Description – Liquidity – Funding*" below.

Regulation

Vanquis Bank is authorised and regulated by the PRA and regulated by the FCA. The PRA is responsible for the prudential supervision of banks, building societies, credit unions, insurers and investment firms and the FCA regulates the conduct of such firms and market integrity for the segments in which they operate. The board of directors of Vanquis Bank ("**Vanquis Bank Board**") includes non-executive directors who are independent of the Group to ensure compliance with applicable PRA rules, and the Vanquis Bank Board primarily leads on PRA interaction.

Risk management

The Risk Committee is responsible for setting the credit policy of Vanquis Bank. The Chief Risk Officer is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The Chief Risk Officer discharges and informs this decision making through the Credit Committee.

The Credit Committee meets quarterly, or more frequently if required. A customer's risk profile and credit line are evaluated at the point of application and at various times during the agreement. Internally generated scorecards based on historical payment patterns of customers are used to assess the applicant's potential default risk and their ability to manage a specific credit line. For new customers, the scorecards incorporate data from the applicant, such as income/expenditure and employment, and data from external credit bureaux. Initial credit limits are low, typically as low as £250. For existing customers, the scorecards also incorporate data on actual payment performance and product utilisation and take data from an external credit bureau each month to refresh customers' payment performance position with other lenders. Credit lines can go up as well as down according to this point in time risk assessment.

Arrears management is a combination of central letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing or appropriate forbearance arrangements are put in place.

Moneybarn

Overview

Moneybarn was acquired by the Group on 20 August 2014 and is one of the leading providers of near-prime and non-standard vehicle finance in the UK. The Group's analysis of TransUnion's credit data suggests in 2020, Moneybarn had an 11 per cent. market share of all credit issued in the near prime and non-standard vehicle finance market in the UK.

The following table sets out summary information relating to the Moneybarn business for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021.

	For the year ended 31 December (audited)		For the six months ended 30 June (unaudited)	
	2020	2019	2021	2020
	<i>(£m's except customer numbers and percentages)</i>		<i>(£m's except customer numbers and percentages)</i>	
Number of customers ('000).....	91	77	94	82
Period end amounts receivable from customers	566.6	489.1	601.6	516.3
Average receivables	533.1	476.9	587.8	504.7
Return on Assets	5.4 per cent.	8.4 per cent.	10.3 per cent.	6.2 per cent.

Products – Motor Finance

Moneybarn provides customers with a conditional sale motor finance product in the near prime and non-prime vehicle market, the amount of which can be secured against either a car, light commercial vehicle or motorbike. An overview of Moneybarn's offering as at 31 December 2020 is set out below:

Product	Loan amount	Loan Duration	Rep APR Range (per cent.)	Av. Loan Size at Origination
Moneybarn Conditional Sale Agreement	£4,000-£25,000	36-60 months	31.9	£7,800

(1) All revenue generated from interest income – a fixed price credit, no additional fees & charges

Moneybarn expanded its proposition into the near prime market in January 2020. This broadened its offering to include APRs down to 14.9 per cent.

Distribution channels

Moneybarn operates a multi-channel acquisition model which consists of dealers, dealer brokers, internet brokers, lender declines, lead generators and direct. As at 30 December 2020, Moneybarn had 49 broker and 20 dealer relationships. These are, in the main, long-standing relationships that have existed for many years and involve high levels of support and engagement.

Customer profile

The profile of Moneybarn's customers broadly aligns with the profile of Vanquis Bank's customers. Customers typically have a thin or impaired credit history and find it difficult to access credit from prime lenders. Moneybarn customers have an average age of approximately 38, are employed full-time (80 per cent.) or self-employed (20 per cent.) and have an average income level equivalent to the national average. Moneybarn customers are more likely to be male than female.

IT and infrastructure

Investment in technology capability is fundamental to Moneybarn's strategy and Moneybarn is currently investing in a multi-year IT development programme in order to enhance the existing platform architecture and to deliver customer experience enhancements. Moneybarn's customer experience enhancements include:

- The creation of application program interfaces from its internal systems to integrate directly with broker and dealer systems to avoid duplication of loan application data and help improve customer conversion.
- The enhancement of its online customer portal to take customer repayments on loans.
- Development of the ability to market Moneybarn vehicle finance through the Vanquis Bank app.

Funding and Capital Structure

The funding of Moneybarn is through intercompany loans from the Group and by accessing the bilateral securitisation facility ("**Securitisation**"), see further "*Business Description – Liquidity – Funding*" below.

A significant proportion of new business is funded from customer repayments on the existing customer book.

Regulation

Moneybarn Limited and Moneybarn No. 1 Limited are authorised and regulated by the FCA.

Risk management

Credit risk within Moneybarn is managed by the Moneybarn Credit Committee which meets at least monthly and is responsible for approving underwriting parameters, decisioning strategy and credit control policy.

A customer's credit risk profile and ability to afford the proposed contract is initially evaluated both at the point of application, and subsequently should the customer fall into arrears. A scorecard based on historical payment patterns of customers is used to assess the applicant's potential default risk. The scorecard incorporates data from the applicant, such as income and employment, and data from an external credit bureau. The application assessment process involves verification of key aspects of the customer data. Certain policy rules including customer profile, proposed loan size and vehicle type are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, the loan repayments are affordable.

Arrears management is conducted by way of a combination of letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing and retaining use of the vehicle. These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, then an appropriate exit strategy is implemented.

CCD

Overview

CCD specialised in providing small sum, short-term unsecured loans in the non-standard credit market. CCD comprises two brands: (i) Provident, the home-collected credit business, whose origins date back to the Group's foundation in 1880, which satisfied the demand of customers requiring a more personal service; and (ii) Satsuma, the online weekly and monthly instalment loans business, which commenced lending in 2013 and brings the benefit of serving customers remotely.

The following table sets out summary information relating to CCD for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021.

	For the year ended 31 December (audited)		For the six months ended 30 June (unaudited)	
	2020	2019	2021	2020
	<i>(£m's except customer number and percentages)</i>		<i>(£m's except customer number and percentages)</i>	
Number of customers ('000)	311	522	198	379
Period end amounts receivable from customers	138.9	249.0	42.1	146.9
Average receivables	166.0	247.3	88.5	191.2
Return on Assets	(31.5 per cent.)	(3.6 per cent.)	(116.4 per cent.)	(34.5 per cent.)

Provident

Provident was the largest provider of home-collected credit in the UK and the Republic of Ireland ("ROI") by number of customers. In May 2021, Provident was placed into run off in both the UK and ROI. The business had £39.9 million of net receivables as at 30 June 2021.

A typical Provident loan was a cash loan delivered to a customer (after a thorough analysis of the customer's credit history and affordability) in their home and repaid weekly through a Customer Experience Manager (in the UK) or Agent (in the ROI).

Satsuma

Satsuma was a leading provider in the high-cost short-term credit market ("HCSTC"). In the second quarter of 2020, Satsuma paused lending and in May 2021 it entered run off. The business had £2.2 million of net receivables as at 30 June 2021.

Satsuma provided online short-term unsecured instalment loans offered with either monthly or weekly repayment terms (to align to customers' income patterns), subject to credit checks and affordability assessments.

Funding

The funding of CCD is predominantly through intercompany loans as part of the Group- see further "*Business Description – Liquidity – Funding*" below.

Regulation

CCD is the umbrella organisation that combines Provident Personal Credit Limited ("**PPC**") with its parent company, Provident Financial Management Services Limited ("**PFMSL**"). Within CCD, both PPC and PFMSL conducted regulated activity and are, as at the date of this Offering Circular, authorised and regulated by the FCA. The entities had applied to the FCA to relinquish their permissions to lend and the FCA has accepted this application.

Scheme of Arrangement and managed run-off

In November 2020, the Issuer communicated its intention to initiate an operational review of CCD. In the context of COVID-19, rising customer complaint volumes driven by CMCs and evolving customer choice dynamics, it was clear that CCD needed to evolve its business model in order to keep providing sustainable returns to shareholders.

On 15 March 2021, the Issuer informed the market of the decision to launch the Scheme to address CCD's liabilities in respect of certain customer credit-worthiness complaints and fees of the FOS, arising out of loans issued by CCD between 6 April 2007 and 17 December 2021 (inclusive). The Scheme was initially expected to cost the Group £65 million (comprised of £15 million of Scheme costs and a £50 million compensation fund to be made available by the Issuer), and this cost was recorded as a provision in the 2020 Group Financial Statements and an additional £5 million provision was recorded in the 2021 Group Interim Financial Statements. On 22 April 2021, the Court made an order requiring Provident SPV Limited convene a meeting of Scheme creditors to consider the merits of the Scheme to be held on 19 July 2021. The Scheme received the support of approximately 98 per cent. (by value and number) of those creditors who attended and voted (in person or by proxy) at the Scheme meeting. The Scheme was sanctioned by the High Court on 4 August 2021 (following a hearing on 30 July 2021), and became effective on 5 August 2021.

In response to evolving customer demand, changing home credit market dynamics and the desire to focus on larger market segments, the Issuer has also confirmed that it has withdrawn from the home credit market entirely and has placed the home credit business into a managed run-off, which is expected to conclude in 2022.

FCA enforcement investigation

CCD was recently informed that the FCA has opened an enforcement investigation focusing on the consideration of affordability and sustainability of lending to customers, as well as the application of a FOS decision into the complaint handling process, in the period between February 2020 and February 2021. The start of the investigation period relates to the FOS decision which was taken in February 2020. The appointment of investigators does not mean that the FCA has determined that rule breaches or any other contraventions have occurred. CCD intends to work closely with the FCA in the coming months, including in relation to the investigation, which is unlikely to conclude until 2022. The Group has recorded a provision of £5 million in respect of this investigation.

Risk Governance

As at the date of this Offering Circular, the Group was in the process of optimising the manner in which it manages risk. A key component of this is embedding a strong risk culture. There are several initiatives across the Group which aim to drive this optimisation, including Group Risk Harmonisation which is the implementation of enhanced Group Risk Policies and Risk Governance. Central to this is the growing use of models to measure and facilitate risk across the Group. The Group Head of Model Risk, recruited in 2020, has now fully resourced the Model Risk team and a series of model validations have been undertaken in the first half of 2021. The Group plans to embed this team during the second half of 2021, with the aim

of enhancing model governance throughout the Group. With respect to governance, the Board Governance Manual and Delegated Authorities Manual are in place to provide a framework for key decision making at all levels across the Group and divisions. The Group has put in place Executive Director scorecards, with reward incentives based on a combination of financial and non-financial measures, and an effective risk adjustment framework has been implemented appropriately.

Intellectual Property

The Group protects its intellectual property through a combination of trademarks, copyright, domain registration and contractual provisions. As at 12 July 2021, the Group held a portfolio of 158 trademarks in the UK, EU, Ireland and Poland and 946 domain registrations.

Property

As at 1 September 2021, the Group owned or had an interest in 103 properties in the UK and the ROI. This includes 39 freehold reversionary interests in ground leases; three long term leaseholds (in excess of 10 years) and 2 occupational service based agreements. It also includes the 56 properties held by CDD and, as a result of the wind-down of CCD, 21 of these property interests will have expired by February 2022 and the Group is seeking to surrender the remaining 35 properties where possible. The Group has also sub-let three properties which the Group is landlord of.

The Group's head office is situated at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU, United Kingdom. The head office also houses Vanquis Bank Call Centres.

Employees

The average numbers of persons employed on a full- and part-time basis by the Group for the year ended 31 December 2020 (permanent and fixed contract staff, not including agency staff) was 4,544 (Vanquis Bank 1,505; CCD 2,592; Moneybarn 360; Central 87) based in Bradford, London, Chatham, Petersfield and in nearly 100 area offices across the UK and (until June 2021) the ROI.

A decision was made by the Group to repay money used for furlough under the UK Government Scheme in August 2020 and staff phased back to the business during the second half of 2020. All of the staff previously furloughed in the first half of 2020 had returned to the business by the end of October 2020. No use has been made of the UK Government scheme during 2021.

In September 2020, Vanquis Bank conducted a collective consultation process following a reorganisation of its Talent, Product and Operations functions. This impacted 262 colleagues. Only 38 were made redundant as the remaining colleagues found alternative roles within Vanquis Bank.

A range of factors, including: long-term market decline, changes to customer preferences, COVID-19 impact, rising complaints driven by CMCs, evolving regulation and an increasingly complex business model, have led to a decision to exit the home credit market and wind down the CCD business. As a result CCD commenced a collective consultation process in May 2021 for both its Field and Head Office staff. This involves a full business closure of CCD in the UK and ROI and may result in 2,100 employees being made redundant. Whilst the majority of Field staff left the business on 30 June 2021, CCD remains in its consultation process and is committed to looking for suitable alternative vacancies across other Divisions to mitigate redundancies where possible.

Directors

The Issuer's Directors and directorships and partnerships held by the Directors (other than, where applicable, directorships held in the Issuer and other members of the Group), are set out below:

<u>Name</u>	<u>Directorships/Partnerships</u>	<u>Position</u>
Patrick Snowball	The Old Dove Dairy Limited	Chairman
Malcolm Le May	Juno Capital Partners LLP – Partner	Group Chief Executive Officer
	IG Group Holdings plc – Non-Executive Director	
	IG Markets Limited	
	IG Index Limited	
	The Grange Festival – Trustee	

Name	Directorships/Partnerships	Position
Neeraj Kapur.....	N/A	Group Chief Finance Officer
Andrea Blance.....	Hargreaves Lansdown plc – Non-Executive Director	Senior Independent Non-executive Director
Angela Knight.....	Arbuthnot Latham & Co. Limited Encore Capital Group, Inc. Froggatt Trustee Limited Taylor Wimpey plc Astana Financial Services Authority	Independent Non-executive Director
Paul Hewitt.....	Exponent Fund 2 – Limited Partner Feebris Limited Horizon Fund 3 – Limited Partner INCH LTD	Independent Non-executive Director
Elizabeth Chambers	Elizabeth G Chambers Limited Group Systems Inc. NCL Investments Limited Smith & Williamson Corporate Finance Limited Smith & Williamson Financial Services Limited Smith & Williamson Holdings Limited Smith & Williamson Investment Services Limited University of Colorado Anschutz Medical Campus Tilney Asset Management Services Limited Tilney Smith & Williamson Limited Tilney Investment Management Services Limited Tilney Discretionary Investment Management Limited Bestinvest (Consultants) Limited Tilney Investment Management Tilney Asset Management Limited Tilney Financial Planning Limited HW Financial Services Limited Index Fund Advisors Ltd Tilney Discretionary Portfolio Management Limited TSB Bank Plc TSB Banking Group Plc Searchlight Capital Partners	Independent Non-executive Director
Graham Lindsay	Brain Tumour UK – Vice Chair and Trustee Family Assurance Friendly Society Limited Family Assurance Staff Pension Scheme Trustees Limited Gastonrange Limited The Brain Tumour Charity	Independent Non-executive Director
Robert East.....	Hampshire Trust Bank plc RCWJ Limited Skipton Group Holdings Limited	Independent Non-executive Director
Margot James	Executive Chair at the Warwick Manufacturing Group Member at the Court of Governors of the London School of Economics Internet Matters Limited Taso Advisory	Independent Non-executive Director
Charlotte Davies.....	N/A	General Counsel and Company Secretary

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

Robert East is a director of Vanquis Bank Limited, Hampshire Trust Bank plc and Skipton Group Holdings Limited. Malcolm Le May and Neeraj Kapur are directors of a number of wholly owned subsidiaries of the Issuer. Angela Knight is also a director of Encore Capital Group Inc. and Arbuthnot Latham & Co. Limited. Elizabeth Chambers is a director of TSB Bank plc and TSB Banking Group plc. As a result, potential conflicts of interest may from time to time arise between the duties these Directors owe to the Issuer and duties owed in respect of such additional Directorships. The Issuer's Articles of Association allow Directors

to disclose and, where appropriate, authorise conflicts of interest and the Board of the Issuer has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

Senior Managers

In addition to the executive management on the Board of the Issuer, the following senior managers are considered relevant to establishing that the Issuer has the appropriate expertise and experience for the management of its business.

Name	Position
Neil Chandler	Managing Director of Vanquis Bank
David Shrimpton-Davis.....	Managing Director of Moneybarn
Hamish Paton	Managing Director of CCD

The business address of each of the Senior Managers is No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU, United Kingdom.

MAJOR SHAREHOLDERS

The principal shareholders of the Issuer as at 14 August 2021 are as follows:

Schroders Investment Management.....	14.71 per cent.
Redwood Capital Management	14.20 per cent.
BlackRock.....	8.28 per cent.
Davidson Kempner Capital Management.....	6.77 per cent.
Aberforth Partners.....	6.26 per cent.
Marathon Asset Management.....	5.31 per cent.
Vanguard Group.....	3.82 per cent.
Coltrane Asset Management CfD.....	3.00 per cent.

CAPITAL AND LIQUIDITY

CAPITAL

Vanquis Bank is subject to prudential regulation and supervision by the PRA. In addition, the Group, incorporating Vanquis Bank, Moneybarn and CCD (in managed run-off), is the subject of consolidated supervision by the PRA due to the Issuer being the parent company of Vanquis Bank. The PRA sets requirements for Vanquis Bank and the consolidated group in respect of capital adequacy, large exposures and liquidity on a solo entity and consolidated basis.

In accordance with the Capital Regulations (as defined in the Conditions), the Group's Internal Capital Adequacy Assessment Process ("**ICAAP**") is embedded in the risk management framework of the Group. It is subject to ongoing updates and revisions where necessary, but as a minimum an annual review is undertaken as part of the business planning process. The ICAAP brings together the risk management framework, including stress testing using a range of scenarios, and the financial disciplines of business planning and capital management. An ICAAP is conducted on a consolidated basis for the Group and a solo basis for Vanquis Bank as a regulated entity. The ICAAP considers all risks facing the business, including credit, operational, counterparty, conduct, pension and market risks, and assesses the capital requirement for such risks in the event of downside stresses should such requirement exceed that set out under the Pillar 1 framework.

The Group follows the PRA Pillar 2A capital guidance methodology to determine the level of capital that needs to be held. This method considers all risks facing the business, including credit, operational (both conduct and non-conduct), counterparty, pension and market risks, and assesses the capital requirement for such risks. Where it is considered that the Pillar 1 calculations do not adequately reflect the risks, additional Pillar 2A capital is held. Through this methodology the Group and Vanquis Bank are set a Total Capital Requirement by the PRA on a consolidated and solo basis respectively.

The ICAAP includes a summary of the capital required to mitigate the identified risks in the Group's regulated entities and the amount of capital that the Group has available. The Group and Vanquis Bank have complied with all of the externally imposed capital requirements to which they are subject for the period ending 30 June 2021.

To support the delivery of the Group's purpose, the Group operates a financial model that is founded on investing in customer-centric businesses offering attractive returns which aligns an appropriate capital structure focused on optimising shareholder value, in a safe and sustainable manner. The capital management policy of the Group helps to ensure capital resources are sufficient to support planned levels of growth.

The Group Treasury Committee is responsible for monitoring the level of regulatory capital. The level of regulatory capital against requirements is reported to the Board on a monthly basis in the Group's management accounts.

The minimum regulatory capital requirement imposed by the PRA on firms is the sum of the Total Capital Requirement, combined Capital Regulations buffer requirements, as applicable, and the PRA buffer requirements as applicable. The minimum amount of regulatory capital held by the Group and Vanquis Bank represents the higher of the imposed requirement and their respective internal assessments of minimum capital requirements based upon an assessment of risks facing the Group.

The Group has elected to phase in the impact of adopting IFRS 9 on its regulatory capital resources. The impact of the initial IFRS 9 transition adjustment (net attributable deferred tax) plus any subsequent increase in expected credit losses ("**ECL**") in the non-credit-impaired book from transition to 31 December 2019 is phased in over a five-year period ending 31 December 2022. This is achieved by applying add back factors for years one to five respectively to the initial IFRS 9 transition adjustment (net of attributable deferred tax) plus any subsequent increase in the non-credit-impaired book from transition to 31 December 2019 (2018: 95 per cent., 2019: 85 per cent., 2020: 70 per cent., 2021: 50 per cent., 2022: 25 per cent.). The PRA ratified additional capital mitigation proposed by the Basel Committee, in response to COVID-19, with these measures coming into force on 27 June 2020. The new measures allow for any increase in ECL in the non-credit-impaired book arising after 31 December 2019 to be phased in over an extended transactional period over the five-year period ending 31 December 2024. This is achieved by applying add back factors for years one to five respectively to any increase in ECL in the non-credit impaired book arising

after 31 December 2019 (2020:100 per cent., 2021: 100 per cent., 2022: 75 per cent., 2023: 50 per cent., 2024: 25 per cent.).

As of the date of this Offering Circular, the Group's regulatory capital is made up of Common Equity Tier 1 ("CET1") which comprises equity share capital and reserves after deducting foreseeable dividends in line with the current dividend policy, less: (i) the net book value of goodwill and intangible assets, net of deferred tax; and (ii) the pension asset, net of deferred tax, and the fair value of derivative financial instruments. The Group's regulatory capital is also intended in the future to comprise, subject to regulatory limits, of Tier 2 Capital.

At 30 June 2021, the Group held total regulatory capital of £585 million, equating to a total CET1 ratio of 32.5 per cent. (compared with the Group's Pillar 2A requirement of 18.3 per cent.) and a surplus above the minimum regulatory requirement of £210 million.⁴ The decrease in headroom from £264 million at 31 December 2020 predominantly reflects the performance in the year ended 31 December 2020 and the transitional impact of IFRS 9. The CET1 capital ratio is the ratio of CET1 divided by the risk weighted exposures.

At 30 June 2021, the Group had a leverage ratio of 22.4 per cent. (compared with the regulatory minimum requirement of 3.25 per cent.). The leverage ratio is the ratio of Tier 1 capital divided by the leverage exposure.

LIQUIDITY

Funding

The Group, incorporating Vanquis Bank, Moneybarn and CCD (in managed run-off), has a funding strategy in place which is intended to maintain a secure, prudent and well-diversified funding structure at all times, sufficient to ensure that it is able to continue to fund the growth of the business. Bank funding, bonds and loans are used to fund Moneybarn, CCD (in managed run-off) and central operations (the non-bank Group) whilst retail deposits are used to fund Vanquis Bank. The Group's current funding strategy seeks to maintain a secure funding structure by maintaining committed facilities to pre-fund the Group's liquidity and funding requirements for at least the next 12 months, maintaining access to four main sources of funding comprising:

- Bank funding – in the form of the Issuer's Facilities Agreement;
- Market funding – senior public bonds, private placements with UK and European institutions and UK retail bonds;
- Securitisation; and
- Retail deposits taken by Vanquis Bank (which can only be used to fund Vanquis Bank).

In December 2016, Vanquis Bank entered into a voluntary requirement ("VREQ") with the PRA pursuant to which it agreed not to: (i) pay dividends to or make any distribution of capital to the Group; (ii) provide loans or facilities to the Group; (iii) conduct non "business as usual" liquidity transactions or transactions which have or may have the effect of transferring any cash or assets in favour of any member of the Group; or (iv) provide any security for the obligations of any member of the Group, outside the normal course of business, without the PRA's consent. This requirement was imposed to provide the PRA with increased visibility to assess the impact of transactions undertaken with the Group by Vanquis Bank connected with its retail depositors.

The VREQ, in respect of payments of dividends and loans to companies within the Group, was lifted by the PRA in July 2020. This development allows the Group to access lower cost retail deposit funding.

As at 31 December 2020, the Group had total committed borrowing facilities, including retail deposits, of £2,266.8 million. These facilities had a weighted average period to maturity of 1.5 years. Total Group borrowings at 31 December 2020 were £2,203.2 million. Excluding £15.7 million of uncommitted borrowings, fee and accrued interest on borrowings, Group borrowings on committed debt facilities were

⁴ Excluding any confidential PRA or management buffer, if any.

£2,187.5 million. Headroom on the Group's committed debt facilities was £79.3 million at 31 December 2020.

Further detail regarding the funding structure of the Group's committed borrowing facilities at 31 December 2020 can be found in Note 21 of the 2020 Group Financial Statements.

As at 30 June 2021, the Group had total committed borrowing facilities, including retail deposits, of £1,691.8 million. Total Group borrowings at 30 June 2021 were £1,630.0 million. Excluding £15.2 million of uncommitted borrowings, fee and accrued interest on borrowings, Group borrowings on committed debt facilities were £1,614.8 million. Headroom on the Group's committed debt facilities was £77.0 million at 30 June 2021.

The Group is required to comply with the financial covenants in the Facilities Agreement in respect of gearing, interest cover (the Interest Cover Ratio Covenant), net worth (the Net Worth Covenant), net worth excluding Vanquis Bank (the Net Worth Excluding Vanquis Bank Covenant) and cash cover. Performance against these covenants at 30 June 2021 and 31 December 2020 is set out in the table below:

	Limits⁽¹⁾	As at 30 June 2021	As at 31 December 2020
		<i>(£m's, except ratios)</i>	
Gearing ⁽²⁾	<5.0x	2.5 x	2.3x
Net worth – Group ⁽³⁾	>400	533.7	584.2
Net worth – excluding Vanquis Bank ⁽³⁾	>155	223.0	257.1
Interest cover ⁽⁴⁾	>1.5x	4.3x	1.1x
Cash cover ⁽⁵⁾	>1.1x	1.30x	1.30x

(1) Covenant limits based on the Facilities Agreement dated 13 July 2021.

(2) Total bank and other borrowings less the liquid assets buffer and other liquid resources held in satisfaction of the PRA liquidity requirements divided by equity (excluding the Group's pension assets, net of deferred tax and the fair value of the derivative financial instruments).

(3) Equity for the Group excluding Vanquis Bank, less the Group's pension asset, net of deferred tax, and the fair value of the derivative financial instruments.

(4) Profit before interest, amortisation, the movement in the fair value of derivative financial instruments, exceptional items and tax divided by the finance costs prior to the movement in the fair value of derivative financial instruments.

(5) Cash collected divided by credit issued.

The Group complied with all covenant requirements throughout the year ended 31 December 2020 and in the six month period to 30 June 2021. The Group agreed a waiver with respect to its Interest Cover Ratio Covenant with the lending banks until the beginning of Q4 2020, after which point a revised limit of 1.0x applied at 31 December 2020 and 1.5x at 31 March 2021 (and thereafter). This was due to a potential forecast breach that would have resulted from the losses expected as a result of the COVID-19 pandemic.

Certain of the corporate entities within the Group, being Provident Financial Holdings Limited, Duncton Group Limited, Moneybarn Group Limited and Moneybarn No. 1 Limited, each provide guarantees in support of the Facilities Agreement.

The flow of retail deposits within Vanquis Bank has continued in line with its internal funding plan and, as at 30 June 2021, Vanquis Bank had retail deposit funding of £1.1 billion down from £1.7 billion at 31 December 2020. The higher position at 31 December 2020 reflected the steps taken by Vanquis Bank to increase liquidity in response to COVID-19. Following maturity of 1-year deposits taken, Vanquis Bank is now managing its deposit levels at more normalised levels, but continues to hold a significant excess of liquidity over its regulatory requirements.

Interest costs for Vanquis Bank decreased by 12.9 per cent. to £14.2 million (six months ended 30 June 2020: £16.3 million) during the first half of 2021. This reflects the action taken to raise additional retail deposits in 2020 at the onset of COVID-19 to mitigate the potential for a market wide liquidity stress. Accordingly, Vanquis Bank prudently carried £800 million of additional liquidity over and above its regulatory requirements during the second quarter of 2020 which resulted in additional funding costs of approximately £2 million.

Throughout 2020, interest rates of between 0.3 per cent. and 3.0 per cent. were paid on new retail deposits which, after taking into account the rates on retail deposits carried into 2020, resulted in a blended interest rate of 2.09 per cent. for the year. This reflects the low interest rate environment currently being experienced. The average period to maturity of retail deposits at 31 December 2020 was 1.2 years.

On 13 July 2021, the Group extended its Moneybarn securitisation facility and on 21 July 2021 the Group renewed its Facilities Agreement. As at 31 December 2020, Moneybarn had a securitisation warehouse which provided £150 million of committed funding to July 2021. The new facility has resulted in the committed amount increasing to £325 million, of which £275 million was initially drawn, over a period of 24 months (plus any period of amortisation thereafter). The cost of the new facility is broadly unchanged from the previous warehouse and its advance rate is significantly higher, resulting in a reduction in the weighted average cost of funding for Moneybarn. In line with the Group's existing strategy of reducing the reliance on its Facilities Agreement, a portion of the new securitisation funds were used to reduce the Group's Facilities Agreement commitments, initially to £90 million and funded by fewer banks, alongside an extension of the facility to the second half of 2023.

Liquidity management

To ensure that sufficient liquid resources are available to fulfil operational plans and meet financial obligations as they fall due in a stress event, the PRA requires that all regulated entities maintain a liquid assets buffer held in the form of high-quality, unencumbered assets.

As an authorised UK banking institution, the Group and Vanquis Bank have an agreed liquidity risk appetite to ensure that adequate liquidity resources are held to meet overall liquidity adequacy ("**OLAR**") and to meet the minimum Liquidity Coverage Ratio ("**LCR**").

Liquid resources in satisfaction of the LCR on both consolidated and solo basis are held by Vanquis Bank. The total liquid resources required to be held is measured in line with the regulatory requirements, including the preparation of an Internal Liquidity Adequacy Assessment Process. Total Group liquidity at 30 June 2021 stood at £510 million, including £279 million held by Vanquis Bank. Vanquis Bank had significant surplus liquidity over the minimum requirements and the liquid assets buffer, including additional liquid resources to meet the OLAR and an operational buffer, amounted to £279 million. Vanquis Bank currently holds its liquid assets buffer, including other liquid resources, solely in a Bank of England Reserve Account.

The minimum LCR requirement that applies in the United Kingdom is 100 per cent. As at 30 June 2021, the Group and Vanquis Bank, on an individual basis, had an LCR of 472 per cent. and 292 per cent. respectively.

FURTHER INFORMATION

For further information on the Group's capital and liquidity position please see the Pillar 3 Disclosures.

DESCRIPTION OF THE GUARANTORS

This section sets out information about each of the Guarantors in respect of Senior Notes issued under the Programme.

PROVIDENT FINANCIAL HOLDINGS LIMITED

Introduction

Provident Financial Holdings Limited was incorporated in England and Wales on 4 December 2020 with registered number 13061852. It is a private limited company and has its principal place of business and registered office at No. 1 Godwin Street, Bradford, West Yorkshire BD1 2SU and its telephone number is +44 1274 351 135.

Provident Financial Holdings Limited is a wholly owned subsidiary of the Issuer. It is the direct intermediary holding company of each of Vanquis Bank Limited, Vanquis No.2 Limited, Provident Financial Management Services Limited, Duncton Group Limited, N&N Simple Financial Solutions Limited and Provident SPV Limited.

Provident Financial Holdings Limited has a share capital of £7 divided into 7 ordinary shares of £1 each.

The purpose of Provident Financial Holdings Limited is to act as intermediate holding company of the Provident Financial Group.

Administrative, Management and Supervisory Bodies

The directors of Provident Financial Holdings Limited are as follows:

<u>Name:</u>	<u>Position:</u>	<u>Group Directorships:</u>
Malcolm Le May.....	Director	In addition to the directorships / partnerships held outside the Group as described in " <i>Business Description – Directors</i> " above, Malcolm Le May is a Director of the Issuer and the Chairman of Provident Personal Credit Limited, Provident Financial Management Services Limited, Provident Personal Credit Limited, Direct Auto Finance Insurance Services Limited, Direct Auto Finance Limited, Direct Auto Financial Services Limited, Duncton Group Limited, Moneybarn Group Limited, Moneybarn Limited, Moneybarn No.1 Limited, Moneybarn No.4 Limited, Provident SPV Limited, Vanquis Bank Limited, Vanquis No. 2 Limited, Yes Car Credit Limited and Provident Financial Holdings Limited.
Neeraj Kapur.....	Director	In addition to the directorships / partnerships held outside the Group as described in " <i>Business Description – Directors</i> " above, Neeraj Kapur is also the Director of Provident Personal Credit Limited, Aquis Cards Limited, Direct Auto Finance Insurance Services Limited, Direct Auto Finance Limited, Direct Auto Financial Services Limited, Duncton Group Limited, HT Greenwood Limited, Lawson Fisher Limited, Moneybarn Group Limited,

Moneybarn Limited, Moneybarn No.1 Limited, Moneybarn No.4 Limited, Peoples Motor Finance Limited, Policyline Limited, Provfin Investments Limited, Provfin Limited, Provident Clothing & Supply Co. Limited, Provident Family Finance Limited, Provident Financial Group Limited, Provident Financial Holdings Limited, Provident Financial Management Services Limited, Provident Financial Trustees (Performance Share Plan) Limited, Provident Investments Limited, Provident Limited, Provident Personal Credit Limited, Provident Print Limited, Provident SPV Limited, Provident Yes Car Credit Limited, Vanquis No. 2 Limited, Yes Car Credit (Holdings) Limited, Yes Car Credit Limited and Vanquis Bank Limited.

Potential conflicts of interest may from time to time arise between the duties these directors owe to Provident Financial Holdings Limited and duties owed in respect of the Directorships listed above. Provident Financial Holdings Limited's Articles of Association allow Directors to disclose and, where appropriate, authorise conflicts of interest and the Board has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

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

As Provident Financial Holdings Limited was incorporated on 4 December 2020, it is yet to prepare financial information. As such, this Offering Circular does not contain separate financial information for Provident Financial Holdings Limited.

DUNCTON GROUP LIMITED

Introduction

Dunton Group Limited was incorporated as a private limited company in England and Wales on 10 July 2007 with registered number 6308608. It has its principal place of business and registered office at Athena House, Bedford Road, Petersfield, GU32 3LJ and its telephone number is +44 3305 551 230.

Dunton Group Limited is a wholly owned subsidiary of Provident Financial Holdings Limited. It is the direct intermediary holding company of Moneybarn Group Limited, which is the direct holding company of Moneybarn No.1 Limited.

Dunton Group Limited has 12,747,362 A, B, D, E and F issued ordinary shares with an aggregate nominal value of £11,006,583.62.

The objects and purposes of Dunton Group Limited are unrestricted as set out in clause 3 of its Articles of Association.

Administrative, Management and Supervisory Bodies

The directors of Dunton Group Limited are as follows:

<u>Name:</u>	<u>Position:</u>	<u>Group Directorships:</u>
Malcolm Le May.....	Chairman	See " <i>Provident Financial Holdings Limited</i> " above.
Neeraj Kapur.....	Director	See " <i>Provident Financial Holdings Limited</i> " above.
David Shrimpton-Davis.....	Managing Director	Managing Director of Dunton Group Limited, Moneybarn Group Limited and Moneybarn No. 1 Limited.
Christopher Anderson	Finance Director	Finance Director of Dunton Group Limited, Moneybarn Group Limited and Moneybarn No. 1 Limited.

Potential conflicts of interest may from time to time arise between the duties these Directors owe to Dunton Group and duties owed in respect of the Directorships listed above. Dunton Group Limited's Articles of Association allow Directors to disclose and, where appropriate, authorise conflicts of interest and the Board has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

The business address of each of the Directors is Athena House, Bedford Road, Petersfield, GU32 3LJ.

MONEYBARN GROUP LIMITED

Introduction

Moneybarn Group Limited was incorporated as a private limited company in England and Wales on 4 September 2002 with registered number 4525773. It has its principal place of business and registered office at Athena House, Bedford Road, Petersfield, GU32 3LJ and its telephone number is +44 3305 551 230.

Moneybarn Group Limited is an indirect wholly owned subsidiary of the Issuer and has two subsidiaries. It is directly held by the intermediary holding company, Duncton Group Limited. Its principal business activity is to act as an intermediate holding company for the Group's investment in Moneybarn No.1 Limited and Moneybarn Limited.

The authorised share capital of Moneybarn Group Limited is £476,258.41. It has 122,737 issued ordinary shares with an aggregate nominal value of £1,227.37.

The objects and purposes of Moneybarn Group Limited are set out in clause 3 of its Memorandum of Association and include, amongst others, advancing and lending money or giving credit on any terms with or without security to any company or person and to guarantee the performance of the obligations, and the payment of the capital or principal (together with any premium), of, and interest on, any securities, loans, trading or current account of any company.

Administrative, Management and Supervisory Bodies

The directors of Moneybarn Group Limited are as follows:

<u>Name:</u>	<u>Position:</u>	<u>Group Directorships:</u>
Malcolm Le May.....	Chairman	See " <i>Provident Financial Holdings Limited</i> " above.
Neeraj Kapur.....	Director	See " <i>Provident Financial Holdings Limited</i> " above.
David Shrimpton-Davis.....	Managing Director	See " <i>Duncton Group Limited</i> " above.
Christopher Anderson	Finance Director	See " <i>Duncton Group Limited</i> " above.

Potential conflicts of interest may from time to time arise between the duties these Directors owe to Moneybarn Group Limited and duties owed in respect of the Directorships listed above. Moneybarn Group Limited's Articles of Association allow Directors to disclose and, where appropriate, authorise conflicts of interest and the Board has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

The business address of each of the Directors is Athena House, Bedford Road, Petersfield, GU32 3LJ.

MONEYBARN NO.1 LIMITED

Introduction

Moneybarn No.1 Limited was incorporated as a private limited company in England and Wales on 26 July 2002 with registered number 4496573. It has its principal place of business and registered office at Athena House, Bedford Road, Petersfield, GU32 3LJ and its telephone number is +44 3305 551 230.

Moneybarn No.1 Limited is an indirect wholly owned subsidiary of the Issuer and has no subsidiaries. It is directly held by the intermediary holding companies, Duncton Group Limited and Moneybarn Group Limited. Its principal business activity is the provision of secured car finance loans to customers on low to moderate incomes in the UK.

The authorised share capital of Moneybarn No.1 Limited is £100. It has 2 issued ordinary shares with an aggregate nominal value of £2.

The objects and purposes of Moneybarn No.1 Limited are set out in clause 3 of its Memorandum of Association and include, amongst others, advancing and lending money or giving credit on any terms with or without security to any company or person and to guarantee the performance of the obligations, and the payment of the capital or principal (together with any premium), of, and interest on, any securities, loans, trading or current account of any company.

Administrative, Management and Supervisory Bodies

The directors of Moneybarn No.1 Limited are as follows:

<u>Name:</u>	<u>Position:</u>	<u>Group Directorships:</u>
Malcolm Le May.....	Chairman	See " <i>Provident Financial Holdings Limited</i> " above.
Neeraj Kapur.....	Director	See " <i>Provident Financial Holdings Limited</i> " above.
David Shrimpton-Davis.....	Managing Director	See " <i>Duncton Group Limited</i> " above.
Christopher Anderson	Finance Director	See " <i>Duncton Group Limited</i> " above.

The business address of each of the Directors is Athena House, Bedford Road, Petersfield, GU32 3LJ.

Potential conflicts of interest may from time to time arise between the duties these Directors owe to Moneybarn No.1 Limited and duties owed in respect of the Directorships listed above. Moneybarn No.1 Limited's Articles of Association allow Directors to disclose and, where appropriate, authorise conflicts of interest and the Board has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for general corporate purposes of the Issuer and/or the Group, including the repayment of debt, and may be used to strengthen further the capital base of the Issuer and its subsidiaries and/or the Group, or as may otherwise be disclosed in the relevant Final Terms.

TAXATION

The tax laws of the Noteholder's State and of the Issuer's and Guarantors' State of incorporation or jurisdiction of residence might have an impact on the income received from any Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

United Kingdom Taxation

The following applies only to persons who are the absolute beneficial owners of notes (the Notes) issued under this £2,000,000,000 Euro Medium Term Note Programme (the Programme) and is a summary of the current United Kingdom law and published practice of HMRC (which practice may not be binding on HMRC and may be changed, sometimes with retrospective effect) as applied in England and Wales relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective Noteholders should be aware that the particular terms of issue of any Tranche of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Tranche of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. In particular, Noteholders should be aware that the taxation legislation of other jurisdictions (in particular any jurisdiction where a Noteholder is resident or otherwise subject to taxation) may have an impact on the taxation consequences of an investment in the Notes, including any income received or payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Payments of interest on the Notes

Payments of interest by the Issuer on the Notes may be made without deduction of or withholding on account of United Kingdom income tax **provided that** the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "Act") for the purposes of section 987 of the Act. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000, as amended ("FSMA")) and admitted to trading on the London Stock Exchange. Payments of interest by the Issuer on the Notes may also be made without deduction of or withholding on account of United Kingdom income tax if the Notes are admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of sections 987 and 1005 of the Act). Provided, therefore, that the Notes are and remain so listed on a recognised stock exchange or multilateral trading facility operated by a regulated recognised stock exchange, interest on the Notes may be paid by the Issuer without withholding or deduction on account of United Kingdom tax.

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

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of any reliefs. Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

B. Payments in respect of the Guarantee in respect of Senior Notes

The United Kingdom withholding tax treatment of payments by the Guarantors under the terms of the Guarantee in respect of interest on the Senior Notes (or other amounts due under the Senior Notes other than the repayment of amounts subscribed for under the Senior Notes) is uncertain. In particular, such payments by the Guarantors may not be eligible for the exemption in respect of securities listed on a recognised stock exchange or admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantors make any payments in respect of interest on the Senior Notes (or other amounts due under the Senior Notes other than the repayment of amounts subscribed for under the Senior Notes), such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.), subject to the availability of any reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

C. Other rules relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 14 of the Notes or otherwise and does not consider the tax consequences of any such substitution.

Other Taxation

D. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not

apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payments". In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 23 September 2021, agreed with Provident Financial plc (the "**Issuer**"), Duncton Group Limited, Moneybarn Group Limited, Moneybarn No.1 Limited and Provident Financial Holdings Limited (each a "**Guarantor**" and together the "**Guarantors**") a basis upon which they or any of them may from time to time agree to purchase notes issued under the Programme (the "**Notes**"). Any such agreement will extend to those matters stated under the "*Description of the Notes*" and the "*Terms and Conditions of the Senior and Tier 2 Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantors) has agreed to reimburse the Dealers for certain of their expenses in connection with any update of this £2,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The TEFRA C rules will apply to Notes which are initially issued in the form of a Permanent Global Note and the TEFRA D rules will apply to Notes which are initially issued in the form of a Temporary Global Note.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Offering Circular, as the case may be) in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory requirements

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

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) *Financial promotion*: 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 or the Guarantors (other than Moneybarn No.1 Limited) (as applicable) or, in the case of Moneybarn No.1 Limited, would not apply if Moneybarn No.1 Limited was not an authorised person; and
- (c) *General compliance*: 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 UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and accordingly, each Dealer 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 or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the programme will be required to represent, warrant and agree, *that* it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

Each Dealer has undertaken and agreed, and each further Dealer appointed under the Programme will be required to undertake and agree, that this Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has represented, warranted and agreed that it has complied and will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in any jurisdiction in

which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular in all cases at its own expense.

Other persons into whose hands this Offering Circular or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Final Terms or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Offering Circular.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

GENERAL INFORMATION

Authorisation

The update of this Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 19 September 2021 and the update of this Programme has been duly authorised at a meeting of a Subcommittee of the Board of Directors of the Issuer held on 22 September 2021. The giving of the Guarantee has been duly authorised by resolutions of each of the Boards of Directors of Dunton Group Limited, Moneybarn Group Limited and Moneybarn No.1 Limited dated 10 December 2020 and Provident Financial Holdings Limited dated 17 December 2020.

Significant or Material Change

Save as disclosed in this Offering Circular under the section entitled "*Business Description – CCD – Scheme of Arrangement and managed run-off*" on page 105, there has been no significant change in the financial position or financial performance of the Group since 30 June 2021 and save as disclosed in this Offering Circular under the section entitled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" on pages 7 to 8, there has been no material adverse change in the prospects of the Issuer since 31 December 2020.

There has been no significant change in the financial position or financial performance of Moneybarn No.1 Limited and its subsidiaries, and save as disclosed in this Offering Circular under the section entitled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" on pages 7 to 8, there has been no material adverse change in the prospects of Moneybarn No.1 Limited since 31 December 2020.

Save as disclosed in this Offering Circular under the section entitled "*Business Description – CCD – Scheme of Arrangement and managed run-off*" on page 105, there has been no significant change in the financial position or financial performance of Provident Financial Holdings Limited and its subsidiaries, and save as disclosed in this Offering Circular under the section entitled "*Outbreaks of the COVID-19 virus and other contagious diseases may adversely impact the Group*" on pages 7 to 8, there has been no material adverse change in the prospects of Provident Financial Holdings Limited since the date of its incorporation.

Documents Available

Copies of the following documents may be inspected during normal business hours at the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the Articles of Association of the Issuer and the Memoranda and Articles of Association of each of the Guarantors (in each case also available at <https://find-and-update.company-information.service.gov.uk/>) (in each case as the same may be updated from time to time);
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2020 and 2019, in each case together with the audit reports prepared in connection therewith (in each case also available at <https://www.providentfinancial.com/shareholder-hub/results-reports-and-presentations/>). The Issuer currently prepares audited consolidated accounts on an annual basis;
- (c) the audited financial statements of Moneybarn No.1 Limited in respect of the financial periods ended 31 December 2020 and 2019, in each case together with the audit reports prepared in connection therewith (in each case also available at <https://www.providentfinancial.com/shareholder-hub/debt-investors/>);
- (d) the most recently published interim financial statements (if any) of the Issuer, together with any audit or review reports prepared in connection therewith (in each case also available at <https://www.providentfinancial.com/shareholder-hub/results-reports-and-presentations/>). The Issuer currently prepares consolidated interim accounts on a six-monthly basis;
- (e) the Trust Deed (also available at <https://www.providentfinancial.com/shareholder-hub/debt-investors/>), the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the forms of Coupons and forms of Talons;

- (f) a copy of this Offering Circular (also available at <https://www.providentfinancial.com/shareholder-hub/debt-investors/>);
- (g) the 2018 Conditions (also available at <https://www.providentfinancial.com/shareholder-hub/debt-investors/>); and
- (h) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and any other documents incorporated herein or therein by reference.

For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code, International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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.

Legal Entity Identifier

The Legal Entity Identifier ("LEI") code of the Issuer is 213800U93SZC44VXN635.

The LEI code of Duncton Group Limited is 213800VVA86PBWY2LP94.

The LEI code of Moneybarn Group Limited is 213800LQ4HGGFETDTH97.

The LEI code of Moneybarn No.1 Limited is 213800F18SE42FG5F749.

The LEI Code of Provident Financial Holdings Limited is 21380051PHER3TNDBS63.

Conditions for determining price

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

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of yield in respect of such Notes will be specified in the relevant Final Terms.

Litigation

Save as disclosed in this Offering Circular under the section entitled "*Conduct, Legal and Regulatory Risks*" on pages 15 to 20, and under the section entitled "*The Group may be subjected to regulatory proceedings and any regulatory failings could manifest in more intrusive and intensive regulation and restrict the Group's ability to develop and conduct key aspects of its business*" on page 19, and under the section entitled "*Tax risk*" on pages 23 to 24, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) which may have, or have had in the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of (i) the Issuer or the Group or (ii) any of Duncton Group Limited, Moneybarn Group Limited, Moneybarn No.1 Limited or Provident Financial Holdings Limited, or any such company and its subsidiaries.

Issuer's and Guarantors' website

The Issuer's and Guarantors' website is www.providentfinancial.com. Unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Validity of offering circular and offering circular supplements

For the avoidance of doubt, the Issuer and the Guarantors shall have no obligation to supplement this Offering Circular after the end of its 12-month validity period.

Auditors

The auditors of the Issuer and the Group are Deloitte LLP who have audited without qualification, in accordance with International Standards on Auditing (UK and Ireland), the Issuer's and Moneybarn No.1 Limited's accounts for each of the two financial years ended on 31 December 2019 and 31 December 2020. Deloitte LLP have been engaged as independent auditors of Provident Financial Holdings Limited for its initial accounting period, which commenced on 4 December 2020 (being its date of incorporation) and ends on 31 December 2021. Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. These accounts have been prepared in accordance with IFRS as adopted by the European Union. UK-adopted IFRS have been adopted from 1 January 2021, which are identical to the EU-adopted IFRS. The auditors of the Issuer have no material interest in the Issuer, any Guarantor or the Group.

Dealers transacting with the Issuer and the Guarantors

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

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantors and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Guarantors routinely hedge their credit exposure to the Issuer and the Guarantors consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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